

**ADDENDUM DATED JANUARY 6, 2022
TO PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 30, 2021**

**INDEPENDENT SCHOOL DISTRICT NO. 196
(ROSEMOUNT-APPLE VALLEY-EAGAN), MINNESOTA
(Dakota County)**

**\$11,500,000* GENERAL OBLIGATION SCHOOL BUILDING
REFUNDING BONDS, SERIES 2022A**

The Preliminary Official Statement for the above-referenced Bonds has been updated as follows:

Redemption section: change from “Optional Redemption and Extraordinary Redemption” to
“Optional Redemption”

Update Cover and Rating section with rating received from Moody’s

Following is the revised Preliminary Official Statement dated December 30, 2021.

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 30, 2021

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The District will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX CONSIDERATIONS" herein.

New Issue

Credit Enhanced Rating: Moody's Investors Service, Inc. "Aa2"

Underlying Rating: Moody's Investors Service, Inc. "Aa2"

INDEPENDENT SCHOOL DISTRICT NO. 196 (ROSEMOUNT-APPLE VALLEY-EAGAN), MINNESOTA (Dakota County)

(Minnesota School District Credit Enhancement Program)

\$11,500,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2022A

PROPOSAL OPENING: January 10, 2022, 11:00 A.M., C.T.

CONSIDERATION: January 10, 2022, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$11,500,000* General Obligation School Building Refunding Bonds, Series 2022A (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, and Section 475.67, by Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District"), for the purpose of effecting the current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: February 3, 2022

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$3,875,000	2024	\$3,735,000	2025	\$3,890,000

MATURITY ADJUSTMENTS: * The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2022 and semiannually thereafter.

OPTIONAL

REDEMPTION: The Bonds are being offered without option of prior optional redemption.

MINIMUM PROPOSAL: \$11,385,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$230,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”).

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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ROSEMOUNT-APPLE VALLEY-EAGAN SCHOOL BOARD

		<u>Term Expires</u>
Jackie Magnuson	Chairperson	January 2024
Joel Albright	Vice Chairperson	January 2024
Sachin Isaacs	Clerk	January 2024
Art Coulson	Treasurer	January 2022
Cory Johnson	Member	January 2024
Sakawin Mohamed	Member	January 2026
Bianca Virnig	Member	January 2026

ADMINISTRATION

Mary Kreger, Superintendent of Schools
Mark Stotts, Director of Finance and Operations

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District") and the issuance of its \$11,500,000* General Obligation School Building Refunding Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on January 10, 2022.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 3, 2022. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, and Section 475.67, by the District, for the purpose of effecting the current refunding of the District's \$24,210,000 General Obligation School Building Refunding Bonds, Series 2012C (the "Series 2012C Bonds") and \$12,100,000 General Obligation School Building Refunding Bonds, Series 2013A (the "Series 2013A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 777594
Series 2012C Bonds	6/7/12	2/10/22	Par	2023	4.50%	\$2,510,000	XU1
				2024	4.50%	2,590,000	XV9
				2025	4.50%	<u>2,665,000</u>	XW7
				Total Series 2012C Bonds Being Refunded			<u>\$7,765,000</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on February 1, 2022 from the Debt Service Account for the Series 2012C Bonds.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 777594
Series 2013A Bonds	5/15/13	2/10/22	Par	2023	2.000%	\$1,390,000	YE6
				2024	2.000%	1,440,000	YF3
				2025	2.125%	<u>1,515,000</u>	YG1
				Total Series 2013A Bonds Being Refunded			<u>\$4,345,000</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on February 1, 2022 from the Debt Service Account for the Series 2013A Bonds.

ESTIMATED SOURCES AND USES*

	Series 2012C Refunding Portion	Series 2013A Refunding Portion	Total Bond Issue
Sources			
Par Amount of Bonds	\$7,385,000	\$4,115,000	\$11,500,000
Reoffering Premium	<u>479,556</u>	<u>273,967</u>	<u>753,523</u>
Total Sources	\$7,864,556	\$4,388,967	\$12,253,523
Uses			
Total Underwriter's Discount (0.300%)	\$22,155	\$12,345	\$34,500
Costs of Issuance	60,011	33,439	93,450
Deposit to Current Refunding Fund	7,778,589	4,345,000	12,123,589
Rounding Amount	<u>3,801</u>	<u>(1,817)</u>	<u>1,984</u>
Total Uses	\$7,864,556	\$4,388,967	\$12,253,523

Breakdown of Principal Payments:

Payment Date	Series 2012C Refunding Portion	Series 2013A Refunding Portion	Total Bond Issue
2/01/2023	\$2,565,000	\$1,310,000	\$3,875,000
2/01/2024	2,385,000	1,350,000	3,735,000
2/01/2025	<u>2,435,000</u>	<u>1,455,000</u>	<u>3,890,000</u>
Total	\$7,385,000	\$4,115,000	\$11,500,000

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the District to which its full faith, credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds, less estimated collections of other revenues pledged for payments on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and requested a rating from Moody's Investors Service, Inc. ("Moody's"). Moody's has a policy which assigns a rating of "Aa2" to issuers participating in the MNCEP. The "Aa2" rating is based on the State of Minnesota's current "Aa1" rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District received a "Aa2" underlying rating from Moody's on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on December 13, 2021 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

The Law requires that all amounts paid by the State on behalf of any School District are required to be repaid by the District to the State with interest, either via a reduction in State aid payable to the District, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated September 9, 2021, for General Obligation State Bonds, Series 2021A and 2021B, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

"As of June 30, 2021, the date of this Official Statement, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2050, is approximately \$16,995,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2021 is currently estimated at \$2,500,000,000, with the maximum amount of principal and interest payable in any one month being \$975,700,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The District has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is not an item of tax preference for federal alternative minimum tax purposes; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being "Discount Bonds"). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds. The Bonds are not "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2021 have been audited by CliftonLarsonAllen LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2018/19	2019/20	2020/21
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value

\$21,847,598,915¹

	2020/21 Assessor's Estimated Market Value	2020/21 Net Tax Capacity
Real Estate	\$20,503,381,200	\$224,902,741
Personal Property	189,543,500	3,715,918
Total Valuation	<u>\$20,692,924,700</u>	<u>\$228,618,659</u>
Less: Captured Tax Increment Tax Capacity ²		(4,486,386)
Fiscal Disparities Contribution ³		(17,313,548)
Taxable Net Tax Capacity		<u>\$206,818,725</u>
Plus: Fiscal Disparities Distribution ³		24,920,882
Adjusted Taxable Net Tax Capacity		<u>\$231,739,607</u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 94.82% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of \$21,847,598,915.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts located in the District.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base since 1972 to an area pool which is then distributed among the municipalities on the basis of population, and fiscal capacity indicated market value as determined by the Minnesota Department of Revenue. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2020/21 NET TAX CAPACITY BY CLASSIFICATION

	2020/21 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$161,988,401	70.86%
Agricultural	979,376	0.43%
Commercial/industrial	42,638,225	18.65%
Public utility	1,211,141	0.53%
Railroad operating property	294,800	0.13%
Non-homestead residential	17,557,841	7.68%
Commercial & residential seasonal/rec.	232,957	0.10%
Personal property	3,715,918	1.63%
Total	<u>\$228,618,659</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2016/17	\$15,874,420,800	\$15,132,465,299	\$173,554,906	\$175,010,777	4.07%
2017/18	17,008,254,600	16,280,806,490	186,318,358	188,500,084	7.14%
2018/19	18,365,690,400	17,699,761,247	201,428,701	203,878,931	7.98%
2019/20	19,650,933,600	19,012,984,705	215,880,510	218,566,167	7.00%
2020/21	20,692,924,700	20,089,004,293	228,618,659	231,739,607	5.30%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGER TAXPAYERS

Taxpayer	Type of Property	2020/21 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Thomson Reuters	Industrial	\$1,638,290	0.72%
Xcel Energy	Utility	1,305,739	0.57%
Dakota Electric Association	Utility	1,040,462	0.46%
Flint Hills Resources Pine Bend, LLC	Industrial	1,034,516	0.45%
Burnsville Center SPE, LLC	Commercial	978,128	0.43%
Eagan Promenade, Inc.	Commercial	787,372	0.34%
Kingston Green Limited Partnership	Apartment	706,407	0.31%
RRE Woods Holdings, LLC	Apartment	684,375	0.30%
Continental 313 Fund, LLC	Apartment	671,250	0.29%
RRE Nicollet Ridge Holdings, LLC	Apartment	657,933	0.29%
Total		<u><u>\$9,504,472</u></u>	<u><u>4.16%</u></u>

District's Total 2020/21 Net Tax Capacity \$228,618,659

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Dakota County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids ² (includes the Bonds)*	<u>\$98,170,000</u>
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Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations ³	<u>\$29,108,084</u>
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STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on most school district bonds. Bonds and Certificates not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue (LTFMR) program approved by the State in 2015. If any aid is received, it is deposited into the District's debt service fund and must be used for payments on the bonds; any payment of state aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. The District does not currently qualify for Long Term Facilities Maintenance Aid in the debt service fund.

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentages are 55% for taxes payable in 2021, 60% for 2022, and 70% for 2023 and thereafter. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2022 is approximately 0.3% of total annual debt service levies, based on the District's 2020/21 qualifying agricultural land valuation. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

¹ Outstanding debt is as of the dated date of the Bonds.

² Based upon the agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

³ Non-general obligation debt has not been included in the debt ratios.

Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/03/2022)

School Building Bonds Series 2016A			School Building Refunding Bonds 1) Series 2022A							
Dated Amount	02/16/2016	02/03/2022								
	\$112,150,000	\$11,500,000*								
Maturity	02/01	02/01								
Fiscal Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2023	8,865,000	3,716,400	3,875,000	457,444	12,740,000	4,173,844	16,913,844	85,430,000	12.98%	2023
2024	9,320,000	3,273,150	3,735,000	305,000	13,055,000	3,578,150	16,633,150	72,375,000	26.28%	2024
2025	9,775,000	2,807,150	3,890,000	155,600	13,665,000	2,962,750	16,627,750	58,710,000	40.20%	2025
2026	10,695,000	2,318,400			10,695,000	2,318,400	13,013,400	48,015,000	51.09%	2026
2027	11,250,000	1,783,650			11,250,000	1,783,650	13,033,650	36,765,000	62.55%	2027
2028	11,820,000	1,221,150			11,820,000	1,221,150	13,041,150	24,945,000	74.59%	2028
2029	12,290,000	748,350			12,290,000	748,350	13,038,350	12,655,000	87.11%	2029
2030	12,655,000	379,650			12,655,000	379,650	13,034,650	0	100.00%	2030
	86,670,000	16,247,900	11,500,000	918,044	98,170,000	17,165,944	115,335,944			

* Preliminary, subject to change.

- 1) This issue will refund the 2023 through 2025 maturities of the District's \$24,210,000 General Obligation School Building Refunding Bonds, Series 2012C dated June 7, 2012 and the 2023 through 2025 maturities of the District's \$12,100,000 General Obligation School Building Refunding Bonds, Series 2013A dated May 15, 2013.

Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 02/03/2022)

	Certificates of Participation Series 2010A		ALC Lease Series 2012		Certificates of Participation Series 2013B		Parkview Elementary Lease Series 2014		Certificates of Participation Series 2020A	
Dated	10/07/2010		06/29/2012		12/30/2013		11/25/2014		05/07/2020	
Amount	\$2,705,000		\$5,028,875		\$13,710,000		\$4,200,000		\$8,960,000	
Maturity	04/01		03/01 & 06/01 & 09/01 & 12/01		02/01		02/01 & 08/01		02/01	
Fiscal Year Ending										
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	195,000	17,616	177,244	30,332	0	0	0	0	0	0
2023	200,000	28,894	362,397	52,754	925,000	252,425	279,292	70,078	805,000	234,600
2024	205,000	22,144	373,206	41,945	950,000	224,675	287,478	61,891	840,000	202,400
2025	215,000	15,225	384,337	30,813	980,000	194,988	295,905	53,465	870,000	168,800
2026	220,000	7,700	395,800	19,349	1,010,000	163,138	304,578	44,792	905,000	134,000
2027			407,604	7,543	1,045,000	127,788	313,506	35,864	945,000	97,800
2028					1,085,000	88,600	322,695	26,674	980,000	60,000
2029					1,130,000	45,200	332,154	17,216	1,000,000	40,400
2030							341,890	7,480	1,020,000	20,400
2031										
	1,035,000	91,578	2,100,587	182,735	7,125,000	1,096,813	2,477,497	317,460	7,365,000	958,400

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Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
Schedule of Bonded Indebtedness continued
Non-General Obligation Debt Secured by Annual Appropriation
(As of 02/03/2022)

Certificates of Participation
Series 2021A

Fiscal Year Ending	Dated Amount	Maturity	04/01/2021 \$9,005,000		Interest	04/01		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
			Principal	Interest		Principal	Interest						
2022			790,000	110,013				1,162,244	157,961	1,320,204	27,945,841	3.99%	2022
2023			815,000	196,325				3,386,689	835,076	4,221,765	24,559,152	15.63%	2023
2024			835,000	171,875				3,490,684	724,930	4,215,614	21,068,468	27.62%	2024
2025			865,000	146,825				3,610,241	610,115	4,220,356	17,458,227	40.02%	2025
2026			890,000	120,875				3,725,378	489,853	4,215,230	13,732,849	52.82%	2026
2027			915,000	94,175				3,626,110	363,169	3,989,279	10,106,739	65.28%	2027
2028			945,000	66,725				3,332,695	241,999	3,574,695	6,774,044	76.73%	2028
2029			970,000	38,375				3,432,154	141,191	3,573,345	3,341,890	88.52%	2029
2030			985,000	26,735				2,346,890	54,615	2,401,505	995,000	96.58%	2030
2031			995,000	13,930				995,000	13,930	1,008,930	0	100.00%	2031
			9,005,000	985,853				29,108,084	3,632,838	32,740,923			

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2020/21 Economic Market Value	\$21,847,598,915
Multiply by 15%	<u>0.15</u>
Statutory Debt Limit	<u>\$3,277,139,837</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(98,170,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(29,108,084)</u>
Unused Debt Limit*	<u><u>\$3,149,861,753</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020/21 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt ²	District's Proportionate Share
Cities of:				
Apple Valley	\$63,190,564	99.1864%	\$15,905,000	\$15,775,597
Burnsville	80,596,439	23.6322%	45,060,000	10,648,669
Eagan	104,844,980	64.1794%	37,140,000	23,836,229
Farmington	22,879,929	0.0236%	8,515,000	2,010
Inver Grove Heights	46,032,753	24.4289%	27,230,000	6,651,989
Lakeville	89,127,471	17.1027%	94,225,000	16,115,019
Rosemount	32,375,072	93.3291%	5,040,000	4,703,787
Town of:				
Empire	4,469,321	14.0141%	1,985,000	278,180
Special District of:				
Metropolitan Council	4,884,505,255	4.2342%	193,320,000 ³	8,185,555
District's Share of Total Overlapping Debt				<u>\$86,197,035</u>

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ 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.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$21,847,598,915)	Debt/ Current Population Estimate (154,581)
Direct G.O. Debt Secured by Taxes and State Aids (includes the Bonds)*	\$98,170,000	0.45%	\$635.07
District's Share of Total Overlapping Debt	<u>\$86,197,035</u>	<u>0.39%</u>	<u>\$557.62</u>
Total*	<u><u>\$184,367,035</u></u>	<u><u>0.84%</u></u>	<u><u>\$1,192.69</u></u>

*Preliminary, subject to change.

FUTURE FINANCING

The District plans to issue \$10,290,000 Certificates of Participation in the next 12 months. In addition, the District is planning to hold a bond referendum election on August 9, 2022. The amount to be presented to the voters in the election has yet to be determined. If authorized by the voters, the District would plan to issue General Obligation School Building Bonds in the next 12 months.

LEVY LIMITS

Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies.

School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy¹	Total Collected Following Year	Collected to Date²	% Collected
2016/17	\$78,969,601	\$78,828,618	\$78,949,603	99.97%
2017/18	80,382,357	80,042,790	80,349,207	99.96%
2018/19	84,658,811	84,309,803	84,598,055	99.93%
2019/20	105,025,179	104,448,524	104,797,781	99.78%
2020/21	108,038,148	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The District cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the District's finances and payment of debt obligations, including the Bonds.

¹ This reflects the Final Levy Certification of the District after all adjustments have been made.

² Collections are through May 31, 2021.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2016/17	2017/18	2018/19	2019/20	2020/21
I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	23.336%	21.352%	20.613%	19.860%	20.046%
Dakota County	28.004%	26.580%	25.386%	24.133%	22.716%
City of Apple Valley	44.473%	42.475%	39.603%	38.782%	38.192%
City of Burnsville	46.525%	43.552%	43.595%	43.148%	42.853%
City of Coates	17.490%	17.399%	15.688%	17.196%	13.838%
City of Eagan	37.385%	36.378%	35.227%	35.262%	36.333%
City of Farmington	58.760%	57.161%	54.372%	50.971%	49.251%
City of Inver Grove Heights	51.644%	51.112%	53.537%	51.037%	50.590%
City of Lakeville	37.510%	36.419%	35.607%	34.615%	34.351%
City of Rosemount	41.832%	40.961%	39.355%	38.580%	36.954%
Town of Empire ²	29.462%	29.892%	27.430%	29.131%	27.250%
Dakota County CDA	1.548%	1.479%	1.479%	1.469%	1.375%
Light Rail	0.342%	0.031%	0.000%	0.000%	0.000%
Metropolitan Council	0.878%	0.821%	0.666%	0.606%	0.635%
Mosquito Council	0.475%	0.443%	0.435%	0.406%	0.384%
Transit District	1.215%	1.104%	1.244%	1.150%	1.038%

Referendum Market Value Rates:

I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	0.27380%	0.28513%	0.26162%	0.34367%	0.32712%
City of Apple Valley	0.01967%	0.01798%	0.01719%	0.01646%	0.01622%
City of Eagan	0.01451%	0.01359%	0.01235%	0.01159%	0.00000%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Dakota County.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

² Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 4,779, including 2,093 non-licensed employees and 2,686 licensed employees (2,574 of whom are teachers). The District provides education for 29,087 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Maintenance/Head Groundskeeper	June 30, 2022
Maintenance/Building Chiefs	June 30, 2022
Bus Drivers/Chaperones/Crossing Guards	June 30, 2021
Food Service Managers/Associates	June 30, 2022
Custodial/Grounds/Maintenance/Warehouse	June 30, 2021
Vehicle Technicians	June 30, 2022
Principals	June 30, 2022
Teachers	June 30, 2023
Clerical	June 30, 2021
Cultural Family Advocates	June 30, 2022

Status of Contracts

Contracts which expired on June 30, 2021 are currently in negotiations or have reached a tentative agreement.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Comprehensive Annual Financial Report (Audit) shows a total OPEB liability of \$55,008,517 as of June 30, 2020. In February 2009, the District issued \$37,440,000 in OPEB Bonds to fund a revocable trust. As of June 30, 2021, the net position of the trust was \$53,707,817. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Early Childhood Special Education	Kindergarten	Grades 1-6	Grades 7-12	Total
2017/18	521	2,088	12,812	13,223	28,644
2018/19	515	2,099	12,899	13,362	28,875
2019/20	554	2,131	12,933	13,605	29,223
2020/21	472	1,848	12,780	13,908	29,008
2021/22	446	2,056	12,590	13,995	29,087

Enrollments for the next three years are projected to be as follows:

Year	Early Childhood Special Education	Kindergarten	Grades 1-6	Grades 7-12	Total
2022/23	450	2,145	12,557	13,919	29,071
2023/24	450	2,166	12,606	13,956	29,178
2024/25	450	2,108	12,647	13,990	29,195

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Cedar Park Elementary	1977	2005, 2007
Deerwood Elementary	1987	--
Diamond Path Elementary	1970	1999, 2006
East Lake Elementary	2017	--
Echo Park Elementary	1979	1990, 1994, 2007
Glacier Hills Elementary	1993	--
Greenleaf Elementary	1975	1990, 1994, 2006
Highland Elementary	1986	--
Northview Elementary	1960	1966, 1999, 2006
Oak Ridge Elementary	1991	--
Parkview Elementary	1970	1999, 2006, 2015
Pinewood Elementary	1990	1997, 1999
Red Pine Elementary	1995	2000, 2005
Rosemount Elementary	1960	1964, 1997, 2006
Shannon Park Elementary	1990	1997
Southview Elementary	1967	1994, 1996, 2005, 2007
Thomas Lake Elementary	1979	2006
Westview Elementary	1964	1990, 2005
Woodland Elementary	1988	--
Black Hawk Middle School	1994	--
Dakota Hills Middle School	1989	--
Falcon Ridge Middle School	1996	--
Rosemount Middle School	1918	1952, 1967, 1971, 1972, 1993, 2002, 2003, 2006
Scott Highlands Middle School	1979	2006
Valley Middle School	1972	1993, 2005
Apple Valley High School	1976	1979, 1994, 1997, 2005
Eagan High School	1990	1993, 2005
Eastview High School	1997	--
Rosemount High School	1963	1968, 1971, 1975, 1994, 1995, 1997, 2006
Dakota Ridge School	1997	--
Cedar Valley Learning Center	1993	2010
ATP	2006	--
Dakota Valley Learning Center	2015	--
School of Environmental Studies	Leased	--

FUNDS ON HAND (as of November 30, 2021)

Fund	Total Cash and Investments
General	\$131,770,184
Food Service	3,719,237
Community Service	4,801,431
Debt Service	14,204,857
Building/Construction	1,302,756
Internal Service	26,235,658
Total Funds on Hand	<u>\$182,034,123</u>

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2021 audited financial statements.

FISCAL YEAR ENDING JUNE 30					
COMBINED STATEMENT	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2021/22 Amended Budget ¹⁾
Revenues					
Local property tax levies	\$71,208,373	\$72,874,150	\$76,087,494	\$96,675,912	\$101,944,695
Investment earnings	1,058,942	1,564,028	1,263,501	88,250	88,250
Other	10,685,204	10,254,691	9,608,187	6,493,442	5,924,193
Revenues from state sources	271,769,390	281,583,679	292,415,624	297,108,483	297,862,725
Revenues from federal sources	10,801,070	10,805,733	11,229,529	24,595,310	21,107,434
Total Revenues	\$365,522,979	\$377,082,281	\$390,604,335	\$424,961,396	\$426,927,297
Expenditures					
Current:					
Administration	\$15,599,003	\$16,342,073	\$16,978,484	\$17,240,096	\$17,662,013
District support services	10,694,868	12,008,717	13,024,402	12,338,544	19,750,146
Elementary & secondary regular instruction	173,672,800	177,357,744	179,117,976	189,442,516	196,598,955
Vocational education instruction	5,137,316	5,396,017	5,104,823	5,052,494	5,430,052
Exceptional instruction	71,133,191	72,650,167	76,516,745	77,148,300	83,908,831
Instructional support services	21,616,857	22,489,640	23,078,098	21,506,153	21,154,068
Pupil support services	25,550,001	26,181,738	27,564,639	29,228,298	35,121,042
Sites, buildings and equipment	23,681,891	25,398,051	30,069,134	30,408,462	19,316,965
Fiscal and other fixed cost programs	582,782	1,182,069	671,312	1,237,889	1,474,163
Community service	266,381	204,031	182,912	0	0
Capital Outlay	8,312,984	8,485,551	8,858,208	11,415,954	22,596,280
Debt Service	2,820,011	2,868,723	2,482,343	3,651,804	3,538,518
Total Expenditures	\$359,068,085	\$370,564,521	\$383,649,076	\$398,670,510	\$426,551,033
Excess of revenues over (under) expenditures	\$6,454,894	\$6,517,760	\$6,955,259	\$26,290,886	\$376,264
Other Financing Sources (Uses)					
Operating transfers in	\$0	\$0	\$0	\$0	\$0
Operating transfers out	0	(135,509)	(399,229)	(34,763)	(93,663)
Judgments for School District	0	369	0	0	0
Insurance recovery	311,212	56,303	25,413	46,259	0
Issuance of a capital lease	1,043,209	0	0	0	0
Sale of equipment	0	0	0	191,868	0
Sale of real property	0	0	206,637	0	0
Sale of capital assets	23,971	19,383	649,234	0	0
Total Other Financing Sources (Uses)	\$1,378,392	(\$59,454)	\$482,055	\$203,364	(\$93,663)
Net changes in Fund Balances	\$7,833,286	\$6,458,306	\$7,437,314	\$26,494,250	\$282,601
General Fund Balance July 1	\$36,635,421	\$44,468,707	\$50,927,013	\$58,364,327	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	\$44,468,707	\$50,927,013	\$58,364,327	\$84,858,577	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$1,050,944	\$1,421,379	\$1,282,831	\$647,657	
Restricted	9,318,698	10,840,844	10,072,358	13,093,480	
Assigned	8,399,254	1,311,999	1,271,880	7,128,748	
Unassigned	25,699,811	37,352,791	45,737,258	63,988,692	
Total	\$44,468,707	\$50,927,013	\$58,364,327	\$84,858,577	

1) The 2021/22 budget was amended on December 13, 2021.

Note: District voters approved an operating referendum question on November 5, 2019, which provided an increase in operating referendum authority of \$627 per pupil for ten years, resulting in an annual increase in general fund revenue of approximately \$20 million beginning with fiscal year 2020-21.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 144,129, and a current population estimate of 154,581, and comprising an area of 108.6 square miles, is located approximately 20 miles south of the City of Minneapolis.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Thomson Reuters	Legal research	6,700
I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	Elementary and secondary education	4,779
Blue Cross-Blue Shield	Health insurance	3,500
Burnsville Center	Shopping mall	3,000
CHS	Agricultural dealers	1,787 ²
US Post Service	Postal service	1,450 ³
Fairview Ridges Hospital	Healthcare	967 ⁴
YMCA	Health clubs and community service	670 ⁵
Cub Foods	Grocery stores	588 ⁵
Quick Lane	Tire dealers- retail	550

Source: *Data Axle Reference Solutions, written and telephone survey (December 2021), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

² Includes four cities within the District.

³ Includes two locations within the District.

⁴ Includes hospital and clinics in the Cities of Burnsville and Apple Valley.

⁵ Includes three locations within the District.

U.S. CENSUS DATA

Population Trend: The District

2000 U.S. Census population	133,266
2010 U.S. Census population	144,129
2019 Population Estimate	154,581
Percent of Change 2000 - 2010	8.15%

Income and Age Statistics

	The District	Dakota County	State of Minnesota	United States
2019 per capita income	\$44,721	\$41,552	\$37,625	\$34,103
2019 median household income	\$96,642	\$86,036	\$71,306	\$62,843
2019 median family income	\$113,191	\$104,537	\$89,842	\$77,263
2019 median gross rent	\$1,323	\$1,174	\$977	\$1,062
2019 median value owner occupied units	\$282,300	\$266,000	\$223,900	\$217,500
2019 median age	38.0 yrs.	37.9 yrs.	38.0 yrs.	38.1 yrs.

	State of Minnesota	United States
District % of 2019 per capita income	118.86%	131.14%
District % of 2019 median family income	125.99%	146.50%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Dakota County	Dakota County	State of Minnesota
2017	230,951	3.0%	3.4%
2018	233,744	2.5%	3.0%
2019	235,645	2.9%	3.2%
2020	226,214	5.9%	6.2%
2021, November	231,904	2.0%	2.2%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year ending June 30th, 2021



DISTRICT 196

One District. Infinite Possibilities.

Rosemount-Apple Valley-Eagan Public Schools
Rosemount, Minnesota

Educating our students to reach their full potential

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

INDEPENDENT SCHOOL DISTRICT NO. 196
DECEMBER 8, 2021
ROSEMOUNT, MINNESOTA
YEAR ENDED JUNE 30, 2021

PREPARED BY THE
FINANCE DEPARTMENT

MARK STOTTS
DIRECTOR OF FINANCE AND OPERATIONS
CHRISTOPHER P. ONYANGO-ROBshaw
COORDINATOR OF FINANCE

ADAM LLOYD
CONTROLLER

DANIEL DUCHENE
MANAGER – FINANCIAL SYSTEMS / REPORTING / COMPLIANCE



INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
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ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
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INTRODUCTORY SECTION



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December 8, 2021
To: Citizens of the School District
Board of Education
Employees of the School District

INTRODUCTION

We are submitting the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 196, Rosemount – Apple Valley – Eagan (the District) for the fiscal year ended June 30, 2021. This report fairly presents the District's financial position and results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation.

The District's financial statements have been audited by CliftonLarsonAllen LLP (CLA), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

In addition to the independent audit of the District's financial statements, the District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. The standards governing Single Audit engagements require the independent auditor to report on not only the fair presentation of the financial statements, but also the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued "Schedule of Expenditures of Federal Awards and Other Required Reports."

DISTRICT196.ORG

Rosemount-Apple Valley-Eagan Public Schools
3455 153rd Street West • Rosemount, MN 55068

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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 ACFR is presented in three sections:

- **Introductory Section** – The introductory section contains this transmittal letter, an organizational chart, a list of School Board members and the Superintendent's Cabinet members, a map of the District, and a copy of the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the District's 2019–2020 ACFR.
- **Financial Section** – The financial section begins with the independent auditors' 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.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

The District was incorporated in 1950 and serves a portion of 10 suburban communities within Dakota County located on the southeastern edge of the Minneapolis/St. Paul metropolitan area. The District encompasses all or part of the communities of Apple Valley, Burnsville, Coates, Eagan, Empire Township, Farmington, Inver Grove Heights, Lakeville, Rosemount, and Vermillion Township.

Programs and Services

The District provides a full range of public education services appropriate to grade levels ranging from pre-Kindergarten through Grade 12. These include regular and enriched academic education, special education for exceptional children, and career/vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood family education and adult basic education programs, and a myriad of classes for lifelong learning experiences for children and adults.

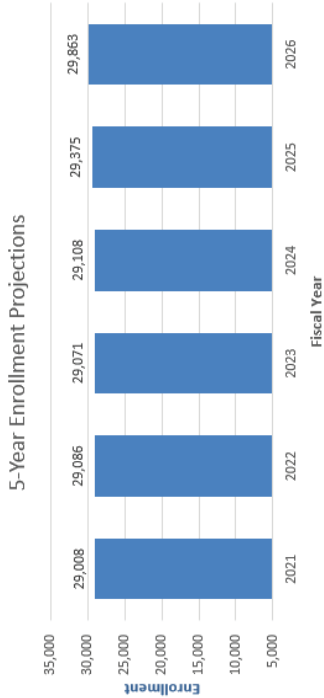
Student Enrollment

The District enrolled 29,008 students (or average daily membership totaling 28,551) in 2019–2020 from a population of 153,390 people residing in a 108.6 square mile area. In terms of the number of students, the District is Minnesota's fourth largest school district.

The District has an increasingly diverse population of students with a variety of needs. For the 2020-2021 school year, 60% of our students were white, 14% of the District's student population were black, students of Asian descent comprised 9%, Hispanic students totaled 11%, 1% were American Indian, while other races accounted for 6%.

In 2020-2021, 16.7% of our students qualified to receive free or reduced-price meals; this compared to a fall 2020 Minnesota average of 32.2%.

The District enrollment is projected to increase slightly over the next five years.



District Schools and Facilities

During the 2020-2021 school year, the District operated 35 school buildings: an Early Childhood Learning Center, 4 comprehensive (Grades 9–12) high schools, 1 optional (Grades 11–12) high school, 6 middle schools (Grades 6–8), 19 elementary schools (kindergarten through Grade 5), 1 area learning center, 1 school (kindergarten through Grade 12) for students with special needs, and 2 learning centers dedicated to adult basic education and early childhood education students. The District also purchased an additional facility in the summer of 2021, currently used by the alternative learning program and childhood screening. The early childhood program will begin offering classes in the facility at the beginning of the 2022 calendar year.

The average age of the District's facilities is over 34 years; the District qualifies for Long Term Facilities Maintenance funding and has been able to keep up with routine repairs, maintenance, and other major improvements.

LOCAL ECONOMIC CONDITION AND OUTLOOK

According to the Minnesota Department of Management and Budget, the economic data has been somewhat positive, despite the effects of the COVID-19 pandemic. Minnesota's overall economy has been affected negatively by the effects of the virus, including supply chain disruptions. The forecasted GDP growth for 2021 was projected at 5.4%, in the released October report, which is down from the 5.7% growth forecast in the February outlook report. Generally, growth is expected to decelerate moving into 2022 with a forecasted GDP growth of 4.3%.

According to the October economic update, unemployment across the U.S. in September was at 4.8%, down from 14.8% at the peak of the pandemic. The unemployment rate is still 1.3% higher than the pre-pandemic level in February 2020. This unemployment rate does not take into consideration the 3.1 million people who have exited the labor force since the beginning of the pandemic.

The state's February 2021 budget forecast indicated an increase in anticipated revenue collections. The \$463 million (1.0%) increase in revenues for fiscal year 2021, would result in a budgetary balance of \$940 million.

The state of Minnesota assumes major responsibility for funding public education. Following the passage of the 2019 operating referendum, approximately 24% of our General Fund revenues are generated locally from property taxes, 70% from state aids, close to 5% from federal aids, and miscellaneous income made up the remaining 1%. The increase in the federal portion of the receipts is a result of the three rounds of emergency funds appropriated to combat the effects of the COVID19 pandemic.

Reliance on the state for the majority of its operating revenues places the District in the position of being dependent on state-wide economic conditions that drive state tax collections. The 2017 Legislature has provided some increase to the basic general education formula allowance and other categorical funding for the 2020-2021 school year. This funding level was again increased by the 2021 legislature for the coming biennium. Across the state, school boards and administrators continue to adjust instructional and related services delivery in an effort to maintain adequate programming buffered by funding imbalances. The 2% formula allowance increase has not kept pace with general inflation and rising cost of providing quality education to all our students. The District will continue to respond to this challenge by curtailing expenditures when possible and is committed to engage staff and community members in future budget discussions and to consider other options for increasing revenues and containing growth.

DISTRICT MISSION AND STRATEGIC PLAN

In spring 2011, the District convened a 60-member task force to develop a vision for education that will guide district goals for the next five years. The task force included parents, staff, School Board members, and a variety of leaders from the business, civic, and faith communities. Task force members attended four informational meetings to establish a shared base of knowledge about district enrollment and demographics, school finance, teaching and learning, community and partnerships, educational trends, and innovation. These informational meetings, led by a facilitator, were followed by four planning meetings where the task force members developed revised belief statements for the District and four strategies for the future. The School Board approved the plan in December 2011. A brief summary of the plan is listed below.

Mission Statement: *Educating our students to reach their full potential.*

Belief Statements:

- Students come first
- All students can learn
- High expectations inspire students and staff to excel
- Learning is maximized in a safe, respectful, and inclusive environment
- A well-rounded education includes opportunities in academics, the arts, and athletics
- Learning is a lifelong pursuit
- Effective management of resources is critical
- Partnerships and collaboration enhance educational programming
- A culture of innovation and continuous improvement prepares students to be college and/or career ready
- An informed and engaged community guides effective decision-making

Strategies and Goals:

- **Strategy One – Teaching and Learning**
 - o Deliver a high-quality instructional program that anticipates and meets the needs of all learners
- **Strategy Two – Early Learning**
 - o Provide a well-aligned continuum of high-quality, culturally responsive, early learning (birth to Grade 3) services to meet the needs of all students
- **Strategy Three – Educational Equity**
 - o Implement a systemic process that increases achievement for all students by addressing equitable access to opportunities in our schools and programs
- **Strategy Four – Partnerships**
 - o Develop and implement sustainable strategies to increase collaboration between the District and community partners

STUDENT ASSESSMENT AND TESTING

The District uses a variety of state and national tests to measure student achievement, determine student ability, and evaluate curriculum.

Minnesota Comprehensive Assessments (MCAs)

Due to the COVID19 pandemic, a number of standardized tests were not administered, as such the MCA the results included herein are for fiscal year 2019.

According to the results of the Standards-Based Accountability Assessments released by the Minnesota Department of Education in July 2019, the percentage of the District's students who scored proficient on the state reading, math, and science tests exceeded the state-wide averages for all grades tested in the spring of 2019.

The Standards-Based Accountability Assessments include the MCAs and the Minnesota Test of Academic Skills (MTAS) for students receiving special education services who qualify. These tests are given annually in reading (Grades 3-8 and 10), math (Grades 3-8 and 11), and science (Grades 5, 8 and high schools, after completion of the life science curriculum). More than 14,000 district students took the MCAs or MTAS last spring.

The MCAs and MTAS measure student performance on the Minnesota Academic Standards, which define what students should know and be able to do in a particular grade. Students earn a score that falls into one of four achievement levels: 1) does not meet the standards; 2) partially meets the standards; 3) meets the standards; and 4) exceeds the standards. Students who meet or exceed the standards are considered to be proficient in the subject areas.

Compared to 2018 results, the percentage of district students who scored proficient on the MCAs or MTAS reading, math, and science tests stayed about the same for all levels tested.

American College Test (ACT)

In 2020-2021, the District's high school students continued to score higher than the state and national average composite scores on the ACT college-entrance exam.

The ACT average composite score for the District's students in 2021 was 22.9 points out of a possible score of 36. The District average remained the same from the year before but is still 2.6 points higher than the national average of 20.3 points and 1.3 points higher than the state average of 21.6 points, which was highest among the 17 states where more than 90% of all students took the test.

(5)

The ACT is the primary admissions test for students attending college in the Midwest; the Scholastic Aptitude Test is the primary test for colleges located in the eastern and western states.

Advanced Placement (AP)

In August 2021, 646 of the District's high school students were recognized as AP Scholars by the College Board for earning a score of 3 or higher (on a scale of 1-to-5) on at least three or more exams. An AP exam score of 3 or higher earns credit at many of the nation's colleges and universities.

National Merit Scholars

In 2020-2021, 17 of the District's high school seniors were named National Merit Scholarship semifinalists (top 1% of seniors nation-wide), another 32 students were named commended students (top 5%).

ACHIEVEMENTS AND AWARDS

National Speech and Debate Association – Top 10 Schools of Outstanding Distinction

In 2020-2021, Eastview, Apple Valley and Eagan high schools were each in the top 10 Schools of Outstanding Distinction at the June 13-19, 2021 Virtual National Speech and Debate Association tournament.

The tournament's top 10 schools are selected based on the number of rounds of competition their students compete in both speech and debate events. A total of 45 District 196 students qualified for this year's national tournament, 14 from Eastview, 16 from Eagan, 11 from Apple Valley and four from Rosemount High School.

FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from theft, misuse, or losses and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and Minnesota Uniform Financial Accounting and Reporting Standards.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of the costs and benefits requires estimates and judgments by management.

(6)

In addition, the District has also adopted the following policies to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board:

- **Fund Balance Policy** – Requires the District to maintain an operating fund balance of 5% of the expenditure budget.
- **Budget Policy** – Establishes a guideline for allocation of district resources.
- **Personnel Staffing Guidelines** – Personnel costs represent over 85% of General Fund expenditures. These guidelines, which set the staffing allocation for every allocated position in the District, are updated each February by the administration and the School Board.

The District's budget process is based, first, on development of a budget projection model that attempts to project resources and expenses over a multiple year period. The budget projection is used by the School Board and the administration to determine budget parameters and staffing guidelines. Second, the budget, adopted in June, is based on the personnel staffing guidelines and building allocations approved by the School Board in February of the preceding budget year. School and department administrators develop expenditure plans in accordance with School Board-approved budget parameters. The School Board resolution adopting the budget in June also includes a provision directing the administration to update the budget in October. This final budget reflects the District's actual enrollment count on October 1, the actual staff hired, and other dynamics such as employee contract settlements and legislative changes not included in the preliminary budget process.

The level of budgetary control is at the fund level. However, in the General Fund, operating, special education, pupil transportation, capital expenditure, and quality compensation are maintained as separate internal accounts for budgeting purposes. The District also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence in Financial Reporting.

The District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District's ACFR for the year ended June 30, 2020. It is the 18th consecutive year the District has received the award, which was earned by fewer than 10% of all school districts in the state.

The District expects to continue to earn the recognition that accompanies national standards of accuracy and thoroughness of the Certificate of Excellence program.

(7)

MERITORIOUS BUDGET AWARD

The District's Finance Department has submitted its 2021-2022 budget for the ASBO International Meritorious Budget Award (MBA). The receipt of this award is pending as of the audit conclusion.

The MBA program promotes and recognizes excellence in school budget presentation. The award is awarded to school districts that have met or exceeded the program's stringent criteria, following a rigorous review by professional auditors.

The District has submitted its 2021-2022 budget document for ASBO International's review.

FINANCIAL PROSPECTS FOR FUTURE YEARS

With the exception of the voter-approved operating referendum and building bond referendum, 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 2021 forecast calls for the continual improvement over the next several years. This positive outlook incorporates the infusion of federal aid in response to the COVID19 pandemic.

The table below summarizes the per pupil unit funding amounts and percentage change over the past five school years:

School Year	Formula Allowance	Percentage Change
2016-17	\$6,067	2.00%
2017-18	\$6,188	2.00%
2018-19	\$6,312	2.00%
2019-20	\$6,438	2.00%
2020-21	\$6,567	2.00%

The District appreciates and welcomes the additional funding to meet the growing needs of today's learners. The District continues to engage parents, staff, the business community, and legislative members to proactively find ways to align resources with areas of greatest need within our community. The most recently approved operating levy helps the district address class size and mental health needs, among other areas of need.

MAJOR INITIATIVES

Referendum Improvements

On November 3, 2015, district voters approved a referendum question for \$180 million in capital improvements and technology funding. The approved referendum provided the District with \$130 million in bonding authority to make safety and security improvements at all schools, provide additional space for learning, including a new elementary school, and upgrades to technology infrastructure district-wide.

The referendum questions also include a capital project levy that will provide approximately \$5.0 million per year for 10 years to increase access to technology for all students and maintain that access over the life of the levy.

(8)

The improvements that will be supported by the referendum are summarized below.

Safety and Security

- Modify entrances at all schools to better control visitor access
- Upgrade security equipment at all schools
- Site improvements at 16 sites with identified need to improve pedestrian and traffic safety

Space for Learning

- New elementary school in the southern part of the District
- Additions to five elementary magnet schools and Parkview Elementary
- STEM improvements at all six middle schools, Cedar Park Elementary STEM School and Apple Valley High School
- Improvements to meet district standards for space at Rosemount High School and elementary schools with identified need
- Replacement of worn-out student furniture at middle schools and high schools

Technology for Learning

- Infrastructure upgrades
- Mobile learning device for each student in Grades 4–12, phased in over three years
- 3-to-1 ratio of students-to-mobile learning device for Grades pre-K–3

Operating Referendum

On November 5, 2019, district voters approved an operating referendum question for the district. The referendum question revoked and replaced the previous authority and will provide \$19 million in additional levy authority beginning in the fiscal year 2020-2021. These funds will be used to reverse the reductions of previous years and provide additional support for areas of great need including mental health support and after school activity busses, which allow more students to participate in enrichment activities beyond the school day.

ACKNOWLEDGMENTS

The preparation of this ACFR in a timely manner would not be possible without the assistance of the entire Finance Department staff. We would like to particularly thank our manager of financial systems, reporting, and compliance, Daniel Duchene; finance department supervisors and staff for their work.

Sincerely,



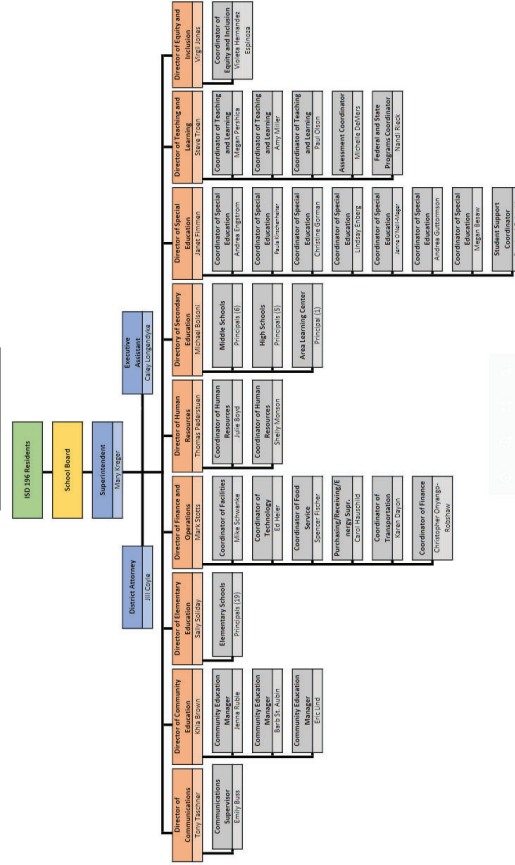
Adam Lloyd, CPA
Controller



Christopher Onyango-Robshaw, CPA
Coordinator of Finance

Independent School District No. 196 Rosemount-Apple Valley-Eagan Public Schools *Educating our students to reach their full potential*

Organization Chart



INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2021

SCHOOL BOARD

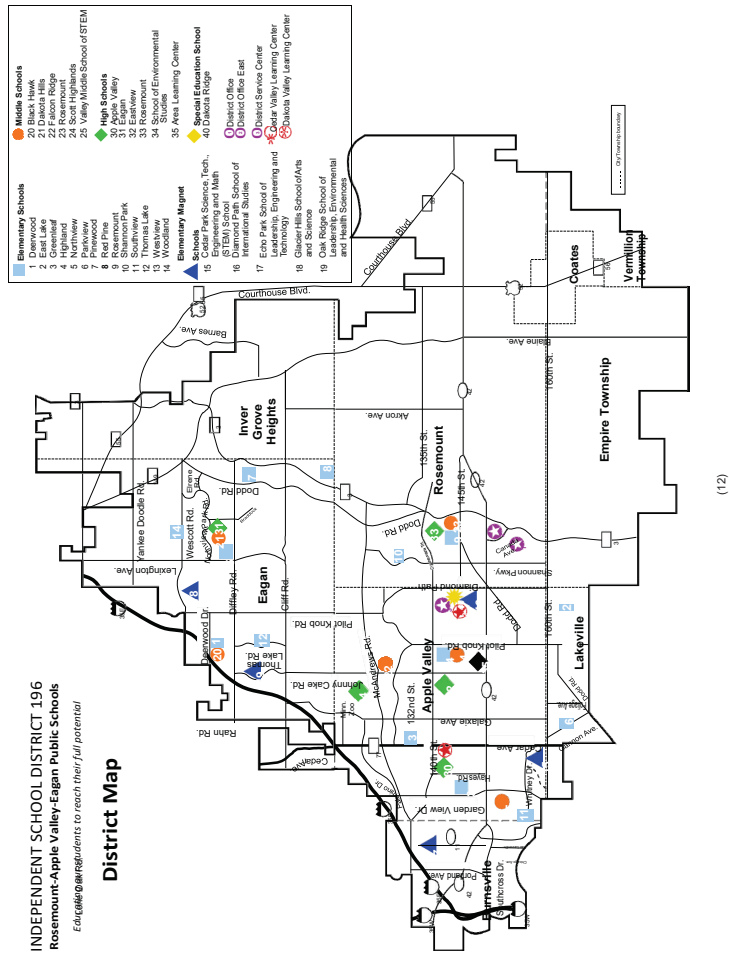
Jackie Magnuson
Joel Albright
Sachin Isaacs
Art Coulson
Craig Angrimson
Mike Roseen
Cory Johnson

Chairperson
Vice-Chairperson
Clerk
Treasurer
Director
Director
Director

SUPERINTENDENT'S CABINET

Mary Greger
Khia Brown
Jill Coyle
Caley Longendyke
Janet Fimmen
Sally Soliday
Michael Bolsoni
Thomas Pederstuen
Mark Stotts
Tony Taschner
Steve Troen
Virgil Jones

Superintendent
Director of Community Education
School District Attorney
Administrative Assistant to the Superintendent
Director of Special Education
Director of Elementary Education
Director of Secondary Education
Director of Human Resources
Director of Finance and Operations
Director of Communications
Director of Teaching and Learning
Director of Equity and Inclusion





The Certificate of Excellence in Financial Reporting
is presented to

**Independent School District 196 - Rosemount-
Apple Valley-Eagan
Public Schools**

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

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



W. Edward Chabal

W. Edward Chabal
President

David J. Lewis

David J. Lewis
Executive Director





FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

School Board
December 8, 2021
Independent School District No. 196
Rosemount, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 196 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Independent School District No. 196'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.

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.



(14)

School Board
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 196 as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended and budgetary comparison for the General, Food Service, and Community Service Funds, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 changes in the District's net OPEB liability (asset) and related ratios, schedule of money-weighted rate of return on plan assets, schedules of District's proportionate share of net pension liability and schedules of District's pension contributions, 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. 196's basic financial statements. The introductory section, individual fund financial statements, Uniform Financial Accounting and Reporting Standards table, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and Uniform Financial Accounting and Reporting Standards 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(15)

Other Information (Continued)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Independent School District No. 196 as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated November 30, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The individual fund financial statements have been subjected to the auditing procedures applied to the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Independent School District No. 196'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. 196'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 No. 196's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 8, 2021





REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

This section of Independent School District No. 196's Annual Comprehensive Financial Report (ACFR) presents the management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. 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

For the year ended June 30, 2021, the District showed an increase in total net position of \$21.70 million. Many factors contributed to this change. A few key financial highlights from the District's basic financial statements for the 2020–2021 fiscal year are listed below:

- The liabilities and deferred inflows of resources of the District exceed its assets and deferred outflows of resources at the close of the 2020–2021 fiscal year by \$111.56 million. This amount includes a net investment in capital assets of \$153.11 million, \$31.47 million net position restricted for specific uses, and a negative unrestricted net position of \$296.15 million.
- The District's total net position increased by \$21.70 million in the current year. Restricted net position increased by \$11.11 million. The unrestricted portion of the District's net position decreased \$3.52 million. A more detailed analysis of these changes can be found later in this document.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$104.39 million, a net increase of \$26.36 million in comparison with the prior year. Approximately 61.29% of the total fund balance amount, or \$63.99 million, is unassigned.
- At the close of the 2020–2021 fiscal year, unassigned fund balance for the General Fund was \$63.98 million, or 16.00%, of total General Fund expenditures.
- The District's long-term liabilities increased by \$23.35 million, or 5.4%, during the current fiscal year. This was partially due to a \$30.8 million net increase in the District's proportionate share of the net pension liability related to the statewide pension plans administered by the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). This increase was offset by a \$6.33 million decrease in the District's liabilities for bonds, COPs, and capital leases. The liability for severance benefits and compensated absences payables also decreased \$1.17 million.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

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, single and supplementary information. The basic financial statements include several statements that present different views of the District:

- The **government-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 custodian for the benefit of others to whom the resources belong.

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 District's assets and deferred outflows of resources and 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.

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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).

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 Funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Funds to account for its dental and health self-insurance programs as well as contributions and benefit payments for the District's severance benefits. 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.

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Figure 1 depicts how the various parts of this ACFR are arranged and their relationship to one another:

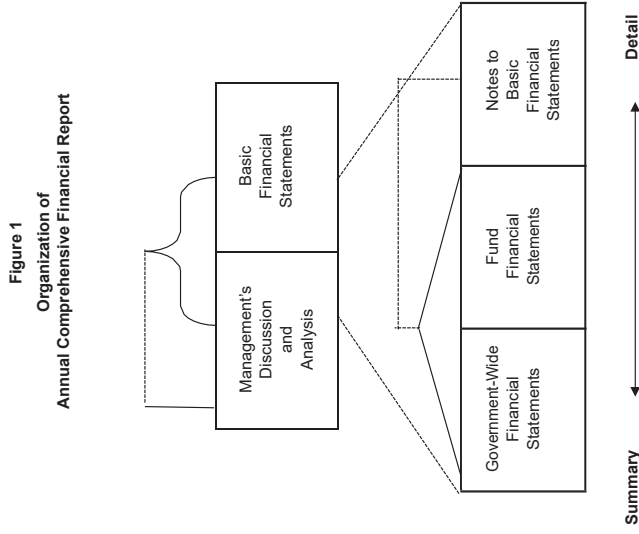


Figure 2, at the top of the next page, summarizes the major features of the District's financial statements, including portions of the District's activities covered and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Figure 2, below, summarizes the major features of the District's financial statements, including portions of the District's activities covered and the types of information they contain.

Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Financial Statements	Governmental Funds	Fund Financial Statements	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, including maintenance, food service, and community education	Activities of the District that operate similar to private businesses, internal service funds	Instances in which the District administers resources on behalf of someone else, such as the OFED Trust
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of assets/deferred liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term	Generally, assets expected to be received within a year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both short-term and long-term; and capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's financial position is the product of many factors. As indicated earlier, net position may serve over time as a useful indicator of the District's financial position. The reader needs to understand that the determination of net position includes significant assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, may produce a significant difference in the calculation of the District's net investment in capital assets.

The District's combined net position was a deficit of \$111,562,008 on June 30, 2021 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 reducing the District's net position to a deficit of \$111,562,008. The District's total net position was significantly impacted in fiscal 2020 by the required actuarial calculation changes included in GASB Statements related to statewide pension plans. The District had \$31,474,245 of net position that was available to meet its ongoing obligations but restricted for specific uses.

Table A-1
The District's Net Position

	Governmental Activities		Percentage Change
	2021	2020	
Current and Other Assets	\$ 329,895,036	\$ 281,892,612	17.03 %
Capital Assets	298,284,299	293,507,195	1.63
Total Assets	628,179,335	575,399,807	9.17
Deferred Outflows of Resources	127,843,974	213,797,893	(40.20)
Current Liabilities	67,905,584	62,065,023	9.41
Long-Term Liabilities	459,459,119	436,105,769	5.35
Total Liabilities	527,364,703	498,170,792	5.86
Deferred Inflows of Resources	340,220,614	424,285,297	(19.81)
Net Position:			
Net Investment in Capital Assets	153,112,125	136,635,071	12.06
Restricted	31,474,245	22,731,361	38.46
Unrestricted	(296,148,378)	(292,624,821)	1.20
Total Net Position	\$ (111,562,008)	\$ (133,258,389)	(16.28)

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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			Percentage Change
	Fiscal Year Ended June 30,	2020		
Revenues				
Program Revenues				
Charges for Services	\$ 6,059,337	\$ 13,727,898	(55.86)%	
Operating Grants and Contributions	120,151,777	98,694,653	21.74	
Capital Grants and Contributions	5,014,416	5,176,740	(3.14)	
General Revenues				
Property Taxes	116,483,109	95,593,616	21.85	
Unrestricted State Aid	214,852,352	213,963,522	0.42	
Investment Earnings	137,477	1,892,813	(92.74)	
Other	142,331	841,115	(83.08)	
Total Revenues	462,840,799	429,890,357	7.66	
Expenses				
Administration	17,679,393	18,232,212	(3.03)	
District Support Services	16,663,789	13,408,956	24.27	
Regular Instruction	216,373,592	211,435,239	2.34	
Vocational Education Instruction	5,430,687	5,653,997	(3.95)	
Special Education Instruction	76,596,038	75,482,535	1.48	
Instructional Support Services	22,568,796	24,594,800	(8.24)	
Pupil Support Services	31,273,851	29,792,252	4.97	
Sites and Buildings	30,109,325	34,725,496	(13.29)	
Fiscal and Other Fixed Cost Programs	1,237,889	671,312	84.40	
Food Service	10,711,362	10,922,877	(1.94)	
Community Service	8,367,921	9,010,785	(7.13)	
Interest and Fiscal Charges on				
Long-Term Liabilities	4,131,775	4,540,835	(9.01)	
Total Expenses	441,144,418	438,471,296	0.61	
Change in Net Position				
Beginning Net Position	21,696,381	(8,580,939)		
Ending Net Position	(133,258,389)	(124,677,450)		
Change in Net Position	\$ (111,562,008)	\$ (133,258,389)		

The District's total revenues were \$462,840,799 for the year ended June 30, 2021, an increase of \$32,950,442 (7.66%) from 2019-2020 actual revenues of \$429,890,357.

For 2020-2021, property taxes and general grants and aids accounted for 71.32% of total revenue for the year. About 27.04% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 1.31% of the total revenue, while the remaining .06% came from other general revenue, including investment income.

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

For 2020-2021, the cost of all governmental programs and services was \$441,144,418. This was an increase of \$2,673,122 (0.61%) from the 2019-2020 total cost of \$438,471,296.

As in past years, the bulk of the District's resources (64%) were directed to providing instructional services to our students enrolled in regular education, special education, and vocational education programs (including instructional and pupil support). The administrative activities of the District accounted for 4% of total costs for the year. Total revenues exceeded expenses, increasing the District's net position by \$21.70 million.

Figure 3

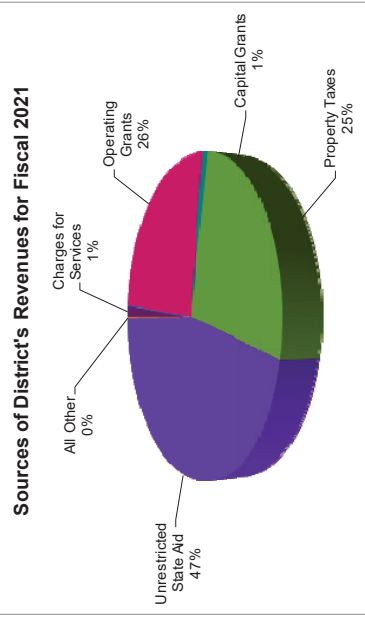
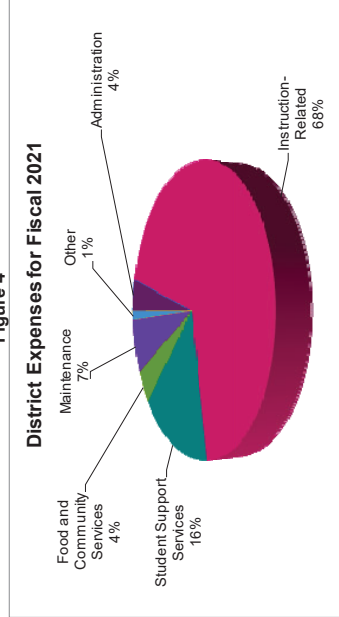


Figure 4



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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The cost of all *governmental* activities for 2020–2021 was \$441.14 million. Of this amount, \$131.23 million was supported by "charges for services, operating grants, or capital grants" received by the schools.

- A majority of the District's costs were paid for by state taxpayers based on the statewide education aid formula, and property taxes paid by district taxpayers.
- The federal and state governments, and other local sources, subsidized certain programs with grants and contributions totaling \$126.93 million, or 28.68%, of the total costs for 2020–2021. In addition, state and local sources subsidized general district operations with grants and contributions of \$214.85 million, or 49.23%, of the total costs for 2020–2021.
- About 1.39%, or \$6.06 million, of costs were paid by the users of the District's programs.
- Finally, \$0.28 million of the district revenue came from investment earnings and other general revenue.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Net Cost of Services		Percentage Change
	2021	2020	2021	2020	
Administration	\$ 17,679,393	\$ 18,232,212	\$ 8,846,619	\$ 15,905,660	(44.39)%
District Support Services	16,663,789	13,408,956	8,857,724	11,415,544	(22.41)
Regular Instruction	216,373,592	211,435,239	199,445,571	193,070,343	3.30
Vocational Education Instruction	5,430,687	5,655,997	4,221,575	4,403,863	(4.14)
Special Education Instruction	76,596,038	75,482,535	25,357,425	27,902,995	(9.12)
Instructional Support Services	22,568,766	24,594,800	22,323,338	23,155,067	(3.59)
Pupil Support Services	31,273,851	29,792,252	10,778,709	9,939,495	8.44
Sites and Buildings	30,109,325	34,725,496	22,532,944	27,511,771	(18.10)
Fiscal and Other Fixed Cost Programs	1,237,869	671,312	1,237,869	671,312	84.40
Food Service	1,117,552	10,545,977	1,117,552	10,545,977	(99.95)
Community Service	8,307,321	9,016,765	1,643,707	2,446,471	(32.81)
Interest and Fiscal Charges on Long-Term Liabilities					
Total	\$ 441,144,418	\$ 438,477,286	\$ 303,918,888	\$ 320,872,005	(3.41)
			\$ 4,131,775	\$ 4,540,835	(9.01)
			\$ 320,872,005	\$ 320,872,005	(0.00)

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. As of June 30, 2021, the District's governmental funds reported total fund balances of \$104.39 million, an increase of \$26.36 million, or 33.78%, from last year's ending total fund balances of \$78.03 million. This net increase is chiefly due to the following factors:

- In 2020–2021, actual revenues and other financing sources were \$26.36 million more than actual expenditures and other financing uses in the General Fund. This is primarily a result of the district utilizing one-time federal funds to meet evolving pandemic related needs.
- The district also issued Certificates of Participation to finance the construction of athletic turf fields at two high schools. Most of the expenditures related to the debt issuance will take place in the coming school year.

Table A-4 below shows the total fund balances of each of the District's governmental funds:

Table A-4
Fund Balance - All Governmental Funds

	Year Ended		Change
	June 30, 2021	June 30, 2020	
General Fund	\$ 84,858,577	\$ 58,364,327	\$ 26,494,250
Food Service Fund	4,014,131	4,652,190	(638,059)
Community Service Fund	3,244,071	2,875,090	368,981
Capital Projects Fund	8,639,338	9,469,385	(830,047)
Debt Service Fund	3,636,775	2,669,765	967,010
Total	\$ 104,392,892	\$ 78,030,757	\$ 26,362,135

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students from kindergarten through Grade 12. Pupil transportation activities and capital and major maintenance projects are also included in the General Fund.

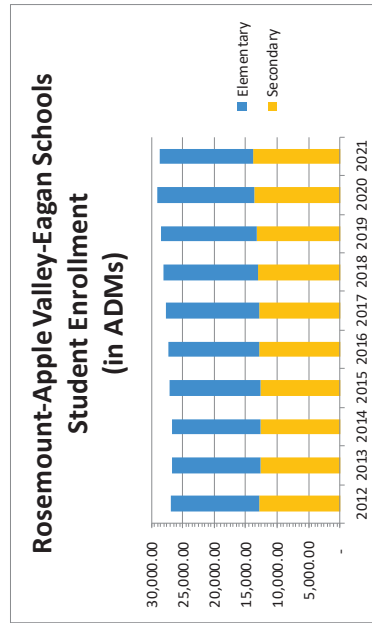
Funding for Minnesota school districts is largely driven by enrollment. Over the last five years, the District's enrollment has increased year over year. Based on the results of an updated enrollment projection reviewed by the School Board in February 2021, enrollment was projected to increase slightly over the next few years.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The graph below (Figure 5) shows the District's actual average daily membership (ADM) over the last 10 years. ADM for 2020-2021 increased from the previous year at the kindergarten through elementary levels, as well as at the secondary level. Preliminary enrollment data for the 2021-2022 fiscal year shows an increase of 78 ADMs over the 2020-2021 total of 28,662.

Figure 5
Average Daily Membership (ADM)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pre-K & KH		399	407	406	505	537	571	577	572	476
Reg. K	1,891	1,884	1,586	1,749	1,720	1,745	1,826	1,827	1,874	1,598
Elementary	11,941	11,919	12,114	12,231	12,418	12,716	12,832	12,865	12,960	12,758
Secondary	12,656	12,639	12,658	12,570	12,735	12,792	12,949	13,294	13,570	13,827
Total Students for Aid	26,887	26,641	26,770	27,048	27,379	27,790	28,178	28,563	28,967	28,662
Percentage Change	-0.05%	-0.91%	0.48%	1.04%	1.23%	1.50%	1.40%	1.37%	1.41%	-1.05%

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The following schedule presents a summary of General Fund Revenues and Other Financing Sources.

Table A-5
General Fund Revenues and Other Financing Sources

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
REVENUES				
Local Sources:				
Property Taxes	\$ 96,675,912	\$ 76,087,494	\$ 20,588,418	27.1 %
Earnings on Investments	88,250	1,263,501	(1,175,251)	(93.0)
Other	6,493,442	9,608,187	(3,114,745)	(32.4)
State Sources	297,108,482	292,415,624	4,692,858	1.6
Federal Sources	24,595,310	11,229,529	13,365,781	119.0
Total Revenues	424,961,396	390,604,335	34,357,061	
OTHER FINANCING SOURCES				
Sale of Equipment	191,868	206,637	(14,769)	(7.1)
Capital Leases	-	649,234	(649,234)	(100.0)
Judgments for School District	46,259	25,413	20,846	82.0
Total Other Financing Sources	238,127	881,284	(643,157)	(73.0)
Total General Fund Revenues and Other Financing Sources	\$ 425,199,523	\$ 391,485,619	\$ 33,713,904	8.6

During 2020-2021, the District's total General Fund revenues and other financing sources increased \$34.36 million, or 8.7%, from the previous year. The increase was due to the following factors:

- An increase of \$20.588 million in property taxes due to the voter approved increase in the operating levy
- State aids for 2020-2021 were \$4.69 million more than the previous year. This increase was mainly due to the following factors:
 - 1) An increase of \$4.1 million in special education aid.
 - 2) The rest of the increase is a result of increases in the per pupil formula amount in state aid and other categorical aids.
- Federal aids for 2020-2021 were \$13.36 million more than the previous year. This increase was mainly due to \$15.73 million in federal revenue related to programs which were new in fiscal year 2021 as part of efforts to mitigate the effects of the pandemic on local education agencies.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The following schedule presents a summary of General Fund Expenditures and Other Financing Uses.

Table A-6
General Fund Expenditures and Other Financing Uses

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
EXPENDITURES				
Salaries	\$ 249,928,248	\$ 238,237,891	\$ 11,690,357	4.9 %
Employee Benefits	89,646,395	89,318,372	328,023	0.4
Purchased Services	25,241,225	28,273,059	(3,031,834)	(10.7)
Supplies and Materials	17,886,749	15,530,854	2,355,895	15.2
Capital Expenditures	11,415,954	8,844,348	2,571,606	29.1
Debt Service	3,651,804	2,496,203	1,155,601	46.3
Other Expenditures	900,135	948,349	(48,214)	(5.1)
Total Expenditures	398,670,510	383,649,076	15,021,434	3.9
OTHER FINANCING USES				
Transfers Out	34,763	399,229	(364,466)	(91.3)
Total General Fund Expenditures and Other Financing Uses	\$ 398,705,273	\$ 384,048,305	\$ 14,656,968	3.8

Total General Fund expenditures and other financing uses increased \$16.37 million or 4.3% from the previous year. The changes in the major expenditure categories include:

Overall salaries increased by \$11.69 million which was primarily due to wage increases based on salary settlements and additional staff hired to meet students' educational needs exacerbated by the pandemic and transitions between in-person and remote learning.

Employee benefits increased \$0.33 million or 0.4% over the previous year due to the additional costs of increased staff coupled with the cost of related benefits associated with the wage settlements. The district drew funds from the Other Post Employment Benefits (OPEB) trust to cover the implicit and subsidized insurance costs during the year.

Purchased Services consist of expenditures for fees for service including transportation contracts, postage, utilities, property insurance, maintenance repairs, leases, travel, telephone, and tuition. The District's decrease of \$3.03 million or 10.7% in purchased services was partially due to a slowing of the contracted repairs and maintenance in the Long-Term Facilities Maintenance program in 2021.

Supplies and Materials increased by \$2.36 million, or 15.2%, from the previous year. This was due to reduced use of funds for discretionary supplies.

Capital expenditures increased \$2.57 million, or 29.1% from the previous year.

Debt service expenditures increased \$1.16 million, or 46.3% from the previous year per the debt redemption schedule.

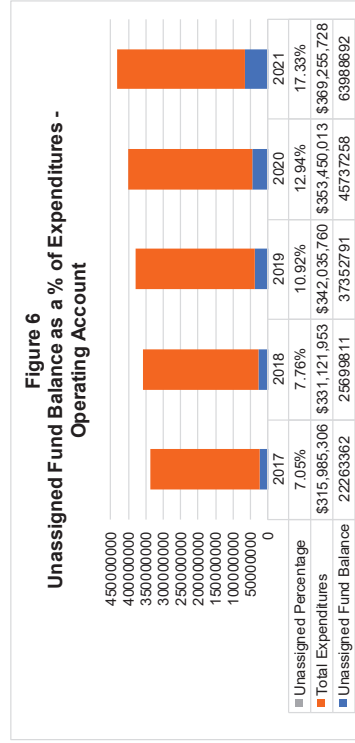
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ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Other expenditures decreased \$0.05 million or 5.1%, from the previous year.

In summary, 2020-2021 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$26.36 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance increased to \$63.99 million.

Figure 6 shows the General Fund – Operating Account unassigned fund balance as a percentage of expenditures.



The graph, as shown in Figure 6 above, is the single best measure of the District's overall financial health. The unassigned fund balance of \$63.99 million in the Operating Account of the General Fund at June 30, 2021 represents 17.33% of annual Operating Account expenditures, or almost nine weeks of operations, assuming level spending throughout the year.

The District is committed to continuing to provide quality instructional services to our students; the administration and School Board will continue to monitor expenditures and maintain fund balance as prescribed in School Board policy.

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 fall into two categories:

- 1) 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 2019-2020.
- 2) Increase in appropriations for significant unbudgeted costs.

The final budget amounts, as shown in Table 7 below, include all of these adjustments and represent the District's revised estimates for 2020-2021:

**Table A-7
General Fund Budget**

	Preliminary Budget	Final Budget	Increase (Decrease)	Percent Change
Revenue and Other Financing Sources	\$ 410,079,728	\$ 419,875,107	\$ 9,795,379	2.4 %
Expenditures and Other Financing Uses	407,818,959	420,134,917	12,315,958	3.0 %
Net Change in Fund Balance	\$ 2,260,769	\$ (259,810)	\$ (2,520,579)	(111.5)%

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$0.26 million (net loss), the actual results for the year show a net gain of \$26.49 million.

- Actual revenues and other financing sources were about \$5.08 million, or 1.21%, more than expected. The major factors that had contributed to this variance are as follows:
 - 1) State aids received during the year exceeded budget by \$1.03 million, primarily from Special education aid, which was \$4.1 million higher than anticipated. Special education aid factors in actual expenditures and prorated state appropriation, which provides a good challenge when budgeting, especially in non-normal school year.
 - 2) Federal aids received and expended after the budget cycle also contributed to the higher than budget receipts for the year.

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

- Actual expenditures and other financing uses were \$21.38 million, or 5.09% less than budget. There are many factors, both positive and negative, that have contributed to the variance.
 - 1) Actual employee benefits were \$4.43 million less than budget. This was mainly due to the lower than anticipated salary expenditures.
 - 2) In 2020-2021, actual salaries were \$8.91 less than budget.
 - 3) The District spent \$8.12 million less than budgeted in the areas of purchased services and supplies and materials, and capital related expenditures. Reductions in contracted services were due to decreased in-person interactions beginning in the fall of 2020, while anticipated capital expenditures were also curtailed as a consequence of the transition to remote learning.

Food Service Fund

The Food Service Special Revenue Fund revenues for 2020-2021 totaled \$10.17 million and expenditures were \$10.81 million, resulting in a decrease in fund balance of \$0.64 million. The June 30, 2021 Food Service Special Revenue Fund balance was at \$4.01 million.

The 2020-2021 actual revenues were \$2.95 million, or 40.9%, more than the budgeted amount. Significant federal funding targeted at providing meals to all students was provided to the district in 2021. These revenues were not foreseen when revenue budgets were finalized.

The actual 2020-2021 Food Service Special Revenue Fund expenditures were \$3.21 million, or 42.2%, more than the budgeted amount. The variance was caused by the increase in federal aid, leading to an increased demand for meals.

Consistent with the food service comprehensive capital projects plan, the District will continue to use the accumulated fund balance to fund routine equipment purchases and major capital projects.

Community Service Fund

In 2020-2021, the total revenues and other financing sources for the Community Service Special Revenue Fund were \$8.53 million and the total expenditures were \$8.17 million, resulting in an increase to fund balance of \$0.37 million. The Community Service Special Revenue Fund balance as of June 30, 2021 is \$3.24 million. Of this amount, \$0.54 million is restricted for community education programs, \$1.07 million is restricted for the Early Childhood Family Education Program, \$1.12 million is restricted for the School Readiness Program, \$0.42 million is restricted for the Adult Basic Education Program, and \$1.10 million is restricted for community service programs.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$10.37 million for the year ended June 30, 2021. After other financing sources of \$9.5 million from the issuance of certificates of participation, the fund had a decrease in fund balance of \$0.83 million.

Debt Service Fund

Revenues and expenditures for the District's Debt Service Fund are directly tied to the District's bond principal and interest payment needs. For 2020–2021, approximately 99.51% of the District's debt service revenues came from property taxes. The remaining balance came from the state in the form of agricultural market value property tax credits and interest income from short-term investments.

In 2020–2021, the District's total Debt Service Fund revenues exceeded expenditures by \$967 thousand.

The June 30, 2021 Debt Service Fund balance totaled \$3.64 million. The general debt service account had an ending balance of \$1.37 million, while the reserve for Other Post Employment Benefits (OPEB) at year-end was \$2.26 million.

INTERNAL SERVICE FUNDS

The District maintains three internal service funds at year-end. The Severance Benefits Internal Service Fund is used to fund severance or retirement pay for eligible retirees. For 2020–2021, the revenues for this fund include interest income from short-term investments and contributions paid from the District's governmental funds. The severance payable liabilities for the District on June 30, 2021 totaled \$14.33 million, and the net position of the fund was a deficit \$3.72 million.

The Self-Insured Dental Benefits Internal Service Fund was established to report all activities related to the District's self-insured dental benefits plan. This plan covers all nonbargained staff, as well as principals, building chiefs, and vehicle technicians. The total contributions (both district and employee) for 2020–2021 totaled \$0.46 million, and claims paid or accrued totaled \$0.44 million, resulting in net position increasing \$0.016 million to \$0.30 million at year-end.

The Self-Insured Health Benefits Internal Service Fund was established to report all activities related to the District's self-insured health benefits plan, which covers all district employees. The total contributions (both district and employee) to the plan for 2020–2021 totaled \$58.33 million, and claims paid or accrued totaled \$55.33 million, resulting in net position increasing \$3.00 million to \$21.07 million at year-end.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District has net capital assets of \$298.99 million representing a broad range of capital assets, including school buildings; athletic facilities; and computer, audio-visual, and other equipment for instructional programs (see Table 8). Total depreciation expense for the year was \$15.38 million.

During 2020–2021, the District invested a total of \$2.53 million in furniture and equipment and \$18.53 million in buildings and construction in progress. The majority of the capital investment can be attributed to major maintenance and building improvement projects funded by proceeds from the Series 2016A General Obligation Building Construction Bond, which were used to fund several projects across the district.

**Table A-8
Capital Assets**

	2021	2020	Percentage Change
Land	\$ 11,966,353	\$ 11,966,353	- %
Construction in Progress	16,033,473	31,226,033	(48.7)
Land Improvements	16,545,781	15,808,864	4.7
Buildings and Improvements	477,658,761	451,547,981	5.8
Equipment	59,819,727	59,275,451	0.9
Less: Accumulated Depreciation	(283,739,796)	(276,317,487)	2.7
Total General Fund Expenditures	<u>\$ 298,284,299</u>	<u>\$ 293,507,195</u>	1.6

Long-Term Liabilities

At year-end, the District had \$151.93 million in bonds, refunding bonds, and certificates of participation outstanding, including unamortized premiums and discounts. This is a decrease of \$5.89 million from the previous year, as shown in Table A-9.

- Outstanding bonds and certificates of participation show a decrease of \$4.7 million, due to the District continuing to make required scheduled payments.
- Premiums and discounts on bonds show a net decrease of \$1.21 million, mostly due to amortization.
- During 2020–2021, the District also retired \$0.4 million of existing capital lease principal.
- The District's liabilities for various long-term employee benefits, including pensions, severance, and compensated absences, increased \$29.7 million during 2020–2021, mainly due to the increase in the District's proportionate share of two statewide pension plan liabilities.

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Table A-9
The District's Long-Term Liabilities

	2021	2020	Percentage Change
General Obligation Bonds	\$ 110,985,000	\$ 122,785,000	(9.6)%
Net Bond Premium and Discount	14,748,892	15,961,911	(7.6)
Certificates of Participation Payable	26,200,000	19,075,000	37.4
Capital Leases Payable	5,711,406	6,149,919	(7.1)
Net Pension Liability	284,083,636	253,237,916	12.2
Severance Benefits Payable	14,331,501	15,598,386	(8.1)
Compensated Absences Payable	3,398,684	3,297,637	3.1
Total Long-Term Liabilities	<u>\$ 459,459,119</u>	<u>\$ 436,105,769</u>	5.4
Long-Term Liabilities:			
Due Within One Year	\$ 14,813,682	\$ 14,375,901	
Due in More Than One Year	444,645,437	421,729,868	
Total	<u>\$ 459,459,119</u>	<u>\$ 436,105,769</u>	

Bond Ratings

The District's general obligation bonds carry a rating of Aa1, upgraded by Moody's Investors Services in April 2010, and reconfirmed in March 2021 during the preparation for the sale of the 2021 Certificates of Participation.

Limitation on Debt

The state limits the amount of general obligation debt the District can issue up to 15% of actual market value of all taxable property within the District's boundaries. The estimated market value of all taxable property is \$20.35 billion for calendar year 2021 and the District's debt limit is \$3.05 billion.

The District's outstanding debt is significantly below this limit. The District's outstanding debt as of June 30, 2021 is \$124.63 million. The amount that is applicable to the debt limit calculation is \$120.99 million (total outstanding debt less Debt Service Fund balance).

Additional details of the District's capital assets and long-term debt activity can be found in the notes to the basic financial statements.

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FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum and building bond referendum, the District is dependent on the state of Minnesota for a majority of its revenue. District voters approved an operating levy increase in the 2019 election, providing additional funding to the district beginning in the fiscal year 2020-2021.

Since 2011–2012 school year, the state has provided annual increases to the per pupil unit funding for basic general education aid. The basic general education formula allowance for the 2020-2021 school year was \$6,567, representing a 2% increase from the 2019-2020 fiscal year.

The District welcomes additional funding to meet the growing needs of students in the district. Education communities across the state note the imbalance in the funding levels in comparison to the changes in inflationary, hence the growing requests for additional property tax increases through operating referenda across the state.

The administration appreciates the continued support from the community and is committed to continuing to monitor its spending and striving to maintain sustainable operations while delivering a high standard of education and engagement in academics, athletics, and the arts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, 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. 196, Rosemount – Apple Valley – Eagan Public Schools, 3455 – 153rd Street West, Rosemount, Minnesota 55068.

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BASIC FINANCIAL STATEMENTS

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS	
Cash and Investments	
Cash with Fiscal Agent	
Receivables:	
Current Taxes	
Delinquent Taxes	
Other Governments	
Accounts and Interest	
Prepaid Items	
Inventories	
Net OPEB Prepaid Asset	
Capital Assets:	
Capital Assets Not Being Depreciated	
Other Capital Assets, Net of Depreciation	
Total Assets	

DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	
Deferred Outflows - OPEB	
Total Deferred Outflows	

LIABILITIES	
Salaries Payable	
Accounts and Contracts Payable	
Accrued Interest	
Due to Other Governmental Units	
Unearned Revenue	
Long-Term Liabilities:	
Net Pension Liability	
Portion Due Within One Year	
Portion Due in More Than One Year	
Total Liabilities	

DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	
Deferred Inflows - Pensions	
Deferred Inflows - Other Postemployment Benefits	
Total Deferred Inflows of Resources	

NET POSITION	
Net Investment in Capital Assets	
Restricted for:	
General Fund Operating Capital Purposes	
State-Mandated Restrictions	
Food Service	
Community Service	
Debt Service	
Other Postemployment Benefits	
Unrestricted	
Total Net Position	

See accompanying Notes to Basic Financial Statements. (37)

Governmental Activities	2021
\$ 195,592,486	
14,017,920	
65,226,763	
502,664	
39,800,750	
4,000,083	
82,497	
1,036,330	
9,643,543	
27,999,826	
270,284,473	
628,179,335	
126,768,108	
1,055,866	
127,843,974	
42,762,494	
11,293,619	
2,254,098	
633,761	
10,961,412	
284,083,636	
14,813,682	
160,561,801	
527,364,703	
117,725,665	
214,271,069	
8,223,880	
340,220,614	

153,112,125	
3,908,082	
9,165,396	
4,014,131	
3,252,791	
1,470,300	
9,643,543	
(296,148,378)	
\$ (111,562,008)	

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	2021					Net (Expense) Revenue and Change in Net Position
Functions	Program Revenues			Capital Grants and Contributions	Total Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions			
GOVERNMENTAL ACTIVITIES						
Administration	\$ 17,679,393	\$ 25	\$ 8,809,820	\$ 22,929	\$ (8,846,619)	
District Support Services	16,663,789	10,911	7,161,075	634,079	(8,857,724)	
Regular Instruction	216,373,592	2,220,978	13,431,165	1,275,878	(199,445,571)	
Vocational Education Instruction	5,430,687	-	1,168,400	40,712	(4,221,575)	
Special Education Instruction	76,596,038	1,333,551	49,903,776	1,286	(25,357,425)	
Instructional Support Services	22,588,796	7,812	231,954	5,692	(22,323,338)	
Pupil Support Services	31,273,851	139,857	20,178,179	177,106	(10,778,709)	
Sites and Buildings	30,109,325	-	4,719,647	2,856,734	(22,532,944)	
Fiscal and Other Fixed Cost Programs	1,237,889	-	-	-	(1,237,889)	
Food Service	10,711,362	95,744	10,074,006	-	(641,612)	
Community Service	8,367,921	2,250,459	4,473,755	-	(1,643,707)	
Interest and Fiscal Charges on Long-Term Liabilities	4,131,775	-	-	-	(4,131,775)	
Total School District	<u>\$ 441,144,418</u>	<u>\$ 6,059,337</u>	<u>\$ 120,151,777</u>	<u>\$ 5,014,416</u>	<u>(309,918,888)</u>	
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					96,748,853	
Community Service					1,785,616	
Debt Service					17,948,640	
State Aid Not Restricted to Specific Purposes					214,852,352	
Earnings on Investments					137,477	
Miscellaneous					142,331	
Total General Revenues					<u>331,615,269</u>	
CHANGE IN NET POSITION					<u>21,696,381</u>	
Net Position - Beginning					(133,258,389)	
NET POSITION - ENDING					<u>\$ (111,562,008)</u>	

See accompanying Notes to Basic Financial Statements. (38)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

										2021	
										\$	104,392,892

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	
REVENUES						
Local Sources:						
Property Taxes	\$ 96,675,912	\$ -	\$ 1,784,270	\$ -	\$ 17,935,108	\$ 116,395,290
Earnings and Investments	68,250	3,254	3,374	4,649	7,091	106,618
State Sources	297,108,462	112,053	2,334,043	247,280	-	9,187,718
Federal Sources	-	-	3,927,024	-	81,551	300,997,987
Total Revenues	424,061,396	10,101,079	6,000,162	251,929	18,023,750	461,937,915
EXPENDITURES						
Current:						
Administration	17,540,095	-	-	-	-	17,540,095
District Support Services	12,538,544	-	-	-	-	12,538,544
Elementary and Secondary Regular Instruction	189,442,516	-	-	-	-	189,442,516
Vocational Education Instruction	5,052,494	-	-	-	-	5,052,494
Special Education Instruction	77,148,300	-	-	-	-	77,148,300
Instructional Support Services	21,506,153	-	-	-	-	21,506,153
Instructional Materials	1,000,000	-	-	-	-	1,000,000
State and Building	30,408,462	-	-	-	-	30,408,462
Fiscal and Other Fixed Cost Programs	1,237,889	-	-	-	-	1,237,889
Food Service	-	10,538,190	-	-	-	10,538,190
Community Service	11,415,954	270,479	8,164,705	-	-	8,164,705
Capital Outlay	-	-	1,209	10,623,533	-	10,623,533
Debt	2,903,513	-	-	-	11,800,000	14,703,513
Principal	748,291	-	-	-	5,296,770	6,005,061
Interest and Fiscal Charges	-	-	-	-	17,059,770	17,059,770
Total Expenditures	388,870,510	10,828,038	8,165,914	10,623,533	33,155,553	446,553,553
EXCESS (DEFICIENCY) OF REVENUES OVER UNDER EXPENDITURES						
OTHER FINANCING SOURCES (USES)						
Sale of Real Property	-	-	-	-	967,010	16,592,451
Sale of Equipment	191,868	-	-	-	-	206,637
Insurance	40,239	-	-	-	-	649,234
Insurance of Certificates of Participation	-	-	-	9,005,000	-	9,005,000
Premiums on Certificates of Participation	-	-	-	5,56,557	-	536,557
Transfers In	-	-	34,763	-	-	34,763
Transfers Out	(34,763)	-	-	-	-	(34,763)
Total Other Financing Sources (Uses)	203,384	-	34,763	9,541,557	-	9,779,684
NET CHANGE IN FUND BALANCES						
	26,494,250	(638,059)	368,981	(830,047)	967,010	26,362,135
FUND BALANCE						
Beginning of Year	\$ 59,384,327	\$ 4,652,190	\$ 2,875,090	\$ 8,463,385	\$ 2,689,785	\$ 78,030,757
End of Year	\$ 85,878,577	\$ 4,014,131	\$ 3,244,071	\$ 8,633,338	\$ 3,656,795	\$ 104,396,892

See accompanying Notes to Basic Financial Statements. (41)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	2021
Net Change in Fund Balances - Total Governmental Funds	\$ 26,362,135
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	21,066,866
Gain (Loss) on Disposal of Capital Assets	(759,863)
Proceeds from the Sales of Capital Assets	(155,600)
Depreciation Expense	(15,383,299)
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 deferred in the governmental funds.	87,819
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.	1,023,513
Principal Payments - Capital Leases	(685,000)
Capital Lease Proceeds	(18,944,120)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense in the statement of activities is measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	(101,047)
In the statement of activities, certain operating expenses - 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).	(1,246,476)
OPEB expense in the statement of activities is measured by the change in the net OPEB liability or asset and the related deferred inflows and outflows of resources.	
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 Bonds and Certificates of Participation Issued	(9,005,000)
Premium or Discount on Issued Debt	(636,557)
Repayment of Bond Principal	11,800,000
Repayment of Certificates of Participation Payable	1,880,000
Change in Accrued Interest	123,710
Amortization of Bond Premium	1,749,576
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.	
Total	4,310,724
	\$ 21,696,381

See accompanying Notes to Basic Financial Statements. (42)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 96,348,803	\$ 96,397,724	\$ 96,675,912	\$ 278,188
Earnings and Investments	4,000	4,000	88,250	84,250
Other	6,472,370	6,643,903	6,493,442	(150,461)
State Sources	297,048,264	296,074,146	297,108,482	1,034,336
Federal Sources	10,206,291	20,755,334	24,595,310	3,839,976
Total Revenues	410,079,728	419,875,107	424,961,396	5,086,289
EXPENDITURES				
Current:				
Administration	17,108,491	17,290,543	17,240,096	(50,447)
District Support Services	14,883,569	16,051,674	12,338,544	(3,713,130)
Elementary and Secondary				
Regular Instruction	195,180,196	200,211,124	189,442,516	(10,768,608)
Vocational Education Instruction	5,448,336	5,303,500	5,052,494	(251,006)
Special Education Instruction	81,569,593	80,793,379	77,148,300	(3,645,079)
Community Service	500	-	-	-
Instructional Support Services	20,879,960	21,745,487	21,506,153	(239,334)
Pupil Support Services	31,059,801	32,197,795	29,228,298	(2,969,497)
Sites and Buildings	23,325,410	24,997,421	30,408,462	5,411,041
Fiscal and Other Fixed Cost Programs	870,948	1,255,000	1,237,889	(17,111)
Capital Outlay	15,096,058	17,805,752	11,415,954	(6,389,798)
Debt Service:				
Principal	1,872,121	1,872,121	2,903,513	1,031,392
Interest and Fiscal Charges	523,976	523,976	748,291	224,315
Total Expenditures	407,818,959	420,047,772	398,670,510	(21,377,262)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,260,769	(172,665)	26,290,886	26,463,551
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	191,868	191,868
Insurance Recovery	-	-	46,259	46,259
Transfers Out	-	(87,145)	(34,763)	52,382
Total Other Financing Sources (Uses)	-	(87,145)	203,364	290,509
NET CHANGE IN FUND BALANCE	\$ 2,260,769	\$ (259,810)	26,494,250	\$ 26,754,060
FUND BALANCE				
Beginning of Year			58,364,327	
End of Year			<u>\$ 84,858,577</u>	

See accompanying Notes to Basic Financial Statements. (43)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 45,955	\$ 45,955	\$ 3,254	\$ (42,701)
Other - Primarily Meal Sales	6,578,065	2,960,126	112,953	(2,847,173)
State Sources	813,296	365,982	-	(365,982)
Federal Sources	5,301,241	3,846,247	10,054,372	6,208,125
Total Revenues	12,738,557	7,218,310	10,170,579	2,952,269
EXPENDITURES				
Current:				
Food Service	12,883,430	7,400,772	10,538,159	3,137,387
Capital Outlay	300,000	200,000	270,479	70,479
Total Expenditures	13,183,430	7,600,772	10,808,638	3,207,866
NET CHANGE IN FUND BALANCE	\$ (444,873)	\$ (382,462)	(638,059)	\$ (255,597)
FUND BALANCE				
Beginning of Year			4,652,190	
End of Year			<u>\$ 4,014,131</u>	

See accompanying Notes to Basic Financial Statements. (44)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2021

REVENUES	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
Local Sources:				
Property Taxes	\$ 1,949,222	\$ 1,949,068	\$ 1,784,270	\$ (164,798)
Earnings and Investments	45,000	45,000	3,374	(41,626)
Other - Primarily Tuition and Fees	3,848,736	2,801,886	2,334,043	(467,843)
State Sources	3,423,417	3,422,561	3,507,924	85,363
Federal Sources	58,779	64,326	870,521	806,195
Total Revenues	9,325,154	8,282,841	8,500,132	217,291
EXPENDITURES				
Current:				
Community Service	8,928,878	8,562,303	8,164,705	(397,598)
Capital Outlay	14,550	14,500	1,209	(13,291)
Total Expenditures	8,943,428	8,576,803	8,165,914	(410,889)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	381,726	(293,962)	334,218	628,180
OTHER FINANCING SOURCES				
Transfers In	87,145	87,145	34,763	(52,382)
NET CHANGE IN FUND BALANCE	\$ 468,871	\$ (206,817)	368,981	\$ 575,798
FUND BALANCE				
Beginning of Year			2,875,090	
End of Year			\$ 3,244,071	

See accompanying Notes to Basic Financial Statements. (45)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2021

ASSETS		
Cash and Investments		
LIABILITIES		
Current Liabilities:		
Claims Payable - Medical	4,827,330	
Severance Benefits Payable	1,564,029	
Unearned Revenue	9,213,459	
Total Current Liabilities	15,604,818	
Long-Term Liabilities:		
Severance Benefits Payable	12,767,472	
NET POSITION		
Unrestricted	\$ 17,647,285	

Governmental
Activities -
Internal
Service Funds
2021

\$ 46,019,575

See accompanying Notes to Basic Financial Statements. (46)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Local Sources:	
Contributions from Governmental Funds	
Contributions from Employees	
Total Operating Revenues	
OPERATING EXPENSES	
Severance Benefits	
Self-Insured Benefits	
Total Operating Expenses	
OPERATING INCOME	
NONOPERATING REVENUE	
Earnings on Investments	
CHANGE IN NET POSITION	
Net Position - Beginning	
NET POSITION - ENDING	

Governmental Activities - Internal Service Funds	2021
	\$ 52,178,313
	7,724,447
	<u>59,902,760</u>
	(149,674)
	55,772,569
	<u>55,622,895</u>
	4,279,865
	<u>30,859</u>
	4,310,724
	13,336,561
	<u>\$ 17,647,285</u>

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Assessments Made to Other Funds	
Receipts from Employee Contributions	
Payments for Severance, OPEB, and Self-Insured Claims	
Net Cash Provided by Operating Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	
NET INCREASE IN CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents - Beginning	
CASH AND CASH EQUIVALENTS - ENDING	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Claims Payable	
Increase in Unearned Revenue	
Increase (Decrease) in Severance Benefits Payable	
Total Adjustments	
Net Cash Provided by Operating Activities	

Governmental Activities - Internal Service Funds	2021
	\$ 52,178,313
	8,089,194
	(55,983,515)
	<u>4,273,992</u>
	30,859
	4,304,851
	41,714,724
	<u>\$ 46,019,575</u>
	\$ 4,279,865
	896,265
	364,747
	(1,266,885)
	<u>(5,873)</u>
	<u>\$ 4,273,992</u>

See accompanying Notes to Basic Financial Statements. (47)

See accompanying Notes to Basic Financial Statements. (48)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

ASSETS	
Investments	Trust Funds
	<u>OPEB Trust</u>
	\$ 67,052,768
LIABILITIES	
Due to Governmental Funds	
	<u>3,701,408</u>
NET POSITION	
Restricted for Employee Benefits and OPEB	
	<u>\$ 63,351,360</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

ADDITIONS	
Earnings on Investments	Trust Funds
	<u>OPEB Trust</u>
	\$ 9,663,992
DEDUCTIONS	
Benefits Paid to Plan Members	
	<u>3,701,408</u>
NET INCREASE (DECREASE) IN NET POSITION	
Net Position - Beginning of Year	
	<u>57,388,776</u>
NET POSITION - END OF YEAR	
	<u>\$ 63,351,360</u>





NOTES TO BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 196 have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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. 196 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes and is an instrumentality of the state of Minnesota established to function as an educational institution. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms.

U.S. 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.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. Accordingly, the accounts and transactions for the Student Activity funds are included in these financial statements within the General Fund.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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. Fiduciary funds are presented in the fiduciary fund financial statements by type. The District has one type of fiduciary fund: the OPEB irrevocable trust. 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.

The Internal Service Funds are 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 internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service funds is charges for services in the form of health and dental insurance premiums, early retirement incentive costs, and sick pay.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

Operating expenses for the internal service funds include the cost of services (claims and admin costs). All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 the proprietary and 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 U.S. GAAP. 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. A six-month availability period is generally used for other fund revenue.

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. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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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. The District maintains three accounts within the General Fund:

Operating Account – The Operating Account is used to account for the general operations of the District.

Pupil Transportation Account – The Pupil Transportation Account is used to account for pupil transportation activities of the District.

Capital Expenditures Accounts – The Capital Expenditures Account is used to account for the maintenance of facilities, equipment purchases, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures, with revenue primarily coming from meal sales to students and state and federal meal reimbursements.

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. The primary source of revenue is user fees related to these programs.

Capital Projects – Building Construction Fund

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Major Governmental Funds (Continued)

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. The District maintains a separate Other Postemployment Benefits (OPEB) account within the Debt Service Fund to account for OPEB-related debt activity. All other debt is recorded in the General Debt Service Account.

Proprietary Fund

Internal Service Funds

Internal Service Funds are used to account for the financial resources used for the District's self-insurance of the employee dental and health insurance programs as well as the District's severance benefits. As proprietary funds the internal service funds employ the economic resources measurement focus and are accounted for on the accrual basis.

Fiduciary Funds

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

E. Budgeting

The School Board adopted annual budgets for the General Fund (including separate budgets for the Operating, Pupil Transportation, and Capital Expenditure Accounts), Food Service Special Revenue, Community Service Special Revenue, Capital Projects – Building Construction, and Debt Service Funds (including separate budgets for the General Account and OPEB Account). The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. All appropriations lapse at year-end. Actual expenditures for the year ended June 30, 2021 exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Food Service Fund	\$ 7,600,772	\$ 10,808,638	\$ 3,207,866
Capital Projects Fund	9,000,000	10,623,533	1,623,533

Management and the School Board determined these budget overages to be necessary to the operations of the School District.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Earnings from the investments of the Capital Projects – Building Construction Fund, the Debt Service Fund, and all trust funds are allocated directly to those funds/accounts.

Cash and investments include balances held in segregated accounts established for specific purposes. In the Capital Projects – Building Construction Fund, this represents capital lease proceeds held by a trustee available for the renovation of an elementary school.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary funds' equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

G. Accounts Receivable

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

(55)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Property Taxes

Property tax levies are established by the School Board 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.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,739,750 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2020-2021. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for the subsequent year).

Taxes which 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 reported as a deferred inflow of resources (unavailable revenue) in the governmental fund financial statements because if it not considered to be available to finance the current operations of the District.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal 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.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

M. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Unused sick leave enters into the calculation of certain termination payments for some employees. Compensated absences are accrued in governmental fund financial statements only when used or matured prior to year-end due to employee termination or similar circumstances and are paid by the General Fund and special revenue funds. Unused vacation pay is accrued when incurred in the government-wide financial statements.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts. Eligibility is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. Severance benefits for any individual cannot exceed one year's salary.

Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan established under Internal Revenue Code (IRC) Section 403(b). The amount of any severance benefits due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment. If the District's 403(b) matching contributions for an individual employee exceed the severance benefits due that individual, the excess would then reduce any OPEB (described later in these notes) earned by that individual.

Severance benefits are required to be paid out within 30 days following the effective date of retirement. Severance benefits for eligible teachers are paid into a post-retirement, healthcare savings plan administered by the Minnesota State Retirement System. For other employees, severance benefits are paid into a pay deferral plan or healthcare savings plan as directed by the individual retirees.

The District has established a separate Internal Service Fund to account for its severance benefits liability. Severance benefits payable, along with any related benefit costs, are accrued in the government-wide and proprietary fund financial statements as they are earned, and it becomes probable they will vest at some point in the future.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net positions of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association (DTRFA) in 2015. PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into PERA. Additional information can be found in Note 6.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Other Postemployment Benefits Payable

The District operates and administers a single employer defined benefit other postemployment benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's self-insured health insurance plan. There are 3,536 active participants and 217 retired participants. Benefit and eligibility provisions are established through contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report. See Note 7 for further information.

Q. Risk Management

1. General Insurance – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which it carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage in fiscal year 2021.

2. Self-Insurance – The District has established two internal service funds to account for and finance its uninsured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plan.

The District made premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim 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 complex factors such 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. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims	Claim Payments	Claims Payable End of Year
2020	\$ 10,309	\$ 373,204	\$ 359,607	\$ 23,906
2021	23,906	443,112	445,956	21,062

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management (Continued)

Changes in the balance for health insurance claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Claims Payable		Current Year Claims	Claim Payments	Claims Payable End of Year
	Beginning of Year	Year			
2020	\$ 3,799,872	\$ 49,922,050	\$ 49,814,763	\$ 3,907,159	
2021	3,907,159	55,329,457	54,430,348	4,806,268	

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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. The District has two types of items that qualify for reporting in this category as deferred outflows of resources related to pensions and other postemployment benefits. See Notes 6 and 7 for details.

In addition to liabilities, the statement of financial position and balance sheet 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 four types of deferred inflows, two of which are 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 inflow 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 District also has deferred inflows of resources related to pensions and other postemployment benefits. See Notes 6 and 7 for details.

S. 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 in the Food Service Fund.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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 from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the School Board. Those committed amounts cannot be used for any other purposes unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. The School Board passed a resolution authorizing the Superintendent or other authorized designee to establish assignments of fund balance.

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 annual operating expenditures.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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. All other net position that does not meet the definition of restricted or net investment in capital assets is presented as unrestricted.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

V. Comparative Data

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk (Continued)

The carrying value and bank balance of the District's deposits in banks at June 30, 2021 is \$43,317,484 and \$44,370,665, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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 13 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 the OPEB Irrevocable Trust Fund may be invested in accordance with Minnesota Statute 356A.06.

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NOTE 2 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 department of a commercial bank or other financial institution not owned or controlled by the depository.

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2021, the District's investment balances were as follows:

	Amortized Cost
Money Markets	
MSDLAF+ Liquid Class	\$ 14,017,920
MSDLAF+ Max Class	34,200
MN Trust Investment Shares	52,487,906
Commercial Paper	67,149,822
	32,577,336
Total Investments at Amortized Cost	<u>\$ 166,267,184</u>

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC). The Liquid Class has no redemption requirements while the Max Class may not be redeemed for at least 14 days and a 24-hour hold is placed on redemption requests. The MN Trust Investment Shares portfolio is an external investment pool, and its investments are valued at amortized cost.

Investments Held in Other Postemployment Benefit Trust

The following investments are held within the other postemployment benefit trust. The funds are invested in accordance with the investment policy adopted by the District for the OPEB Trust. State statute does not limit the allowable investments for OPEB trust assets.

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 8,653,008
Federal Home Loan Bank	257,933
Federal Home Loan Mortgage Corp.	1,403,696
Corporate Bonds	149,815
Equities	19,827,953
Real Estate Investment Trusts (REITs)	31,994,879
Real Asset Funds	222,073
Total	<u>\$ 66,013,381</u>

	Amortized Cost
Money Markets	
	<u>\$ 1,039,387</u>

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.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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 of 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	5 or More		
MSDLAF+ Liquid Class	\$ 14,017,920	\$ -	\$ -	\$ -	\$ -	\$ -	AA
MSDLAF+ Max Class	34,200	-	-	-	-	52,487,906	AA
Commercial Paper	32,577,336	32,577,336	-	-	-	-	P1/A1
MN Trust Investment Shares	67,149,822	-	-	-	-	67,149,822	AAA
Money Markets	14,017,920	-	-	-	-	14,017,920	N/A
Total	<u>\$ 166,267,184</u>	<u>\$ 32,577,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,639,382</u>	

Investments Held in Other Postemployment Benefit Trust (Continued)

Credit Risk and Interest Rate Risk (Continued)

The credit ratings and average duration for the OPEB Trust assets are as follows:

Type	Total	Maturity Duration in Years				No Maturities	Rating
		Less Than 1	1 to 5	6 or 10	8 or 10		
U.S. Treasury Notes	\$ 8,653,008	\$ -	\$ 8,653,008	\$ -	\$ -	\$ -	N/A
Federal Home Loan Bank	257,933	-	257,933	-	-	-	AAA/AA+
Federal Home Loan Mortgage Corp.	1,403,696	-	1,403,696	-	-	-	AAA/AA+
Corporate Bonds	149,815	-	149,815	-	-	-	AAA/AA+
Equities	19,827,953	1,315,566	16,512,387	-	-	31,994,879	BBB/BBB
Real Estate Investment Trusts (REITs)	31,994,879	-	-	-	-	31,994,879	N/A
Real Asset Funds	222,073	-	-	-	-	222,073	N/A
Money Markets	3,504,024	-	-	-	-	3,504,024	N/A
Total	<u>\$ 67,052,768</u>	<u>\$ 1,315,566</u>	<u>\$ 28,976,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,720,363</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, 2021, 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. Currently, the District did not have investments with any 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	\$ 209,600,406
Cash and Cash Equivalents - Statement of Fiduciary Net Position	67,052,768
Total Cash and Investments	<u>\$ 276,653,174</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 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.

All of the District's \$166,267,184 in investments are measured at amortized cost and are therefore not subject to fair value leveling. However, the District's OPEB Trust consists of assets measured at both fair value and amortized cost.

Assets of the OPEB Trust measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 8,653,008	\$ -	\$ -	\$ 8,653,008
Federal Home Loan Bank	-	257,933	-	257,933
Federal Home Loan Mortgage Corp.	-	1,403,696	-	1,403,696
Federal National Mortgage Association	-	149,815	-	149,815
Corporate Bonds	19,827,953	-	-	19,827,953
Equities	31,994,879	-	-	31,994,879
Real Estate Investment Trusts (REITs)	-	222,073	-	222,073
Real Asset Funds	-	3,504,024	-	3,504,024
Total	\$ 60,475,840	\$ 5,537,541	\$ -	\$ 66,013,381
Investments Measured at Amortized Cost				1,039,387
Total				\$ 67,052,768

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,968,353	\$ -	\$ -	\$ 1,968,353
Construction in Progress	31,226,033	18,532,030	(33,724,590)	16,033,473
Total Capital Assets, Not Being Depreciated	43,192,386	18,532,030	(33,724,590)	27,999,826
Capital Assets, Being Depreciated:				
Land Improvements	15,808,864	736,917	-	16,545,781
Buildings and Improvements	451,547,981	32,987,674	(6,876,894)	477,658,761
Furniture and Equipment	59,275,451	2,534,835	(1,990,559)	59,819,727
Total Capital Assets, Being Depreciated	526,632,296	36,259,426	(8,867,453)	554,024,269
Accumulated Depreciation for:				
Land Improvements	(11,050,439)	(351,134)	-	(11,401,573)
Buildings and Improvements	(219,431,077)	(11,855,322)	6,162,690	(225,123,709)
Furniture and Equipment	(45,835,971)	(3,176,843)	1,798,300	(47,214,514)
Total Accumulated Depreciation	(276,317,487)	(15,383,259)	7,960,990	(283,739,756)
Total Capital Assets, Being Depreciated, Net	250,314,809	20,876,127	(806,463)	270,284,473
Governmental Activities Capital Assets, Net	\$ 283,507,195	\$ 39,408,157	\$ (34,631,053)	\$ 288,284,299

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
Administration	\$ 6,624
District Support Services	59,471
Regular Instruction	11,287,525
Vocational Education Instruction	2,251
Special Education Instruction	12,325
Instructional Support Services	1,258
Pupil Support Services	1,792,485
Sites and Buildings	2,088,465
Food Service	132,895
Total Depreciation Expense, Governmental Activities	\$ 15,383,299

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 LONG-TERM LIABILITIES

A. Components of General Long-Term Debt

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Total
2012C Refunding Bonds	6/7/2012	3.00% - 4.50%	\$ 24,210,000	2/1/2025	\$ 2,440,000	\$ 10,205,000
2013A Refunding Bonds	6/15/2013	2.00% - 3.00%	12,100,000	2/1/2025	1,325,000	5,070,000
2016A School Building Bonds	2/16/2016	1.00% - 5.00%	112,150,000	2/1/2030	8,440,000	95,110,000
Total General Obligation Bonds					12,205,000	110,985,000
Bond Premiums					-	14,748,892
Certificates of Participation					2,655,000	26,200,000
Capitalized Lease Payable					949,213	5,711,406
Severance Benefits Payable					1,564,029	14,331,501
Compensated Absence Payable					95,440	3,398,684
Total					\$ 14,613,682	\$ 175,375,483

B. Descriptions of Long-Term Liabilities

General Obligation Bonds Payable

These bonds were issued to finance the acquisition and/or construction of capital facilities, the retirement (refunding) of prior bond issues, or OPEB. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds and notes. The annual future debt service levies authorized equal 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.

Certificates of Participation

The District issued certificates of participation of \$2,705,000 in October 2010 to finance the purchase and renovation of a building. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 3.5%) for 15 years, maturing in April 2026. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$13,710,000 in December 2013 to finance the construction of a new Early Childhood/Adult Education facility. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 4.0%) for 15 years, maturing in February 2029. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$8,960,000 in May 2020 to finance the construction of artificial turf athletic fields at Eagan and Rosemount High Schools. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 4.0%) for 10 years, maturing in February 2030. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$9,005,000 in March 2021 to finance the construction of artificial turf athletic fields at Apple Valley and Eastview High Schools. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 1.4% to 3.0%) for 10 years, maturing in April 2031. These certificates are being repaid from the General Fund.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities (Continued)

Capital Leases

The District has purchased various assets through capitalized lease-purchase agreements. Annual principal and interest on these leases will be paid from the General Fund.

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
ATP - Building	\$ 5,028,875	4.54%	6/2/2012	6/1/2027	\$ 2,275,245
Parkview Elementary School	4,200,000	2.91%	11/25/2014	2/1/2030	2,759,297
Instruments	140,157	2.95%	6/1/2018	7/1/2021	28,844
Special Education Bus	903,052	2.56%	7/25/2017	7/25/2021	185,114
Equipment and Vehicles	585,000	2.18%	8/6/2020	8/1/2024	462,906

Amortization of the assets capitalized through these lease agreements is included in depreciation expense in the government-wide financial statements. The amount charged to depreciation for the year ended June 30, 2021 was \$370,096.

The assets acquired through these capital leases are reported as follows:

Assets	Building		Furniture and Equipment		Total
	Principal	Accumulated Depreciation	Principal	Accumulated Depreciation	
	\$ 9,447,320	\$ 1,546,889	\$ 1,546,889	\$ 10,994,209	
Less: Accumulated Depreciation	(1,492,512)	(633,797)	(633,797)	(2,126,309)	
Total	\$ 7,954,808	\$ 913,092	\$ 913,092	\$ 8,867,900	

C. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable	
	Principal	Interest	Principal	Interest
2022	\$ 12,205,000	\$ 4,713,970	\$ 2,655,000	\$ 800,131
2023	12,765,000	4,154,623	2,745,000	712,244
2024	13,350,000	3,570,620	2,830,000	621,094
2025	13,955,000	2,959,270	2,930,000	525,838
2026	10,695,000	2,318,400	3,025,000	425,713
2027-2031	48,015,000	4,132,800	12,015,000	720,128
Total	\$ 110,965,000	\$ 21,849,683	\$ 26,200,000	\$ 3,805,148

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

INDEPENDENT SCHOOL DISTRICT NO. 196
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JUNE 30, 2021

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments (Continued)

Year Ending June 30,	Capital Lease Payable			Total
	Principal	Interest	Principal	
2022	\$ 949,213	\$ 156,955	\$ 15,809,213	\$ 5,671,056
2023	756,143	130,468	16,266,143	4,997,335
2024	777,630	108,980	16,957,630	4,300,694
2025	799,731	86,877	17,684,731	3,571,985
2026	700,378	64,139	14,420,378	2,808,252
2027-2031	1,728,311	94,776	61,758,311	4,947,704
Total	\$ 5,711,406	\$ 642,195	\$ 142,896,406	\$ 26,297,026

D. Changes in Long-Term Debt

	June 30, 2020	June 30, 2021
Bonds Payable	\$ 122,785,000	\$ 11,800,000
Unamortized Premiums	15,961,911	1,749,576
Certificates of Participations	19,075,000	1,880,000
Capital Lease Payable	6,149,919	585,000
Severance Benefits Payable	15,598,386	851,802
Compensated Absences Payable	3,297,637	2,695,713
Total	\$ 182,867,853	\$ 13,674,072
		\$ 21,166,442
		\$ 175,375,483

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

NOTE 5 FUND BALANCES AND NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. 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 Student Activities – Represents the resources available for the extracurricular activity funds raised by students.
Restricted for Adult Basic Education – Represents available resources available for activities involving Adult Basic Education.
Restricted for Capital Projects Levy – Represents available resources dedicated for capital projects.

NOTE 5 FUND BALANCES AND NET POSITION (CONTINUED)

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 Long-Term Facility Maintenance – Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.

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

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 Projects Funded by Certificates of Participation – Represents resources remaining for projects funded by certificates of participation with related lease levy authority.

Restricted for School Readiness – Represents accumulated resources available to provide school readiness programming.

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

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

Assigned for Subsequent Year Budget Deficit – Represents dollars assigned to fund budgeted deficits in the subsequent year.

On the statement of net position, the District presents net position representing the District's net investment in capital assets. This amount is calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 298,284,299
Bonds Payable at June 30	(110,985,000)
COPs Payable at June 30	(26,200,000)
Capital Leases Payable at June 30	(5,711,406)
Premiums/Discounts	(14,748,892)
Capital Related Payables	(1,544,616)
Add Back: Unspent Bond Proceeds	14,017,740
Net Investment in Capital Assets	<u>\$ 153,112,125</u>

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NOTE 6 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer, defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the IRC.

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Schools or Minnesota State Colleges and Universities).

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

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 I Benefits

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

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

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NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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 Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

C. Contributions

1. General Employees Plan Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021 were \$3,901,512. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 8.13% for the employer. Basic rates were 11.00% for the employee and 12.13% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2021 were \$15,987,210. The District's contributions were equal to the required contributions for each year as set by state statute.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$45,853,255 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$1,413,980, for a total liability of \$47,267,235 associated with the District. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.7648% at the end of the measurement period and 0.7483% for the beginning of the period.

For the year ended June 30, 2021, the District recognized pension expense of \$1,883,212 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized \$122,370 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2021, the District reported its proportionate share of the General Employees Plan'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	\$ 418,068	\$ 173,487
Changes in Actuarial Assumptions	-	1,699,959
Net Difference Between Projected and Actual Earnings on Plan Investments	792,147	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	822,165	392,038
District Contributions Subsequent to the Measurement Date	3,901,512	-
Total	<u>\$ 5,933,892</u>	<u>\$ 2,265,484</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

A total of \$3,901,512 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employees Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ (2,499,404)
2023	23,908
2024	1,134,565
2025	1,107,827
2026	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$238,230,381 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 3.2245% at the end of the measurement period and 3.3239% 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	\$ 238,230,381
State's Proportionate Share of the Net Pension Liability Associated with the District	19,964,267
Total	<u>\$ 258,194,648</u>

For the year ended June 30, 2021, the District recognized pension expense of \$36,909,091. It also recognized \$1,828,873 as pension expense and grant revenue for the support provided by direct aid.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2021, 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	\$ 4,777,473	\$ 3,611,016
Changes in Actuarial Assumptions	85,477,249	199,988,571
Net Difference Between Projected and Actual Earnings on Plan Investments	3,688,819	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	10,923,465	8,405,998
District Contributions Subsequent to the Measurement Date	15,987,210	-
Total	<u>\$ 120,854,216</u>	<u>\$ 212,005,585</u>

A total of \$15,987,210 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 6,203,199
2023	(70,613,197)
2024	(47,806,666)
2025	5,767,929
2026	(689,844)
Thereafter	-

The District recognized \$40,743,546 in pension expense for all of the pension plans in which it participates.

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NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the **June 30, 2020** actuarial valuation was determined using the following actuarial assumptions:

	Assumptions	General Employees Plan	TRA
Inflation		2.25% per Year	2.50%
Salary Growth		3.00% per Year	2.85% before July 1, 2028 and 3.25% thereafter
Investment Rate of Return		7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates were based on Pub-2010 General Employee Mortality table for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The following changes for TRA occurred in 2020:

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

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JUNE 30, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10%
Private Markets	25.00	5.90%
Fixed Income	20.00	0.75%
International Equity	17.50	5.30%
Cash	2.00	0.00%
Totals	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2020 was 7.50%. 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 positions of the General Employees Fund were 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 7.50%. There was no change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at the contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate		Current Discount Rate		1% Increase in Discount Rate	
	6.50%		7.50%		8.50%	
General Employees Plan Discount Rate						
Net Pension Liability at						
Different Discount Rates	\$ 73,486,863		\$ 45,853,255		\$ 23,057,749	
TRA Discount Rate						
Net Pension Liability at						
Different Discount Rates	\$ 364,728,193		\$ 238,230,381		\$ 134,002,578	

H. Pension Plan Fiduciary Net Position

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

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, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 1-800-657-3669.

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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The District operates and administers a single employer defined benefit other postemployment benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's self-insured health insurance plan. There are 3,453 active participants and 182 retired participants. Benefit and eligibility provisions are established through contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report.

Teachers' Postemployment Health Care Savings Benefits – Eligible teachers receive at retirement an amount equal to 25 days of pay multiplied by their daily rate of pay at retirement, plus an additional \$12,000. Teachers may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan established under IRC Section 403(b). The amount of any postemployment healthcare savings plan benefits due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment, to the extent that such 403(b) contributions exceed any severance (as described earlier in these notes) earned by the individual.

Postemployment Insurance Benefits – all retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical, dental, and/or life insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month (ranging from \$182 to \$1,290), and some covering the full monthly premium costs. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees from whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 2. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust.

Contribution requirements are also established through contractual agreements with employee groups. 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.

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2021 were as follows:

Total OPEB Liability	\$	53,707,817
Plan Fiduciary Net Position		63,351,360
District's Net OPEB Liability (Asset)	\$	<u>(9,643,543)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)		117.96%

D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

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JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Vary by contract group
Investment Rate of Return	5.60%
20-Year Municipal Bond Yield	2.40%
Medical Trend Rate	6.50% decreasing to 5.00% over 6 years and then to 4.00% over the next 48 year
Dental Trend Rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%).

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	40.00 %	2.00 %
Domestic Equity	20.00	8.00
International Equity	20.00	8.00
Real Estate	10.00	8.00
Other	10.00	8.00
Total	100.00 %	5.60
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg. Rounded to 1/4%)		5.60 %

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate of 2.40% was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using our capital market assumption model.

Since the most recent GASB 75 valuation, the following changes have been made:

Plan Changes:

- The number of years of service required for the Superintendent and Directors/Cabinet to be eligible for direct subsidized benefits changed from 15 years to 10 years.
- The employer contributions to the Tax-Deferred Matching Plan increased for Teachers. This benefit is not included in the GASB 75 liability but is an offset to their health care savings plan lump sum under GASB 75.

Assumption Changes:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.

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JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E: Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 55,008,517	\$ 57,388,776	\$ (2,380,259)
Changes for the Year:			
Service Cost	3,150,709	-	3,150,709
Interest Cost	2,929,263	-	2,929,263
Changes of Assumptions	(1,376,215)	-	(1,376,215)
Plan Changes	(183,686)	-	(183,686)
Differences Between Expected and Actual Experience	(2,119,363)	6,450,221	(8,569,584)
Contributions-Employer	-	-	-
Projected Investment Return	-	3,213,771	(3,213,771)
Net Investment Income	-	-	-
Benefit Payments	(3,701,408)	(3,701,408)	-
Administrative Expense	-	-	-
Net Changes	(1,300,700)	5,962,584	(7,263,284)
Balances at June 30, 2019	\$ 53,707,817	\$ 63,351,360	\$ (9,643,543)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.6%)	Discount Rate (5.6%)	1% Increase (6.6%)
Net OPEB Liability (Asset)	\$ (6,475,828)	\$ (9,643,543)	\$ (12,650,225)

(86)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E: Changes in the Net OPEB Liability (Asset) (Continued)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% point lower (Medical 5.25% decreasing to 4.0% over six years, and Dental 3.0%) or 1% point higher (Medical 7.25% decreasing to 6.0% over six years, and Dental 5.0%) than the current healthcare cost trend rates:

	1% Decrease (Medical) 5.50%	Healthcare Cost Current (Medical) 6.50%	1% Increase (Medical) 7.50%
	Decreasing to 4% over 5 Years, Dental 3.00%	Decreasing to 5% over 4 Years, Dental 4.00%	Decreasing to 6% over 5 Years, Dental 5.00%
Net OPEB Liability (Asset)	\$ (6,299,637)	\$ (9,643,543)	\$ 2,144,171

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,216,963. At June 30, 2021, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ -	\$ 1,910,976
Change of Assumptions	1,055,866	1,238,594
Net Difference Between Projected and Actual Investment Earnings	-	5,074,310
Contributions Between Measurement Date and Reporting Date	N/A	N/A
Total	\$ 1,055,866	\$ 8,223,880

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

Year Ending June 30,	Future Recognition
2022	\$ (1,436,039)
2023	(1,436,039)
2024	(1,434,703)
2025	(1,464,216)
2026	(174,172)
Thereafter	(1,222,845)
Total	\$ (7,168,014)

(87)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 FLEXIBLE BENEFIT PLAN

The District offers its employees a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under § 125 of the IRC (which includes pretax insurance premiums, unreimbursed medical expenses, and dependent care expenses). All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

The Plan is being administered by an independent contract administrator. The unreimbursed medical expense and dependent care expense portions of the Plan were recorded in the Employee Benefit Trust Fund. However, the health insurance premium reimbursements were accounted for in the District's operating funds.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose.

B. Federal and State Receivables

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 applicable funds. 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.

C. Contract Commitments

At June 30, 2021, the District had approximately \$7.57 million in commitments related to capital-related contracts.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 INTERFUND BALANCES

The District had the following interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 34,763
Special Revenue Funds:		
Community Service Fund	34,763	-
Total	<u>\$ 34,763</u>	<u>\$ 34,763</u>

The District transferred \$34,763 to the Community Service Fund to fund a shortfall in preschool screening.

In addition, the District had the following interfund balances at year-end:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 7,433,788	\$ -
Special Revenue Funds:		
Food Service Fund	34,018	-
Community Service Fund	69,888	-
Capital Projects Fund	-	3,836,286
Fiduciary Funds:		
OPEB Irrevocable Trust Fund	-	3,701,408
Total	<u>\$ 7,537,694</u>	<u>\$ 7,537,694</u>

The OPEB Irrevocable Trust Fund owed \$3,597,502 to the General Fund, \$34,018 to the Food Service Fund, and \$69,888 to the Community Service Fund for other postemployment benefits paid by each respective fund. In addition, the Capital Projects fund owes the General fund \$3,836,286 for eliminating the negative cash balance in the Capital Projects Fund.

(89)

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS
JUNE 30, 2021**

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 3,150,709	\$ 3,167,572	\$ 3,075,313	\$ 2,665,745
Interest	2,929,263	2,810,239	2,847,687	2,777,088
Changes of Benefit Terms	(183,686)	-	(175,505)	-
Differences Between Expected and Actual Experience	(2,119,363)	-	(5,324)	-
Changes of Assumptions	(1,376,215)	-	1,593,799	-
Benefit Payments	(3,701,408)	(3,643,391)	(4,783,071)	(4,405,513)
Net Change in Total OPEB Liability	(1,300,700)	2,334,420	2,538,899	1,037,320
Total OPEB Liability - Beginning	55,008,517	52,674,097	50,135,198	49,097,878
Total OPEB (Asset) Liability - Ending (a)	\$ 53,707,817	\$ 55,008,517	\$ 52,674,097	\$ 50,135,198
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ 3,643,391	\$ 2,283,071	\$ 58,382,417
Net Investment Income	9,663,992	2,903,606	3,028,266	-
Benefit Payments	(3,701,408)	(3,643,391)	(4,783,071)	(4,405,513)
Net Change in Plan Fiduciary Net Position	5,962,584	2,903,606	528,266	53,956,904
Plan Fiduciary Net Position - Beginning	57,388,776	54,485,170	53,956,904	-
Plan Fiduciary Net Position - Ending (b)	\$ 63,351,360	\$ 57,388,776	\$ 54,485,170	\$ 53,956,904
District's Net OPEB Liability - Ending (a) - (b)	\$ (9,643,543)	\$ (2,380,259)	\$ (1,811,073)	\$ (3,821,706)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	117.96%	104.33%	103.44%	107.62%
Covered-Employee Payroll	\$ 235,401,395	\$ 221,133,728	\$ 214,673,522	\$ 207,060,884
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	(4.10)%	(1.08)%	(0.84)%	(1.85)%
Actuarially Determined Contribution (ADC)	2021	2020	2019	2018
Contributions in Relation to the ADC	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered-Employee Payroll	\$ 235,401,395	\$ 221,133,728	\$ 214,673,522	\$ 207,060,884
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

* The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
ON PLAN ASSETS – OPEB
JUNE 30, 2021

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	8.50%
2019	5.60%
2020	5.60%
2021	5.60%

* The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT DATES

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	3.2245%	3.3235%	3.1910%	3.1521%	3.1937%	3.1325%	3.3358%
District's Proportionate Share of the Net Pension Liability	\$ 235,230,381	\$ 211,890,095	\$ 209,421,836	\$ 629,210,390	\$ 710,421,718	\$ 180,782,291	\$ 103,711,262
State's Proportionate Share of the Net Pension Liability							
Associated with District	19,694,207	19,749,209	19,830,184	60,824,205	75,422,691	23,798,853	10,813,476
Total	\$ 254,924,588	\$ 231,639,304	\$ 229,252,020	\$ 690,034,595	\$ 785,844,409	\$ 204,581,144	\$ 114,524,738
District's Covered Payroll	\$ 187,364,872	\$ 188,698,314	\$ 179,260,773	\$ 189,203,267	\$ 164,204,850	\$ 159,010,347	\$ 152,270,363
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	127.15%	112.28%	112.43%	371.87%	457.81%	121.87%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	79.21%	78.07%	51.57%	44.88%	79.80%	81.50%

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
TRA SCHEDULE OF THE DISTRICT CONTRIBUTIONS
LAST SEVEN FISCAL YEARS*

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Statutory Required Contribution	\$ 45,387,210	\$ 14,639,282	\$ 14,548,640	\$ 13,389,590	\$ 12,893,935	\$ 12,515,354	\$ 11,925,776
Contributions in Relation to the Statutory Required Contribution	(15,387,210)	(14,639,282)	(14,548,640)	(13,389,590)	(12,893,935)	(12,515,354)	(11,925,776)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 198,644,649	\$ 197,364,072	\$ 188,698,314	\$ 179,260,773	\$ 169,255,287	\$ 164,254,850	\$ 159,015,347
Contributions as a Percentage of Covered Payroll	8.13%	7.60%	7.71%	7.50%	7.90%	7.60%	7.50%

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

(93)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT DATES*

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.7648%	0.7483%	0.7639%	0.7588%	0.7610%	0.7535%	0.8588%
District's Proportionate Share of the Net Pension Liability	\$ 44,853,235	\$ 41,371,881	\$ 42,211,612	\$ 44,441,291	\$ 61,789,425	\$ 46,810,219	\$ 40,201,198
State's Proportionate Share of the Net Pension Liability Associated with the District	1,413,390	1,285,874	1,384,512	601,138	608,852	-	-
Total	\$ 47,267,235	\$ 42,657,755	\$ 43,596,124	\$ 45,042,429	\$ 62,398,277	\$ 46,810,219	\$ 40,201,198
District's Covered Payroll	\$ 56,420,467	\$ 59,812,880	\$ 51,294,453	\$ 48,840,901	\$ 47,231,887	\$ 46,521,265	\$ 44,613,301
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	84.29%	79.34%	82.29%	96.16%	130.85%	88.34%	89.51%
Prior Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.23%	75.07%	73.90%	68.90%	78.20%	73.70%

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GERF SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS*

	Year Ended June 30,			
	2021	2020	2019	2018
Statutory Required Contribution	\$ 3,941,612	\$ 4,081,126	\$ 3,645,006	\$ 3,645,006
Contributions in Relation to the Statutory Required Contribution	(3,301,112)	(4,081,126)	(3,650,500)	(3,650,500)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 52,020,160	\$ 54,420,467	\$ 52,812,080	\$ 51,294,453
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

(96)

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

(97)

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised: the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2020

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

(98)

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.
- Changes in Plan Provisions
- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 5 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

(99)

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.





SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and Investments	\$ 128,406,068	\$ 104,097,109
Cash with Fiscal Agent	160	-
Receivables:		
Current Taxes	54,751,764	52,747,419
Delinquent Taxes	406,321	325,017
Accounts and Interest Receivable	259,683	202,754
Due from Minnesota Department of Education	28,813,163	29,044,271
Due from Federal Through the Minnesota Department of Education	9,320,206	6,341,401
Due from Federal Government Received Directly	64,062	333,560
Due from Other Governmental Units	342,236	282,696
Due from Other Funds	7,433,788	-
Inventory	573,890	765,137
Prepaid Items	73,767	517,694
Total Assets	<u>\$ 230,445,128</u>	<u>\$ 194,637,060</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Wages Payable	\$ 29,005,537	\$ 17,912,156
Payroll Deductions and Employer Contributions Payable	12,640,262	19,577,506
Accounts and Contracts Payable	4,807,861	4,897,049
Due to Other Minnesota School Districts	405,792	689,249
Due to Other Governmental Units	221,276	68,197
Unearned Revenue	80,763	5,385
Total Liabilities	<u>46,961,491</u>	<u>43,149,542</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	98,218,739	92,798,174
Unavailable Revenue - Delinquent Taxes	406,321	325,017
Total Deferred Inflows of Resources	<u>98,625,060</u>	<u>93,123,191</u>
Fund Balance:		
Nonspendable:		
Inventory	573,890	765,137
Prepaid Items	73,767	517,694
Restricted for:		
Student Activities	349,773	345,787
Capital Projects Levy	4,964,616	1,742,257
Long-Term Facility Maintenance	1,851,995	1,239,486
Medical Assistance	2,010,014	1,301,555
Operating Capital	3,906,062	5,443,273
Assigned for:		
Site Carry-Over	7,128,748	1,271,880
Subsequent Year Budget Deficit	-	1,311,999
Unassigned	63,988,692	44,425,259
Total Fund Balance	<u>84,958,577</u>	<u>58,364,327</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 230,445,128</u>	<u>\$ 194,637,060</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
REVENUES		
Local Sources:		
Property Taxes	\$ 96,397,724	\$ 96,675,912
Earnings and Investments	4,000	88,250
Other	6,643,903	6,493,442
State Sources	296,074,146	297,108,482
Federal Sources	20,755,334	24,595,310
Total Revenues	<u>419,875,107</u>	<u>424,961,396</u>
EXPENDITURES		
Current:		
Administration:		
Salaries	11,810,328	12,114,024
Employee Benefits	4,451,751	4,649,289
Purchased Services	539,687	193,548
Supplies and Materials	345,254	154,694
Capital Expenditures	93,824	6,310
Other Expenditures	143,523	128,541
Total Administration	<u>17,384,367</u>	<u>17,246,406</u>
District Support Services:		
Salaries	7,114,078	6,425,253
Employee Benefits	3,823,419	3,234,697
Purchased Services	2,928,932	1,873,533
Supplies and Materials	2,135,125	1,255,055
Capital Expenditures	228,700	3,896,075
Other Expenditures	50,120	(449,994)
Total District Support Services	<u>16,280,374</u>	<u>16,234,619</u>
Elementary and Secondary Regular Instruction:		
Salaries	138,357,885	132,442,164
Employee Benefits	44,320,150	43,273,642
Purchased Services	5,473,584	4,592,524
Supplies and Materials	11,887,560	7,627,924
Capital Expenditures	3,455,794	1,936,903
Other Expenditures	171,945	1,506,262
Total Elementary and Secondary Regular Instruction	<u>203,666,918</u>	<u>191,379,419</u>
		<u>(12,287,499)</u>
		<u>180,406,606</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Actual	Actual
Final Budget	Amounts	Amounts
EXPENDITURES (Continued)		
Current (Continued):		
Vocational Education Instruction:		
Salaries	\$ 3,652,933	\$ 3,585,391
Employee Benefits	1,116,263	1,153,192
Purchased Services	336,382	132,303
Supplies and Materials	180,865	172,890
Capital Expenditures	61,160	42,133
Other Expenditures	17,057	8,718
Total Vocational Education Instruction	5,364,660	5,094,627
Special Education Instruction:		
Salaries	56,306,383	54,329,151
Employee Benefits	22,063,918	20,924,075
Purchased Services	1,406,557	901,947
Supplies and Materials	1,001,521	985,791
Capital Expenditures	332,482	241,393
Other Expenditures	15,000	7,336
Total Special Education Instruction	81,125,861	77,389,693
Community Service:		
Salaries	-	-
Employee Benefits	-	-
Purchased Services	-	-
Supplies and Materials	-	-
Total Community Service	-	-
Instructional Support Services:		
Salaries	11,804,710	14,259,172
Employee Benefits	4,132,911	4,394,647
Purchased Services	826,852	406,035
Supplies and Materials	4,876,770	2,354,549
Capital Expenditures	3,650	4,097
Other Expenditures	104,244	91,750
Total Instructional Support Services	21,749,137	21,510,250
		(104)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Actual	Actual
Final Budget	Amounts	Amounts
EXPENDITURES (Continued)		
Current (Continued):		
Pupil Support Services:		
Salaries	\$ 16,586,300	\$ 16,499,901
Employee Benefits	8,561,333	7,748,249
Purchased Services	4,255,410	3,065,352
Supplies and Materials	2,788,552	1,913,119
Capital Expenditures	1,649,415	1,649,256
Other Expenditures	6,200	1,677
Total Pupil Support Services	33,847,210	30,877,554
Sites and Buildings:		
Salaries	10,155,227	10,273,192
Employee Benefits	4,926,403	4,268,604
Purchased Services	7,134,601	12,838,094
Supplies and Materials	2,781,190	3,422,727
Capital Expenditures	11,980,727	3,639,787
Other Expenditures	-	(394,155)
Total Sites and Buildings	36,978,146	34,048,249
Fiscal and Other Fixed Costs:		
Purchased Services	1,255,000	1,237,889
Debt Service:		
Principal	1,872,121	2,903,513
Interest and Fiscal Charges	523,976	748,291
Total Debt Service	2,396,097	3,651,804
Total Expenditures	420,047,772	398,670,510
		(105)

**EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES**

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Final Budget	Actual Amounts
OTHER FINANCING SOURCES (USES)		
Sale of Real Property	\$ -	\$ 206,637
Sale of Equipment	-	649,234
Insurance Recovery	-	25,413
Transfers Out	(87,145)	(399,229)
Total Other Financing Sources (Uses)	(87,145)	482,055
NET CHANGE IN FUND BALANCE	<u>\$ (259,810)</u>	<u>\$ 7,437,314</u>
FUND BALANCE		
Beginning of Year	58,364,327	50,927,013
End of Year	<u>\$ 84,858,577</u>	<u>\$ 58,364,327</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BY ACCOUNT

YEAR ENDED JUNE 30, 2021

	Operating	Pupil Transportation	Capital Expenditures	Total
REVENUES				
Local Sources:				
Property Taxes	\$ 93,131,276	\$ -	\$ 3,544,636	\$ 96,675,912
Earnings and Investments	88,250	-	-	88,250
Other	6,410,770	76,672	6,000	6,493,442
State Sources	271,454,195	20,645,871	5,008,416	297,108,482
Federal Sources	24,595,310	-	-	24,595,310
Total Revenues	395,679,801	20,722,543	8,559,052	424,961,396
EXPENDITURES				
Current:				
Administration:				
Salaries	12,114,024	-	-	12,114,024
Employee Benefits	4,649,289	-	-	4,649,289
Purchased Services	187,104	-	6,444	193,548
Supplies and Materials	131,527	-	23,167	154,694
Capital Expenditures	810	-	5,500	6,310
Other Expenditures	128,541	-	-	128,541
Total Administration	17,211,295	-	35,111	17,246,406
District Support Services:				
Salaries	5,357,257	-	1,067,996	6,425,253
Employee Benefits	2,710,395	-	524,302	3,234,697
Purchased Services	1,585,338	-	288,195	1,873,533
Supplies and Materials	740,496	-	514,559	1,255,055
Capital Expenditures	3,853,976	-	42,099	3,896,075
Other Expenditures	(449,994)	-	-	(449,994)
Total District Support Services	13,797,468	-	2,437,151	16,234,619
Elementary and Secondary Regular Instruction:				
Salaries	132,442,164	-	-	132,442,164
Employee Benefits	43,273,642	-	-	43,273,642
Purchased Services	4,484,822	-	107,702	4,592,524
Supplies and Materials	6,318,976	-	1,308,948	7,627,924
Capital Expenditures	1,409,700	-	527,203	1,936,903
Other Expenditures	1,506,262	-	-	1,506,262
Total Elementary and Secondary Regular Instruction	189,435,566	-	1,943,853	191,379,419

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BY ACCOUNT (CONTINUED)
YEAR ENDED JUNE 30, 2021

EXPENDITURES (Continued)	Current (Continued):			
	Operating	Pupil Transportation	Capital Expenditures	Total
Vocational Education Instruction:				
Salaries	\$ 3,585,391	\$ -	\$ -	3,585,391
Employee Benefits	1,153,192	-	-	1,153,192
Purchased Services	132,303	-	-	132,303
Supplies and Materials	162,431	-	10,459	172,890
Capital Expenditures	20,926	-	21,207	42,133
Other Expenditures	8,718	-	-	8,718
Total Vocational Education Instruction	5,062,961	-	31,666	5,094,627
Special Education Instruction:				
Salaries	54,329,151	-	-	54,329,151
Employee Benefits	20,924,075	-	-	20,924,075
Purchased Services	901,947	-	-	901,947
Supplies and Materials	985,791	-	-	985,791
Capital Expenditures	241,393	-	-	241,393
Other Expenditures	7,336	-	-	7,336
Total Special Education Instruction	77,389,693	-	-	77,389,693
Instructional Support Services:				
Salaries	14,047,935	-	211,237	14,259,172
Employee Benefits	4,284,527	-	110,120	4,394,647
Purchased Services	406,035	-	-	406,035
Supplies and Materials	1,716,429	-	638,120	2,354,549
Capital Expenditures	1,132	-	2,965	4,097
Other Expenditures	91,750	-	-	91,750
Total Instructional Support Services	20,547,808	-	962,442	21,510,250

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BY ACCOUNT (CONTINUED)
YEAR ENDED JUNE 30, 2021

EXPENDITURES (Continued)	Current (Continued):			
	Operating	Pupil Transportation	Capital Expenditures	Total
Pupil Support Services:				
Salaries	\$ 7,788,933	\$ 8,710,968	\$ -	\$ 16,499,901
Employee Benefits	2,905,173	4,843,076	-	7,748,249
Purchased Services	317,913	2,747,439	-	3,065,352
Supplies and Materials	65,975	1,847,144	-	1,913,119
Capital Expenditures	224,614	1,422,852	1,790	1,649,256
Other Expenditures	1,120	557	-	1,677
Total Pupil Support Services	11,303,726	19,572,036	1,790	30,877,554
Sites and Buildings:				
Salaries	10,273,192	-	-	10,273,192
Employee Benefits	4,268,604	-	-	4,268,604
Purchased Services	12,631,961	-	206,133	12,838,094
Supplies and Materials	3,422,727	-	-	3,422,727
Capital Expenditures	2,886,571	-	753,216	3,639,787
Other Expenditures	(403,586)	-	9,431	(394,155)
Total Sites and Buildings	33,079,469	-	968,780	34,048,249
Fiscal and Other Fixed Costs:				
Purchased Services	1,237,889	-	-	1,237,889
Debt Service:				
Principal	180,495	-	2,723,018	2,903,513
Interest and Fiscal Charges	9,356	-	738,935	748,291
Total Debt Service	189,851	-	3,461,953	3,651,804
Total Expenditures	369,255,728	19,572,036	9,842,746	398,670,510

EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES

26,424,073 1,150,507 (1,283,694) 26,290,886

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BY ACCOUNT (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Operating	Pupil Transportation	Capital Expenditures	Total
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	\$ 191,868	\$ -	\$ -	\$ 191,868
Insurance Recovery	-	46,259	-	46,259
Transfers Out	(34,763)	-	-	(34,763)
Total Other Financing Sources (Uses)	157,105	46,259	-	203,364
NET CHANGE IN FUND BALANCE	26,581,178	1,196,766	(1,283,694)	26,494,250
FUND BALANCE				
Beginning of Year	48,304,267	3,811,824	6,248,236	58,364,327
End of Year	<u>\$ 74,885,445</u>	<u>\$ 5,008,590</u>	<u>\$ 4,964,542</u>	<u>\$ 84,858,577</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Final Budget	2021 Actual Amounts	Over (Under) Final Budget	2020 Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 93,088,260	\$ 93,131,276	\$ 43,016	\$ 71,415,153
Earnings and Investments	4,000	88,250	84,250	1,263,501
Other	5,752,966	6,410,770	657,804	9,473,686
State Sources	228,009,790	271,454,195	43,444,405	267,720,896
Federal Sources	13,835,286	24,595,310	10,760,024	11,229,529
Total Revenues	<u>340,690,302</u>	<u>395,679,801</u>	<u>54,989,499</u>	<u>361,102,765</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	11,810,328	12,114,024	303,696	11,753,768
Employee Benefits	4,451,751	4,649,289	197,538	4,588,780
Purchased Services	511,099	187,104	(323,995)	310,077
Supplies and Materials	326,397	131,527	(194,870)	111,096
Capital Expenditures	35,379	810	(34,569)	-
Other Expenditures	143,523	128,541	(14,982)	185,100
Total Administration	<u>17,278,477</u>	<u>17,211,295</u>	<u>(67,182)</u>	<u>16,948,821</u>
District Support Services:				
Salaries	6,051,220	5,357,257	(693,963)	5,555,073
Employee Benefits	3,313,295	2,710,395	(602,900)	2,712,759
Purchased Services	2,295,782	1,585,338	(710,444)	1,447,052
Supplies and Materials	1,912,125	740,496	(1,171,629)	1,305,575
Capital Expenditures	14,000	3,853,976	3,839,976	5,075
Other Expenditures	50,120	(449,994)	(500,114)	(608,321)
Total District Support Services	<u>13,636,542</u>	<u>13,797,468</u>	<u>160,926</u>	<u>10,417,213</u>
Elementary and Secondary Regular Instruction:				
Salaries	138,357,885	132,442,164	(5,915,721)	124,789,923
Employee Benefits	44,320,150	43,273,642	(1,046,508)	42,886,409
Purchased Services	5,378,346	4,484,822	(893,524)	5,592,690
Supplies and Materials	9,568,329	6,318,976	(3,249,353)	4,001,843
Capital Expenditures	1,437,242	1,409,700	(27,542)	415,320
Other Expenditures	17,1945	1,506,262	1,334,317	1,093,857
Total Elementary and Secondary Regular Instruction	<u>199,233,897</u>	<u>189,435,566</u>	<u>(9,798,331)</u>	<u>178,780,042</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 3,652,933	\$ 3,585,391	\$ (67,542)	\$ 3,597,444
Employee Benefits	1,116,263	1,153,192	36,929	1,147,193
Purchased Services	336,382	132,303	(204,079)	208,085
Supplies and Materials	153,965	162,431	8,466	116,515
Capital Expenditures	11,760	20,926	9,166	48,152
Other Expenditures	17,057	8,718	(8,339)	35,586
Total Vocational Education Instruction	5,288,360	5,062,961	(225,399)	5,152,975
Special Education Instruction:				
Salaries	56,306,383	54,329,151	(1,977,232)	53,004,793
Employee Benefits	22,063,918	20,924,075	(1,139,843)	21,308,449
Purchased Services	1,406,557	901,947	(504,610)	1,273,122
Supplies and Materials	1,001,521	985,791	(15,730)	918,453
Capital Expenditures	332,482	241,393	(91,089)	232,454
Other Expenditures	15,000	7,336	(7,664)	11,928
Total Special Education Instruction	81,125,861	77,389,693	(3,736,168)	76,749,199
Community Service:				
Salaries	-	-	-	61,422
Employee Benefits	-	-	-	28,834
Purchased Services	-	-	-	68,530
Supplies and Materials	-	-	-	24,126
Total Community Service	-	-	-	182,912
Instructional Support Services:				
Salaries	11,548,101	14,047,935	2,499,834	13,237,195
Employee Benefits	4,028,885	4,284,527	255,642	4,236,737
Purchased Services	826,852	406,035	(420,817)	437,458
Supplies and Materials	4,181,779	1,716,429	(2,465,350)	3,879,758
Capital Expenditures	700	1,132	432	16,339
Other Expenditures	104,244	91,750	(12,494)	174,747
Total Instructional Support Services	20,690,561	20,547,808	(142,753)	21,982,234

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Pupil Support Services:				
Salaries	\$ 7,502,866	\$ 7,788,933	\$ 286,067	\$ 5,736,813
Employee Benefits	2,708,766	2,905,173	196,407	2,153,582
Purchased Services	401,641	317,913	(83,728)	380,980
Supplies and Materials	101,852	65,975	(35,877)	55,292
Capital Expenditures	86,000	224,614	138,614	-
Other Expenditures	1,500	1,120	(380)	43,874
Total Pupil Support Services	10,802,625	11,303,728	501,103	8,370,541
Sites and Buildings:				
Salaries	10,155,227	10,273,192	117,965	10,190,797
Employee Benefits	4,926,403	4,288,604	(637,799)	4,526,455
Purchased Services	6,899,429	12,631,961	5,732,532	13,011,835
Supplies and Materials	2,781,190	3,422,727	641,537	2,047,811
Capital Expenditures	10,188,020	2,886,571	(7,301,449)	4,217,414
Other Expenditures	-	(403,586)	(403,586)	1,030
Total Sites and Buildings	34,950,269	33,079,469	(1,870,800)	33,995,342
Fiscal and Other Fixed Costs:				
Purchased Services	1,255,000	1,237,889	(17,111)	671,312
Debt Service:				
Principal	200,000	180,495	(19,505)	185,363
Interest and Fiscal Charges	-	9,356	9,356	14,059
Total Debt Service	200,000	189,851	(10,149)	199,422
Total Expenditures	384,461,592	369,255,728	(15,205,864)	353,450,013
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,771,290)	26,424,073	70,195,363	7,652,752

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	\$ -	\$ 191,868	\$ 191,868	\$ 649,234
Insurance Recovery	-	-	-	6,944
Transfers Out	(87,145)	(34,763)	52,382	(399,229)
Total Other Financing Sources (Uses)	(87,145)	157,105	244,250	256,949
NET CHANGE IN FUND BALANCE	<u>\$ (43,858,435)</u>	<u>26,581,178</u>	<u>\$ 70,439,613</u>	<u>7,909,701</u>
FUND BALANCE				
Beginning of Year		48,304,267		40,394,566
End of Year		<u>\$ 74,885,445</u>		<u>\$ 48,304,267</u>

(114)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – PUPIL TRANSPORTATION ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Other	\$ -	\$ 76,672	\$ 76,672	\$ 134,501
State Sources	20,566,261	20,645,871	79,610	19,517,988
Total Revenues	20,566,261	20,722,543	156,282	19,652,489
EXPENDITURES				
Current:				
Pupil Support Services:				
Salaries	9,083,434	8,710,968	(372,466)	8,898,001
Employee Benefits	5,852,567	4,843,076	(1,009,491)	5,123,502
Purchased Services	3,853,769	2,747,439	(1,106,330)	3,307,776
Supplies and Materials	2,886,700	1,847,144	(839,556)	1,858,508
Capital Expenditures	1,561,700	1,422,852	(138,848)	1,601,719
Other Expenditures	4,700	557	(4,143)	6,311
Total Pupil Support Services	23,042,870	19,572,036	(3,470,834)	20,795,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,476,609)	1,150,507	3,627,116	(1,143,328)
OTHER FINANCING SOURCES				
Insurance Recovery	-	46,259	46,259	18,469
NET CHANGE IN FUND BALANCE	<u>\$ (2,476,609)</u>	<u>1,196,766</u>	<u>\$ 3,627,116</u>	<u>(1,124,859)</u>
FUND BALANCE				
Beginning of Year		3,811,824		4,936,683
End of Year		<u>\$ 5,008,590</u>		<u>\$ 3,811,824</u>

(115)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – CAPITAL EXPENDITURE ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Actual	Actual
	Amounts	Amounts
REVENUES		
Local Sources:		
Property Taxes	\$ 3,309,464	\$ 3,544,636
Other	-	6,000
State Sources	5,130,515	5,008,416
Total Revenues	8,439,979	8,559,052
		119,073
		9,849,081
EXPENDITURES		
Current:		
Administration:		
Purchased Services	28,588	6,444
Supplies and Materials	18,857	23,167
Capital Expenditures	58,445	5,500
Total Administration	105,890	35,111
		(22,144)
		4,310
		(52,945)
		(70,779)
		4,912
		24,751
		19,473
		49,136
District Support Services:		
Salaries	1,062,858	1,067,996
Employee Benefits	510,124	524,302
Purchased Services	633,150	288,195
Supplies and Materials	223,000	514,559
Capital Expenditures	214,700	42,099
Total District Support Services	2,643,832	2,437,151
		(206,681)
		2,981,510
Elementary and Secondary Regular Instruction:		
Purchased Services	95,238	107,702
Supplies and Materials	2,319,231	1,308,948
Capital Expenditures	2,018,552	527,203
Total Elementary and Secondary Regular Instruction	4,433,021	1,943,853
		(2,489,168)
		1,626,564
Vocational Education Instruction:		
Supplies and Materials	26,900	10,459
Capital Expenditures	49,400	21,207
Total Vocational Education Instruction	76,300	31,666
		(16,441)
		(28,193)
		(44,634)
		35,000
		35,000
Instructional Support Services:		
Salaries	256,609	211,237
Employee Benefits	104,026	110,120
Supplies and Materials	694,991	638,120
Capital Expenditures	2,950	2,965
Total Instructional Support Services	1,058,576	962,442
		(96,134)
		1,115,128
		(116)

(116)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND – CAPITAL EXPENDITURE ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Actual	Actual
	Amounts	Amounts
EXPENDITURES (Continued)		
Current (Continued):		
Pupil Support Services:		
Capital Expenditures	\$ -	\$ 1,790
		\$ 1,790
		-
Sites and Buildings:		
Purchased Services	235,172	206,133
Capital Expenditures	1,792,707	753,216
Other Expenditures	-	9,431
Total Sites and Buildings	2,027,879	968,780
		(1,059,099)
		1,299,127
Debt Service:		
Principal	1,672,121	2,723,018
Interest and Fiscal Charges	505,976	738,935
Total Debt Service	2,178,097	3,461,953
		1,283,856
		2,296,781
Total Expenditures	12,523,595	9,842,746
		(2,680,849)
		9,403,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,083,616)	(1,283,694)
		2,799,922
		445,835
OTHER FINANCING SOURCES		
Sale of Real Property	-	-
		-
		206,637
NET CHANGE IN FUND BALANCE	\$ (4,083,616)	\$ (1,283,694)
		\$ 2,799,922
		652,472
FUND BALANCE		
Beginning of Year	6,248,236	5,595,764
End of Year	\$ 4,964,542	\$ 6,248,236

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL FUND
SCHEDULE OF SPECIAL EDUCATION REVENUE AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ -	\$ 1,142,053	\$ 1,142,053	\$ 750,635
Other	850,151	1,346,903	496,752	1,146,404
State Sources	42,367,580	44,384,518	2,016,938	40,020,915
Federal Sources	6,920,048	5,995,358	(924,690)	6,734,173
Total Revenues	50,137,779	52,868,832	2,731,053	48,652,127
EXPENDITURES				
Current:				
Special Education Instruction:				
Salaries	56,306,383	54,329,151	(1,977,232)	53,004,793
Employee Benefits	22,063,918	20,924,075	(1,139,843)	21,308,449
Purchased Services	1,406,557	901,947	(504,610)	1,273,122
Supplies and Materials	1,001,521	985,791	(15,730)	918,453
Capital Expenditures	332,482	241,393	(91,089)	232,454
Other Expenditures	15,000	7,336	(7,664)	11,928
Debt Service:				
Principal	200,000	180,495	(19,505)	175,991
Interest and Fiscal Charges	18,000	9,356	(8,644)	13,860
Total Expenditures	81,343,861	77,579,544	(3,764,317)	76,939,050
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (31,206,082)	\$ (24,710,713)	\$ 6,495,370	\$ (28,286,923)

(118)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
FOOD SERVICE
COMPARATIVE BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and Investments	\$ 4,389,440	\$ 4,472,683
Receivables:		
Accounts and Interest Receivable	111	111
Due from Minnesota Department of Education	-	117,760
Due from Federal through Minnesota Department of Education	531,501	414,347
Due from Other Funds	34,018	-
Inventory	484,440	496,827
Prepaid Items	6,230	-
Total Assets	<u>\$ 5,425,740</u>	<u>\$ 5,501,728</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Wages Payable	\$ 280,880	\$ 169
Payroll Deductions and Employer Contributions Payable	92,005	126,274
Accounts and Contracts Payable	188,448	213,076
Unearned Revenue	850,276	510,019
Total Liabilities	<u>1,411,609</u>	<u>849,538</u>
Fund Balance:		
Nonspendable:		
Inventory	484,440	496,827
Prepaid Items	6,230	-
Restricted for:		
Food Service	3,543,461	4,155,363
Total Fund Balance	<u>4,014,131</u>	<u>4,652,190</u>
Total Liabilities and Fund Balance	<u>\$ 5,425,740</u>	<u>\$ 5,501,728</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

		2021	2020
	Final Budget	Actual Amounts	Actual Amounts
REVENUES			
Local Sources:			
Earnings and Investments	\$ 45,955	\$ 3,254	\$ 53,826
Other - Primarily Meal Sales	2,960,126	112,953	5,016,162
State Sources	365,982	-	690,118
Federal Sources	3,846,247	10,054,372	5,606,437
Total Revenues	7,218,310	10,170,579	11,366,543
EXPENDITURES			
Current:			
Salaries	3,271,713	3,671,047	3,701,409
Employee Benefits	1,150,436	1,071,510	1,058,746
Purchased Services	359,419	569,466	507,825
Supplies and Materials	2,596,447	4,734,648	5,308,535
Other Expenditures	22,757	491,488	313,993
Capital Outlay	200,000	270,479	202,042
Total Expenditures	7,600,772	10,808,638	11,092,550
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(382,462)	(638,059)	273,993
OTHER FINANCING SOURCES			
Transfers In	-	-	282,358
NET CHANGE IN FUND BALANCE	<u>\$ (382,462)</u>	<u>\$ (638,059)</u>	<u>\$ 536,351</u>
FUND BALANCE			
Beginning of Year		4,652,190	4,115,839
End of Year		<u>\$ 4,014,131</u>	<u>\$ 4,652,190</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
COMMUNITY SERVICE FUND
BALANCE SHEET
BUDGET AND ACTUAL
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and Investments	\$ 5,110,085	\$ 3,976,993
Receivables:		
Current Taxes	927,977	941,365
Delinquent Taxes	8,720	7,859
Accounts and Interest Receivable	38,881	1,844
Due from Minnesota Department of Education	351,187	332,715
Due from Federal Through the Minnesota Department of Education	145,443	11,256
Due from Other Governmental Units	20,156	8,207
Due from Other Funds	69,888	-
Prepaid Items	-	500
Total Assets	<u>\$ 6,672,337</u>	<u>\$ 5,280,739</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Wages Payable	\$ 450,783	\$ 44,481
Payroll Deductions and Employer Contributions Payable	293,027	253,703
Accounts and Contracts Payable	125,564	33,817
Due to Other Minnesota School Districts	944	1,385
Due to Other Governmental Units	5,749	5,152
Unearned Revenue	816,914	338,432
Total Liabilities	<u>1,682,981</u>	<u>676,970</u>
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,726,565	1,720,820
Unavailable Revenue - Delinquent Taxes	8,720	7,859
Total Deferred Inflows of Resources	<u>1,735,285</u>	<u>1,728,679</u>
Fund Balance:		
Nonspendable:		
Prepaid Items	-	500
Restricted for:		
Community Education	540,174	411,311
Early Childhood and Family Education	1,069,608	680,237
School Readiness	1,116,243	1,136,511
Adult Basic Education	415,002	452,742
Other Purposes	103,044	193,789
Total Fund Balance	<u>3,244,071</u>	<u>2,875,090</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,672,337</u>	<u>\$ 5,280,739</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
COMMUNITY SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,949,068	\$ 1,784,270	\$ (164,798)	\$ 1,754,513
Earnings and Investments	45,000	3,374	(41,626)	64,990
Other - Primarily Tuition and Fees	2,801,886	2,334,043	(467,843)	3,230,815
State Sources	3,422,561	3,507,924	85,363	3,269,753
Federal Sources	64,326	870,521	806,195	58,779
Total Revenues	8,282,841	8,500,132	217,291	8,378,850
EXPENDITURES				
Current:				
Salaries	6,246,184	5,664,284	(581,900)	5,352,276
Employee Benefits	2,011,973	1,908,210	(103,763)	1,662,649
Purchased Services	(5,277)	108,019	113,296	905,310
Supplies and Materials	296,465	213,436	(83,029)	245,411
Other Expenditures	12,958	270,756	257,798	257,615
Capital Outlay	14,500	1,209	(13,291)	11,459
Total Expenditures	8,576,803	8,165,914	(410,889)	8,434,720
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(293,962)	334,218	628,180	(55,870)
OTHER FINANCING SOURCES				
Transfers In	87,145	34,763	(52,382)	136,871
NET CHANGE IN FUND BALANCE	<u>\$ (206,817)</u>	<u>368,981</u>	<u>\$ 575,798</u>	<u>81,001</u>
FUND BALANCE				
Beginning of Year		2,875,090		2,794,089
End of Year		<u>\$ 3,244,071</u>		<u>\$ 2,875,090</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CAPITAL PROJECTS FUND - BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and Investments	\$ -	\$ 2,369,679
Cash with Fiscal Agent	14,017,740	9,331,094
Prepaid Items	2,500	-
Total Assets	<u>\$ 14,020,240</u>	<u>\$ 11,700,773</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 1,544,616	\$ 2,231,388
Due to Other Funds	3,836,286	-
Total Liabilities	<u>5,380,902</u>	<u>2,231,388</u>
Fund Balance:		
Nonspendable:		
Prepaid Items	2,500	-
Restricted for:		
Projects Funded by Certificates of Participation	7,056,154	6,020,489
Restricted for Capital Projects	1,580,684	3,448,896
Total Fund Balance	<u>8,639,338</u>	<u>9,469,385</u>
Total Liabilities and Fund Balance	<u>\$ 14,020,240</u>	<u>\$ 11,700,773</u>

(123)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CAPITAL PROJECTS FUND – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Final Budget	2021 Actual Amounts	Over (Under) Final Budget	2020 Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 4,649	\$ 4,649	\$ 107,879
Other	-	247,280	247,280	120,000
Total Revenues	-	251,929	251,929	227,879
EXPENDITURES				
Current:				
Purchased Services	-	343,042	343,042	201,499
Supplies and Materials	-	62,019	62,019	211,199
Capital Outlay	9,000,000	10,218,472	1,218,472	5,704,538
Debt Service:				
Other Debt Service Expenditures	-	-	-	173,147
Total Expenditures	9,000,000	10,623,533	1,623,533	6,290,383
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,000,000)	(10,371,604)	(1,371,604)	(6,062,504)
OTHER FINANCING SOURCES				
Issuance of Certificates of Participation	8,900,000	9,005,000	105,000	8,960,000
Certificates of Participation Premium	-	536,557	536,557	544,202
Total Other Financing Sources	8,900,000	9,541,557	641,557	9,504,202
NET CHANGE IN FUND BALANCE	\$ (100,000)	(830,047)	\$ (730,047)	3,441,698
FUND BALANCE				
Beginning of Year		9,469,385		6,027,687
End of Year		<u>\$ 8,639,338</u>		<u>\$ 9,469,385</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Regular Debt Service	OPEB Debt Service	Totals
ASSETS			
Cash and Investments	\$ 9,398,735	\$ 2,258,563	\$ 11,657,318
Receivables:			
Current Taxes	9,547,022	-	9,547,022
Delinquent Taxes	63,580	24,043	87,623
Due from Minnesota Department of Education	8,158	-	8,158
Due from Other Governmental Units	199,588	5,050	204,638
Total Assets	<u>\$ 19,217,083</u>	<u>\$ 2,287,676</u>	<u>\$ 21,504,759</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Deferred Inflows:			
Property Taxes Levied for Subsequent Year	\$ 17,780,361	\$ -	\$ 17,780,361
Unavailable Revenue - Delinquent Taxes	63,580	24,043	87,623
Total Deferred Inflows of Resources	<u>17,843,941</u>	<u>24,043</u>	<u>17,867,984</u>
Fund Balance:			
Restricted for Debt Service	1,373,142	2,263,633	3,636,775
Unassigned	-	-	-
Total Fund Balance	<u>1,373,142</u>	<u>2,263,633</u>	<u>3,636,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 19,217,083</u>	<u>\$ 2,287,676</u>	<u>\$ 21,504,759</u>
			<u>\$ 20,677,329</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DEBT SERVICE FUND – GENERAL ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021		2020	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 17,844,867	\$ 17,935,108	\$ 90,241	\$ 17,813,186
Earnings and Investments	2,000	7,091	5,091	105,070
State Sources		81,581	81,581	145,094
Total Revenues	<u>17,846,867</u>	<u>18,023,780</u>	<u>176,913</u>	<u>18,063,350</u>
EXPENDITURES				
Debt Service:				
Principal	11,800,000	11,800,000	-	11,330,000
Interest	5,254,920	5,254,920	-	5,771,170
Fiscal Charges and Other	10,000	1,850	(8,150)	1,424
Total Expenditures	<u>17,064,920</u>	<u>17,056,770</u>	<u>(8,150)</u>	<u>17,102,594</u>
NET CHANGE IN FUND BALANCE	<u>\$ 781,947</u>	<u>967,010</u>	<u>\$ 185,063</u>	<u>960,756</u>
FUND BALANCE				
Beginning of Year		406,132		(554,624)
End of Year		<u>\$ 1,373,142</u>		<u>\$ 406,132</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021				2020	
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 17,844,867	\$ 17,935,108	\$ -	\$ 17,935,108	\$ 90,241	\$ 17,822,204
Earnings and Investments	2,000	7,091	-	7,091	5,091	105,070
State Sources	-	81,581	-	81,581	81,581	145,094
Total Revenues	<u>17,846,867</u>	<u>18,023,780</u>	<u>-</u>	<u>18,023,780</u>	<u>176,913</u>	<u>18,072,368</u>
EXPENDITURES						
Debt Service:						
Bond Principal	11,800,000	11,800,000	-	11,800,000	-	11,330,000
Bond Interest	5,254,920	5,254,920	-	5,254,920	-	5,771,170
Paying Agent Fees and Other	10,000	1,850	-	1,850	(8,150)	1,424
Total Expenditures	<u>17,064,920</u>	<u>17,056,770</u>	<u>-</u>	<u>17,056,770</u>	<u>(8,150)</u>	<u>17,102,594</u>
NET CHANGE IN FUND BALANCE	<u>\$ 781,947</u>	<u>967,010</u>	<u>-</u>	<u>967,010</u>	<u>\$ 185,063</u>	<u>969,774</u>
FUND BALANCE						
Beginning of Year		406,132	2,263,633	2,669,765		1,699,991
End of Year		<u>\$ 1,373,142</u>	<u>\$ 2,263,633</u>	<u>\$ 3,636,775</u>		<u>\$ 2,669,765</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DEBT SERVICE FUND – OPEB ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	2021	2020
	Actual	Actual
Final Budget	Amounts	Amounts
REVENUES		
Local Sources:		
Property Taxes	\$ - \$ - \$ -	\$ 9,018
EXPENDITURES		
Total Expenditures	- - -	-
NET CHANGE IN FUND BALANCE	\$ - - \$ -	9,018
FUND BALANCE		
Beginning of Year	2,263,633	2,254,615
End of Year	<u>\$ 2,263,633</u>	<u>\$ 2,263,633</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals
ASSETS				
Cash and Investments	\$ 10,604,551	\$ 323,122	\$ 35,091,902	\$ 46,019,575
LIABILITIES				
Current Liabilities:				
Claims Payable	-	21,062	4,806,268	4,827,330
Severance Benefits Payable	1,564,029	-	-	1,564,029
Unearned Revenue	-	-	9,213,459	9,213,459
Total Current Liabilities	1,564,029	21,062	14,019,727	15,604,818
Long-Term Liabilities:				
Severance Benefits Payable	12,767,472	-	-	12,767,472
NET POSITION				
Unrestricted	\$ (3,726,950)	\$ 302,060	\$ 21,072,175	\$ 17,647,285
	<u>\$ (3,726,950)</u>	<u>\$ 302,060</u>	<u>\$ 21,072,175</u>	<u>\$ 13,336,561</u>

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals
				2021
				2020
OPERATING REVENUES				
Local Sources				
Contributions from Governmental Funds	\$ 1,117,211	\$ 452,385	\$ 50,608,717	\$ 52,178,313
Contributions from Employees	6,938	7,717,509	7,106,652	15,832,105
Total Operating Revenues	1,124,149	8,174,894	57,715,369	66,914,412
OPERATING EXPENSES				
Severance Benefits	(149,674)	-	-	(149,674)
Self-Insured Benefits	(149,674)	443,112	55,329,457	55,622,895
Total Operating Expenses	(299,348)	443,112	55,329,457	55,473,221
OPERATING INCOME	1,423,497	16,211	2,986,769	4,279,865
NONOPERATING REVENUE				
Earnings on Investments	23,244	108	7,507	30,859
CHANGE IN NET POSITION	1,446,741	16,319	3,004,276	4,310,724
Net Position - Beginning	(6,017,070)	285,741	18,007,899	13,336,561
NET POSITION - ENDING	\$ (3,726,950)	\$ 302,060	\$ 21,072,175	\$ 17,647,285

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2020)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals
				2021
				2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Assessments Made to Other Funds	\$ 1,117,211	\$ 452,385	\$ 50,608,717	\$ 52,178,313
Receipts from Employer Contributions	6,938	6,938	8,002,236	15,019,112
Payments to Employees, and Self-Insurance Claims	(1,117,211)	(443,112)	(55,329,457)	(56,889,780)
Net Cash Provided by Operating Activities	-	13,307	4,280,825	4,279,865
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	23,244	108	7,507	30,859
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,244	13,475	4,288,132	4,304,851
Cash and Cash Equivalents - Beginning	10,581,307	309,647	30,523,770	41,714,724
CASH AND CASH EQUIVALENTS - ENDING	\$ 10,604,551	\$ 323,122	\$ 35,091,902	\$ 46,019,575
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 1,266,885	\$ 16,211	\$ 2,986,769	\$ 4,279,865
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Increase (Decrease) in Claims Payable	-	(2,844)	899,109	896,265
Increase (Decrease) in Unearned Revenue	(1,266,885)	-	364,747	183,165
Total Adjustments	(1,266,885)	(2,844)	1,263,856	(1,243,253)
Net Cash Provided by Operating Activities	\$ -	\$ 13,307	\$ 4,280,825	\$ 4,279,865

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2021

01 GENERAL FUND	AUDIT	UFARS	DIFFERENCE
Total Revenue	\$ 425,007,655	\$ 425,007,655	-
Total Expenditures	393,255,510	399,255,509	1
Nonspendable:			
460 Nonspendable Fund Balance			
Restricted:	647,657	647,657	-
401 Student Activities	349,773	349,773	-
403 Staff Development	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	4,964,616	4,964,616	-
410 Capital Projects Program	-	-	-
413 Projects Funded by COPa	-	-	-
416 Operating Debt	-	-	-
414 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	3,908,082	3,908,082	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
430 West Learning Center	-	-	-
431 Career and Technical Programs	-	-	-
435 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
446 Achievement and Integration	-	-	-
448 Safe Schools Crime Levy	635,471	635,471	-
451 OZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 OPEB Liability Not Held in Trust	-	-	-
453 Unified Services & Retirement Levy	-	-	-
467 LTFM	1,851,995	1,851,995	-
472 Medical Assistance	2,019,014	2,019,014	-
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	7,128,748	7,128,748	-
Unassigned:			
422 Unassigned Fund Balance	64,524,163	64,524,163	-
02 FOOD SERVICE			
Total Revenue	10,170,579	10,170,580	(1)
Total Expenditures	10,808,638	10,808,638	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
452 OPEB Liability Not Held in Trust	470,670	470,670	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	3,543,461	3,543,463	(2)
04 COMMUNITY SERVICE			
Total Revenue	8,500,132	8,500,132	-
Total Expenditures	8,165,914	8,165,916	(2)
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
426 \$25 Taconite	-	-	-
431 Community Education	540,174	540,173	1
432 E.C.F.E. Development and Evaluations	1,069,608	1,069,608	-
444 School Readiness	1,116,243	1,116,243	-
447 Adult Basic Education	415,002	415,002	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	103,044	103,045	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
YEAR ENDED JUNE 30, 2021

06 BUILDING CONSTRUCTION	AUDIT	UFARS	DIFFERENCE
Total Revenue	\$ 251,929	\$ 251,928	1
Total Expenditures	10,623,533	10,623,533	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
401 Capital Projects Levy	-	2,500	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COPa	7,056,154	7,056,154	-
467 LTFM	-	-	-
464 Restricted Fund Balance	1,560,684	1,560,684	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	18,023,780	18,023,780	-
Total Expenditures	17,056,770	17,056,769	1
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
451 OZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	1,373,142	1,373,143	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
422 Unassigned Net Position	-	-	-
18 CUSTODIAL FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
422 Unassigned Net Position	-	-	-
20 INTERNAL SERVICE			
Total Revenue	59,933,619	59,933,620	(1)
Total Expenditures	55,622,895	55,622,895	-
Net Position:			
422 Net Position	17,647,285	17,647,285	-
26 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	-	-	-
46 OPEB IRREVOCABLE TRUST			
Total Revenue	9,663,992	9,663,992	-
Total Expenditures	3,707,408	3,707,408	-
Net Position:			
422 Net Position	63,351,360	63,351,360	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	2,263,633	2,263,632	1
Unassigned:			
463 Unassigned Fund Balance	-	-	-

*Variance is due to an adjustment made after the deadline to make UFARS adjustments.

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STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 196's annual comprehensive 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.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	134
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	141
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	148
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	153
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	156

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



INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Expenses:					
Administration	\$ 11,137,222	\$ 11,433,970	\$ 12,788,255	\$ 12,801,745	\$ 12,801,745
District Support Services	8,400,776	8,309,187	8,478,285	9,142,598	9,142,598
Elementary and Secondary Regular Instruction	148,397,275	147,547,387	150,639,805	160,761,078	160,761,078
Vocational Education Instruction	3,887,848	3,878,014	3,894,552	4,089,165	4,089,165
Special Education Instruction	56,495,369	57,500,259	60,005,088	61,805,761	61,805,761
Instructional Support Services	13,764,619	16,280,078	16,554,014	18,302,791	18,302,791
Pupil Support Services	21,628,053	22,089,783	22,561,249	22,639,915	22,639,915
Sites and Buildings	25,949,814	23,639,275	25,311,941	24,878,718	24,878,718
Fiscal and Other Fixed Cost Programs	539,813	598,093	697,917	651,864	651,864
Food Service	11,381,527	10,942,769	11,359,961	11,787,045	11,787,045
Community Service	9,361,591	9,754,914	9,802,212	7,954,502	7,954,502
Unallocated Depreciation	9,957,859	10,385,661	9,805,568	10,322,952	10,322,952
Interest and Fiscal Charges on Debt	6,718,174	5,894,160	4,601,447	4,033,890	4,033,890
Total Expenses	327,799,940	326,253,550	336,500,294	349,172,024	349,172,024

Program Revenues:					
Charges for Services:					
Administration	-	-	-	-	-
District Support Services	134,773	130,907	112,285	141,218	141,218
Elementary and Secondary Regular Instruction	6,256,482	6,294,929	6,289,085	5,966,969	5,966,969
Vocational Education Instruction	12,633	14,197	17,675	17,997	17,997
Special Education Instruction	286,617	313,960	271,959	978,884	978,884
Instructional Support Services	34,718	53,566	44,434	24,389	24,389
Pupil Support Services	1,121,369	1,124,840	1,190,359	1,249,628	1,249,628
Sites and Buildings	128,841	93,836	123,572	245,482	245,482
Food Service	7,026,043	6,547,387	6,519,363	6,376,625	6,376,625
Community Service	5,349,066	5,441,560	5,759,982	3,373,200	3,373,200
Operating Grants and Contributions	45,572,463	47,069,459	48,096,296	54,043,906	54,043,906
Capital Grants and Contributions	23,875	41,520	103,677	62,540	62,540
Total Program Revenues	65,946,900	67,126,161	68,528,687	72,480,638	72,480,638
Net (Expense) Revenue	(261,853,040)	(261,127,389)	(267,971,607)	(276,691,186)	(276,691,186)

General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes	48,125,441	47,579,360	24,660,338	51,982,775	51,982,775
Property Taxes, Levied for Community Service	1,591,757	1,668,474	650,036	1,678,863	1,678,863
Property Taxes, Levied for Facility Improvements	7,703,130	6,637,900	6,020,570	6,220,053	6,220,053
Property Taxes, Levied for Debt Service	18,487,035	19,463,752	18,533,559	19,185,246	19,185,246
General Grants and Aids	191,800,239	218,035,675	218,035,675	208,882,436	208,882,436
Other General Revenues	2,280,965	2,841,805	2,329,934	383,544	383,544
Investment Earnings (Loss)	(676,475)	3,286,674	5,405,007	864,399	864,399
Total General Revenues	269,961,536	273,268,204	275,635,119	289,197,316	289,197,316
Change in Net Position	\$ 8,108,496	\$ 12,140,815	\$ 7,663,512	\$ 12,506,130	\$ 12,506,130

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 132,040,464	\$ 140,862,970	\$ 148,790,076	\$ 158,918,349	\$ 154,681,207	\$ 149,026,967	\$ 112,900,002	\$ 116,726,381	\$ 136,835,071	\$ 153,112,025
Restricted for:										
Debt Service	1,905,007	1,540,375	3,100,969	3,017,590	2,551,987	2,006,595	19,600,902	7,927,409	2,404,496	-
Capital Acquisition	3,479,996	3,040,044	3,148,847	4,332,206	4,332,206	2,300,102	1,028,372	-	373,008	1,473,300
Other Purposes	3,796,238	3,891,144	3,905,602	3,225,691	10,112	9,646,000	3,821,706	1,811,073	2,174,119	9,643,343
Unrestricted	29,250,116	29,250,116	27,145,661	(13,745,150)	(136,429,316)	(299,259,536)	(14,054,189)	(17,802,294)	(17,911,346)	(20,960,362)
Total Governmental Activities	\$ 169,471,772	\$ 179,610,597	\$ 186,176,599	\$ 203,746,896	\$ 217,539,708	\$ 211,146,166	\$ 202,311,479	\$ 195,648,619	\$ 213,293,817	\$ 211,562,508
Net Position										

Note: The District implemented GASB Statement No. 68 in 2015, which resulted in a \$222,722,907 reduction of beginning net position. In 2016 the District implemented GASB Statement No. 75, which resulted in a \$24,205,068 reduction of beginning net position. Prior year information has not been restated for the effects of either of these new standards.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2016	2017	2018	2019	2020
\$ 15,493,748	\$ 19,813,397	\$ 19,849,495	\$ 12,051,588	\$ 18,233,295	\$ 17,679,393
9,058,209	9,785,816	11,304,721	11,702,181	13,429,650	16,663,789
166,000,943	298,876,726	237,331,260	121,251,866	211,444,602	216,373,592
5,237,867	7,252,774	6,971,224	3,561,099	5,694,203	5,430,687
65,647,768	90,835,750	92,821,199	73,220,623	75,487,437	76,596,038
19,753,852	27,432,668	27,761,713	16,663,894	24,595,643	22,588,796
23,523,058	27,520,644	28,187,078	24,625,849	29,794,651	31,273,851
27,849,964	30,156,308	44,032,340	34,428,780	34,726,544	30,109,325
650,603	613,851	582,782	1,182,089	671,312	1,237,889
12,302,195	12,468,780	11,440,841	12,227,206	10,922,877	10,711,362
8,211,003	10,479,888	10,362,136	7,301,923	9,011,068	8,387,921
10,580,519	10,454,449	10,559,793	10,310,511	-	-
4,760,111	6,031,917	4,880,487	5,145,850	4,540,835	4,131,775
369,069,820	491,722,968	506,085,069	333,674,439	438,512,117	441,144,418
-	4,392	435,369	429,722	2,950	25
203,066	111,607	191,466	258,441	248,479	10,911
6,205,264	3,440,568	3,866,135	3,810,261	3,688,825	2,220,978
3,343	-	-	940	-	-
961,972	1,044,883	796,072	1,082,057	1,135,866	1,333,551
143,290	-	16,158	17,965	13,440	7,812
231,078	148,992	267,920	242,342	552,186	139,857
118,028	-	-	-	-	-
6,390,305	6,663,041	6,479,339	7,049,877	4,968,821	95,744
3,325,681	3,788,615	3,646,054	3,663,168	3,117,331	2,250,459
58,170,271	64,488,748	85,003,445	101,343,381	98,694,661	120,151,777
8,105	334,716	4,963,687	5,300,870	5,176,740	5,014,416
75,760,443	80,005,562	105,665,645	123,199,024	117,599,299	131,225,530
(293,309,377)	(411,717,406)	(400,419,424)	(210,475,415)	(320,912,818)	(309,918,888)
53,871,623	66,731,765	71,069,187	72,968,496	76,031,346	96,748,853
1,662,796	1,671,770	1,670,006	1,675,955	1,753,218	1,785,616
8,535,237	-	-	-	-	-
14,584,470	17,426,213	16,767,998	16,632,556	17,809,052	17,948,640
215,880,510	229,657,806	208,324,498	212,253,653	213,963,522	214,852,352
563,633	258,267	465,747	3,014,218	841,500	142,331
412,078	6,363,094	5,159,316	362,703	1,892,813	137,477
295,510,347	322,108,915	303,456,752	306,907,583	312,291,451	331,615,269
\$ 2,200,970	\$ (89,608,491)	\$ (96,962,672)	\$ 96,432,168	\$ (8,621,367)	\$ 21,696,381

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2012	2013	2014	2015	
General Fund:					
Nonspendable	\$ 843,827	\$ 854,983	\$ 940,209	\$ 924,736	
Restricted	1,195,907	1,714,690	3,010,821	3,296,572	
Assigned	9,487,053	20,341,273	8,451,360	6,636,835	
Unassigned	29,847,225	16,844,900	18,728,496	21,074,506	
Total General Fund	\$ 41,374,012	\$ 39,755,826	\$ 31,130,886	\$ 31,932,649	
All Other Governmental Funds:					
Nonspendable	\$ 196,015	\$ 249,138	\$ 172,385	\$ 132,289	
Restricted	36,826,306	49,345,541	30,575,969	19,888,229	
Unassigned, Reported In:	-	-	-	(279,012)	
Capital Projects - Building Construction Fund	-	-	-	-	
Debt Service Funds	-	-	-	-	
Total All Other Governmental Funds	\$ 37,022,321	\$ 49,594,679	\$ 30,748,354	\$ 19,741,506	

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2016	2017	2018	2019	2020
					2021
\$	967,324	\$ 1,061,586	\$ 1,050,944	\$ 1,421,379	\$ 1,282,831
	2,454,724	5,838,313	9,318,698	10,840,842	10,072,358
	10,790,390	7,472,160	8,399,254	1,311,999	1,271,880
	16,839,773	22,263,362	25,699,811	37,352,793	45,737,258
					63,988,692
\$	31,052,211	\$ 36,635,421	\$ 44,468,707	\$ 50,927,013	\$ 58,364,327
					\$ 84,858,577
\$	136,641	\$ 163,619	\$ 208,298	\$ 244,503	\$ 497,327
	138,407,574	104,910,947	45,393,559	14,947,727	16,169,103
					19,061,145
					-
					-
					(564,624)
					-
					-
\$	138,544,215	\$ 105,074,566	\$ 45,601,857	\$ 14,637,606	\$ 16,666,430
					\$ 19,534,315

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2012	2013	2014	2015	
Revenues:					
Local Sources:					
Taxes	\$ 75,872,335	\$ 75,534,830	\$ 50,312,679	\$ 79,262,313	
Investment Earnings	62,715	183,896	254,245	197,264	
Other	24,616,940	24,762,575	24,827,075	21,183,365	
State Sources	218,969,312	224,715,822	251,943,911	247,270,824	
Federal Sources	17,281,296	12,269,808	12,123,310	12,820,914	
Total Revenues	336,802,598	337,486,931	339,461,220	360,734,680	
Expenditures:					
Current:					
Administration	10,884,027	11,685,219	12,662,575	13,188,527	
District Support Services	8,390,674	8,303,655	8,245,964	8,802,535	
Elementary and Secondary					
Regular Instruction	146,550,850	146,884,786	151,453,547	160,442,599	
Vocational Education Instruction	3,820,177	3,860,595	3,899,432	4,161,539	
Special Education Instruction	55,821,234	57,700,284	60,749,987	62,011,436	
Instructional Support Services	13,446,242	16,120,814	16,734,739	18,361,748	
Pupil Support Services	20,036,358	22,686,884	23,316,080	22,991,342	
Sites and Buildings	26,073,195	22,390,519	22,906,580	21,468,077	
Fiscal and Other Fixed Cost Programs	539,813	598,093	697,917	651,864	
Food Service	11,130,758	10,707,855	11,253,357	11,509,963	
Community Service	9,230,564	9,772,281	9,784,435	7,739,627	
Capital Outlay	8,609,979	6,200,964	13,388,239	19,028,484	
Debt Service:					
Principal	17,203,854	16,871,223	16,460,404	17,880,544	
Interest and Fiscal Charges	5,470,324	5,368,621	4,897,774	4,586,660	
Total Expenditures	337,208,049	339,141,793	356,453,130	372,824,945	
Excess of Revenues Over (Under) Expenditures	(405,451)	(1,654,862)	(16,991,910)	(12,090,265)	
Other Financing Sources (Uses):					
Transfers In	7,813,886	6,749,505	6,128,424	6,225,838	
Transfers out	(7,813,886)	(7,456,023)	(6,128,424)	(6,225,838)	
Refunding Debt Issued	34,800,000	12,100,000	2,230,000	-	
Debt Issued	-	-	13,710,000	-	
Premium on Debt Issued	4,406,816	811,026	325,933	-	
Bond Refunding Payments	(11,185,000)	-	(26,850,000)	(2,325,000)	
Capital Leases and Other Loans	5,478,812	-	96,569	4,200,000	
Insurance Recovery	-	-	-	-	
Judgments for the School District	-	-	-	-	
Sale of Capital Assets	180,821	404,526	8,143	10,180	
Total Other Financing Sources (Uses)	33,681,449	12,609,034	(10,479,355)	1,885,180	
Net Change in Fund Balances	\$ 33,275,998	\$ 10,954,172	\$ (27,471,265)	\$ (10,205,085)	
Debt Service as a Percentage of Noncapital Expenditures	6.9%	6.7%	6.2%	6.3%	

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
\$ 78,828,084	\$ 85,651,484	\$ 89,682,487	\$ 91,158,991	\$ 95,664,211
990,686	1,525,963	1,720,017	2,390,487	1,595,266
20,303,840	21,655,777	21,241,570	21,450,041	17,975,172
258,200,427	264,144,986	275,878,205	285,746,486	296,520,389
13,700,319	14,628,680	15,834,368	16,232,102	16,894,745
372,023,356	387,606,790	404,356,647	416,978,107	428,649,983
				461,907,816
14,846,637	14,931,628	15,599,003	16,342,073	16,978,484
9,360,367	9,807,545	10,694,868	12,008,717	13,024,402
165,181,027	169,848,898	173,672,800	177,357,744	179,118,369
5,108,949	5,013,173	5,137,316	5,396,017	5,104,823
65,226,216	68,020,953	71,133,191	72,850,167	76,516,745
19,695,766	20,664,400	21,616,857	22,489,640	23,078,098
23,694,661	24,615,829	25,550,001	26,181,738	27,564,639
21,979,790	25,390,808	23,681,891	25,398,051	30,069,134
650,603	613,851	592,782	1,182,069	671,312
11,757,651	11,992,184	11,258,394	12,113,867	10,890,508
8,044,250	8,822,111	8,751,046	8,933,712	8,606,173
11,640,890	33,546,532	68,021,071	40,050,087	15,362,092
13,326,884	14,394,446	14,079,855	14,694,828	13,251,596
4,384,850	7,911,158	7,595,387	6,992,089	6,333,341
374,885,541	415,573,516	457,374,462	441,790,799	426,569,716
				445,325,365
(2,965,185)	(27,966,726)	(53,017,815)	(24,812,692)	2,080,267
8,554,099	20,122	-	135,509	399,229
(8,554,099)	(20,122)	-	(135,509)	(399,229)
-	-	-	-	-
112,150,000	-	-	-	8,960,000
20,355,238	-	-	-	544,202
(12,125,000)	-	-	-	536,557
480,000	-	1,043,209	-	-
-	-	311,212	56,303	25,413
-	-	-	389	-
27,218	80,287	23,971	19,383	856,256
120,887,456	80,287	1,378,392	76,065	10,385,871
				9,779,684
\$ 117,922,271	\$ (27,886,439)	\$ (51,639,423)	\$ (24,736,637)	\$ 12,466,138
				\$ 26,362,135
4.8%	5.8%	5.3%	5.3%	4.7%
				4.9%

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES AND LEVY TYPE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	General Purposes	Property Tax			Total
		Community Service	Capital Projects – Facility Improvement	Debt Service	
2012	\$ 48,125,441	\$ 1,591,757	\$ 7,703,130	\$ 18,497,035	\$ 75,917,363
2013	47,579,360	1,658,474	6,637,900	19,463,752	75,339,486
2014	24,660,338	850,036	6,020,570	18,533,559	50,064,503
2015	51,982,775	1,678,863	6,220,053	19,185,246	79,066,937
2016	53,871,623	1,662,796	8,535,237	14,584,470	78,654,126
2017	66,731,765	1,671,770	-	17,426,213	85,829,748
2018	71,069,187	1,670,006	-	16,767,998	89,507,191
2019	72,968,496	1,675,955	-	212,253,653	286,898,104
2020	76,033,997	1,752,848	-	17,806,771	95,593,616
2021	96,748,853	1,785,616	-	17,948,640	116,483,109

Note: Legislative changes in the "tax shift" impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. These changes were offset by an adjustment to state aid payments of an equal amount.

Per ACFR Statement of Activities.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
TAX CAPACITY AND ESTIMATED MARKET VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Tax Collection Calendar Year	Real and Personal Property	Fiscal Disparities Contribution	Tax Capacity (1)		Tax Rate Determining Value Subtotal	
			Tax Increment	Amount	Percent Increase (Decrease)	
2012	\$ 148,173,078	\$ (15,228,004)	\$ (3,364,482)	\$ 129,580,592	(6.9)	
2013	140,967,953	(15,126,445)	(1,921,746)	123,919,762	(4.4)	
2014	145,202,900	(14,651,943)	(2,002,926)	128,548,031	3.7	
2015	158,041,081	(14,673,865)	(2,150,890)	141,216,326	9.9	
2016	166,440,791	(14,921,393)	(1,904,735)	149,614,663	5.9	
2017	173,554,906	(15,383,669)	(2,471,521)	155,699,716	4.1	
2018	186,318,358	(15,403,001)	(3,128,406)	167,786,951	7.8	
2019	201,428,701	(15,818,379)	(3,731,389)	181,878,933	8.4	
2020	215,880,510	(16,477,982)	(4,312,949)	195,089,579	7.3	
2021	228,617,628	(17,313,550)	(4,486,386)	206,817,692	6.0	

(1) Tax capacity is calculated by applying class rates (for specific property classifications such as residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Source: Dakota County Department of Property Tax and Public Records

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
TAX CAPACITY AND ESTIMATED MARKET VALUE OF PROPERTY (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Tax Capacity (1)

Fiscal Disparities Distribution	Total Tax Capacity	Referendum Market Value	
		Amount	Percent Increase
\$ 19,083,897	\$ 148,664,489	\$ 13,379,616,185	(2.3)
17,944,344	141,864,106	12,717,603,775	(4.9)
17,217,872	145,765,903	13,089,930,995	2.9
17,375,325	158,591,651	14,246,590,466	8.8
17,855,260	167,469,923	14,984,685,831	5.2
19,309,802	175,009,518	15,593,078,470	4.1
20,713,134	188,500,085	16,705,743,318	7.1
22,023,827	203,902,760	18,061,396,485	8.1
23,476,576	218,566,155	19,320,498,352	7.0
24,920,887	231,738,579	20,353,002,736	5.3

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year/ Category	Independent School District No. 196										Overlapping Rates, Municipalities, and Townships				
	General Fund	Community Service Special Increase Fund	District Service Fund	Total	Apple Valley	Burnsville	Cottage	Eagan	Farmington	Inver Grove Heights					
Tax Capacity Rate	14,102	1,116	13,222	28,440	44,110	43,213	18,864	34,553	63,093	44,883					
Market Value Rate	0.221	-	-	0.221	0.042	-	-	0.016	-	-					
Tax Capacity Rate	13,627	1,182	13,147	27,966	49,210	47,021	22,842	38,272	66,821	48,312					
Market Value Rate	0.235	-	-	0.235	0.021	-	-	0.017	-	-					
Tax Capacity Rate	13,325	1,149	13,132	27,606	47,891	46,670	19,507	38,250	65,876	46,128					
Market Value Rate	0.258	-	-	0.258	0.021	-	-	0.017	-	-					
Tax Capacity Rate	12,859	1,032	9,380	23,271	45,274	44,790	20,081	36,525	61,455	48,131					
Market Value Rate	0.255	-	-	0.255	0.020	-	-	0.016	-	-					
Tax Capacity Rate	12,843	1,004	10,470	24,317	44,721	45,525	17,462	37,697	59,239	49,266					
Market Value Rate	0.270	-	-	0.270	0.020	-	-	0.015	-	-					
Tax Capacity Rate	13,000	0,915	9,421	23,336	44,473	46,557	17,460	37,385	58,760	51,644					
Market Value Rate	0.274	-	-	0.274	0.020	-	-	0.015	-	-					
Tax Capacity Rate	11,726	0,880	8,744	21,362	42,475	43,552	17,399	36,378	57,161	51,112					
Market Value Rate	0.267	-	-	0.267	0.018	-	-	0.013	-	-					
Tax Capacity Rate	12,511	0,860	7,242	20,613	39,603	43,595	15,688	35,227	54,372	53,537					
Market Value Rate	0.261	-	-	0.261	0.017	-	-	0.012	-	-					
Tax Capacity Rate	11,758	0,860	7,242	19,860	39,782	43,148	17,198	35,262	50,971	51,037					
Market Value Rate	0.344	-	-	0.344	0.016	-	-	0.012	-	-					
Tax Capacity Rate	11,419	0,746	7,681	20,046	38,192	42,853	13,858	36,333	49,251	50,590					
Market Value Rate	0.313	-	-	0.313	0.016	-	-	-	-	-					

- (1) Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all the District's property owners (e.g., the rates for special districts apply only to the proportion of the District's property owners whose property is located within the geographic boundaries of the special district).
- (2) The miscellaneous other levy includes the Metropolitan Council, Mosquito Abatement, Transit District, Dakota County CDA, and Light Rail. These miscellaneous levies vary slightly between municipalities.

Source: Dakota County Department of Property and Public Records

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Rate	Year Collectible	Overlapping Rates, Municipalities, and Townships (continued)							Total Direct and Overlapping Rates			
		Lakeville	Rosemount	Empire Township	Vermilion Township	Dakota County	Miscellaneous Other (2)	Apple Valley Resident	Eagan Resident	Rosemount Resident		
Tax Capacity Rate	2012	30.051	46.994	30.845	18.664	31.426	5.021	108.997	99.440	111.881		
Market Value Rate	2012	0.008	-	-	-	0.006	-	0.269	0.244	0.227		
Tax Capacity Rate	2013	41.234	48.882	31.746	19.555	33.421	5.341	115.928	104.990	115.980		
Market Value Rate	2013	0.008	-	-	-	-	-	0.256	0.252	0.235		
Tax Capacity Rate	2014	40.686	47.576	31.164	17.466	31.827	4.893	112.317	102.876	112.102		
Market Value Rate	2014	0.007	-	-	-	-	-	0.279	0.275	0.236		
Tax Capacity Rate	2015	38.948	45.152	29.823	17.214	29.633	4.597	102.745	93.996	102.623		
Market Value Rate	2015	-	-	-	-	-	-	0.275	0.270	0.255		
Tax Capacity Rate	2016	38.669	43.149	29.445	16.724	28.570	5.083	102.671	95.047	101.099		
Market Value Rate	2016	-	-	-	-	-	-	0.290	0.285	0.270		
Tax Capacity Rate	2017	37.510	41.532	29.642	16.279	28.004	4.468	100.271	93.183	97.630		
Market Value Rate	2017	-	-	-	-	-	-	0.280	0.280	0.274		
Tax Capacity Rate	2018	36.419	40.961	29.892	16.282	26.590	4.468	94.865	88.768	93.351		
Market Value Rate	2018	-	-	-	-	-	-	0.285	0.280	0.267		
Tax Capacity Rate	2019	35.607	39.955	25.386	15.723	-	-	60.216	55.840	59.998		
Market Value Rate	2019	-	-	-	-	25.386	-	25.664	25.659	25.647		
Tax Capacity Rate	2020	34.615	39.580	26.131	14.728	24.133	4.030	87.805	83.285	86.603		
Market Value Rate	2020	-	-	-	-	-	-	0.360	0.356	0.344		
Tax Capacity Rate	2021	34.351	36.954	27.250	14.070	22.716	3.432	84.386	82.527	83.148		
Market Value Rate	2021	-	-	-	-	-	-	0.359	0.343	0.343		

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Levy Year Collectible December 31,											
2021						2012					
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed				
			Value	%			Value	%			
West Publishing Company	\$ 81,952,000	1	0.4	%	\$ 73,474,900	2	0.5	%			
Flint Hills Resources Pine Bend LLC	70,790,900	2	0.3		54,072,800	4	0.4				
Northern States Power Co/Xcel Energy	65,722,000	3	0.3		-	-	-				
Kingsion Green Limited Partnership	56,512,500	4	0.3		-	-	-				
RRE Woods Holdings LLC	54,750,000	5	0.3		-	-	-				
Continental 313 Fund LLC	53,700,000	6	0.3		-	-	-				
RRE Nicollet Ridge Holdings LLC	52,634,600	7	0.3		-	-	-				
Dakota Electric Association	52,023,100	8	0.3		49,149,800	5	0.4				
Burnsville Center SPE LLC	48,943,900	9	0.2		104,000,000	1	0.8				
Eagan Promenade Inc	39,406,100	10	0.2		33,075,200	7	0.2				
Xcel Energy	-	-	-		57,932,400	3	0.4				
Promenade Village Townhomes, LLC	-	-	-		34,939,100	6	0.3				
Individual	-	-	-		32,971,700	8	0.2				
Principal Life Insurance Company	-	-	-		26,165,100	9	0.2				
Almco Woods of Burnsville, LLC	-	-	-		28,760,500	10	0.2				
Total	\$ 576,435,100		2.8	%	\$ 494,541,500		3.7	%			

Source: Dakota County Department of Property Tax and Public Records

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Levy Year Collectible December 31,	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years		Total Collections to Date	
	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2012	\$ 75,939,060	\$ 75,216,046	99.05	\$ 723,014		\$ 75,939,060	100.00
2013	73,876,495	73,303,172	99.22	573,323		73,876,495	100.00
2014	78,338,055	77,887,178	99.42	450,877		78,338,055	100.00
2015	78,627,184	78,236,512	99.50	319,916		78,556,428	99.91
2016	85,688,567	85,298,846	99.55	368,158		85,667,004	99.97
2017	89,051,368	88,689,483	99.59	330,821		89,020,314	99.97
2018	90,961,693	90,579,847	99.58	297,064		90,876,911	99.91
2019	95,260,090	94,911,727	99.63	251,474		95,163,201	99.90
2020	116,080,843	115,337,462	99.36	545,761		115,337,462	99.36
2021	(1) 108,037,417	56,238,652	52.05	N/A		56,238,652	52.05

N/A – Not Applicable

(1) Only a portion of the calendar year 2021 taxes are collected by June 30, 2021.

Source: Dakota County Department of Property Tax and Public Records

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
RATIOS AND OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	General Obligation Bonds	Refunding Bonds	Capital Notes	State		Capital Leases	Certificates of Participation	Total	Percentage of Personal Income (1)	Per Capita (1)
				Energy	Loans					
2012	\$ 101,765,000	\$ 41,070,000	\$ -	\$ -	-	\$ 9,909,921	\$ 2,555,000	\$ 152,299,921	0.01	\$ 1,015
2013	90,175,000	48,250,000	-	-	-	8,726,698	2,400,000	150,551,698	0.01	1,019
2014	51,730,000	47,975,000	-	-	-	7,594,863	15,955,000	123,254,863	0.01	831
2015	46,180,000	35,595,000	-	-	-	10,519,317	14,955,000	107,249,317	0.01	717
2016	138,270,000	32,660,000	-	-	-	9,467,435	14,030,000	194,427,435	0.01	1,270
2017	128,940,000	29,530,000	-	-	-	8,477,969	13,085,000	180,032,969	0.01	1,175
2018	139,238,317	26,310,000	-	-	-	8,286,343	12,125,000	185,959,660	0.01	1,203
2019	126,537,591	24,776,622	-	-	-	7,046,515	11,140,000	169,500,728	0.01	1,076
2020	117,208,645	20,998,759	-	-	-	6,146,919	18,614,507	163,971,830	N/A	1,029
2021	107,589,699	17,038,465	-	-	-	5,711,406	27,305,728	157,645,298	N/A	989

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for Dakota County personal income and the District's population data.

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Obligation Bonds and Capital Notes	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Market Value of Property (1)	Per Capita (2)
2012	\$ 142,835,000	\$ 32,238,524	\$ 110,596,476	0.83	\$ 723
2013	139,405,000	44,234,187	95,170,813	0.75	644
2014	99,705,000	18,831,629	80,873,371	0.62	545
2015	81,775,000	16,385,721	65,389,279	0.46	437
2016	170,930,000	7,362,951	163,567,049	1.09	1,069
2017	158,470,000	5,338,811	153,131,189	0.98	1,000
2018	146,585,000	3,592,701	142,992,299	0.86	925
2019	151,314,213	1,699,991	149,614,222	0.83	950
2020	138,207,404	2,669,765	135,537,639	0.70	850
2021	124,628,164	3,636,775	120,991,389	0.59	759

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

(2) See the Schedule of Demographic and Economic Statistics for the District's population data.

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

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2021
(UNAUDITED)

Taxing Unit	Tax Collection Calendar Year 2020-2021 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Tax Capacity in Percent	Debt Applicable to Tax Capacity in ISD No. 196 Amount
Direct Debt: ISD No. 196	\$ 206,817,692	\$ 110,985,000	100.00 %	\$ 110,985,000
Overlapping Debt: Dakota County	565,917,055	-	36.55	-
Cities:				
Apple Valley	63,190,564	11,620,000	99.14	11,520,312
Burnsville	80,596,439	49,620,000	23.76	11,790,109
Eagan	104,844,980	38,265,000	64.54	24,696,767
Farmington	22,879,829	9,260,000	0.03	3,065
Inver Grove Heights	46,032,753	29,245,000	23.90	6,988,356
Lakeville	89,127,471	94,280,000	17.17	16,184,011
Rosemount	32,375,072	6,070,000	93.30	5,663,607
Town of Empire	4,469,321	2,225,000	14.13	314,444
Other:				
Metropolitan Council	4,884,505,255	193,320,000	4.23	8,185,475
Total Overlapping Debt				85,346,146
Total Direct and Overlapping Debt Outstanding				\$ 196,331,146

(1) Includes that portion of debt which is secured by the authority to levy taxes on real estate.

Source: Dakota County Department of Property Tax and Public Records

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 2,006,942,428	\$ 1,907,640,566	\$ 1,963,489,649	\$ 2,136,988,570
Total Net Debt Applicable to Limit	110,596,476	95,170,813	80,873,371	65,389,279
Legal Debt Margin	<u>\$ 1,896,345,952</u>	<u>\$ 1,812,469,753</u>	<u>\$ 1,882,616,278</u>	<u>\$ 2,071,599,291</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	5.51%	4.99%	4.12%	3.06%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15% of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the repayment of general obligation bonds.

Source: Dakota County Department of Property Tax and Public Records.

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
LEGAL AND DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year				
	2016	2017	2018	2019	2020
	\$ 2,247,702,875	\$ 2,338,961,771	\$ 2,505,861,498	\$ 2,709,209,473	\$ 2,898,074,753
	163,567,049	153,131,189	142,992,299	149,614,222	135,537,639
	<u>\$ 2,084,135,826</u>	<u>\$ 2,185,830,581</u>	<u>\$ 2,362,869,199</u>	<u>\$ 2,559,595,251</u>	<u>\$ 2,762,537,114</u>
	7.28%	6.55%	5.71%	5.52%	4.68%
					3.96%

Legal Debt Margin Calculation for Fiscal Year 2021

Estimated Market Value – 2020	\$ 20,353,002,736
Debt Limit (15% of Market Value)	3,052,950,410
Debt Applicable to Limit:	
General Obligation Bonds	124,628,164
Less Amount Set Aside for Repayment of	
General Obligation Debt	<u>(3,636,775)</u>
Total Net Debt Applicable to Limit	<u>120,991,389</u>
Legal Debt Margin	<u>\$ 2,931,959,021</u>

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	ISD No. 196 Population (1)	Dakota County					School Enrollment (4)	Unemployment Rate (2)
		Population (2)	Personal Income (Thousands) (2)	Per Capita Personal Income (2)	Median Age (2)	Education Level in Years of Formal Schooling (3)		
2011	153,051	400,480	\$ 18,612,486	\$ 46,475	36.5	95.0	27,404	6.1
2012	147,703	405,088	20,192,381	49,847	36.7	95.0	27,168	5.2
2013	148,392	408,509	20,706,256	50,887	37.4	94.0	27,202	4.5
2014	149,616	412,529	21,524,339	52,177	36.8	94.0	27,204	3.8
2015	153,051	414,686	22,272,614	53,710	37.3	95.0	27,790	3.3
2016	153,174	417,486	22,951,451	54,975	37.6	94.0	28,182	3.4
2017	154,620	421,751	24,308,945	57,638	38.0	94.0	28,644	2.5
2018	157,475	425,423	25,802,276	60,651	38.2	95.2	29,196	2.5
2019	159,390	429,021	26,562,417	61,914	38.3	N/A	N/A	2.9
2020	159,390	431,807	N/A	N/A	N/A	N/A	N/A	5.9

N/A – Not Available

Data sources:

- (1) District population is based upon an annual school district census and U.S. census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) 2020 annual comprehensive financial report for Dakota County, Minnesota
- (3) Dakota County Demographics Report.
- (4) Actual number of students enrolled in the District on October 1 of each school year, based on the District's official October 1 enrollment reports.

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2020 (1)			2011 (1)		
	Employees	Rank	Percentage of Total District Population	Employees	Rank	Percentage of Total District Population
Total District Population			240,319			231,267
Thomson West	6,000	1	2.50 %	7,500	1	3.24 %
ISD No. 196	4,500	2	1.87	4,160	2	1.80
Blue Cross-Blue Shield	3,000	3	1.25	3,500	3	1.51
Burnsville Center	3,000	3	1.25	-	-	-
Dakota County	1,912	7	0.80	1,706	5	0.74
CHS Incorporated	2,000	6	0.83	-	-	-
U.S. Postal Service	2,400	5	1.00	1,570	7	0.68
UTC Aerospace	1,800	8	0.75	1,600	6	1
Prime Therapeutics	1,591	9	0.66	-	-	-
ISD No. 194	1,555	10	0.65	-	-	-
ISD No. 191	-	-	-	1,500	8	0.65
Fairview Ridges Hospital	-	-	-	1,400	9	0.61
Red-D-Arc Welderentals	-	-	-	2,000	4	0.86
State Farm Operations Ctr	-	-	-	1,300	10	0.56

(1) Calendar Year

Source: 2020 Dakota County CAFR

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
EMPLOYEES BY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrators/Principals (1)	108	109	104	135	117	117	136	140	139	136
Superintendent/Special Staff	56	58	59	71	69	68	81	85	82	84
Teachers/Nurses	2,386	2,542	2,537	2,769	2,812	2,815	2,624	2,356	2,278	2,479
Clerical	875	928	950	982	1,096	1,087	930	939	863	885
Building Clerk and Custodians	207	204	203	199	201	203	206	215	185	185
Food Service	186	189	191	194	196	202	193	199	172	184
Transportation	218	209	205	194	196	202	193	199	172	184
Nonclassroom Specialists	44	46	52	55	56	53	62	62	48	37
Total	4,120	4,342	4,341	4,663	4,792	4,601	4,485	4,308	4,156	4,280

(1) District office cabinet, principals, secondary school building assistant principals, and principals on special assignment.
Note: This schedule is a headcount based on assignment—if an employee has multiple assignments, they are reflected multiple times.

Source: ISD No. 196 – Human

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**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
OPERATING INDICATORS
STANDARDIZED TESTING AND GRADUATION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Standardized tests										
MCA Reading (1)										
Grade 3	87	84	83	83	80	85	84	81	N/A	84
Grade 4	83	83	81	85	85	82	86	80	N/A	82
Grade 5	86	74	76	72	73	72	70	73	N/A	83
Grade 6	81	67	68	71	80	82	89	89	N/A	85
Grade 7	81	66	68	63	66	64	66	65	N/A	86
Grade 8	79	65	66	67	66	69	66	63	N/A	57
Grade 9										
Grade 10	87	75	72	71	74	73	73	73	N/A	73
MCA Math (1)										
Grade 3	77	76	76	76	74	75	73	71	N/A	65
Grade 4	76	77	77	77	73	73	74	70	N/A	56
Grade 5	78	65	65	65	65	64	62	62	N/A	57
Grade 6	64	66	67	66	66	65	64	59	N/A	42
Grade 7	61	67	67	64	63	62	61	59	N/A	43
Grade 8	65	63	66	64	66	66	66	65	N/A	42
Grade 9	54	68	65	63	64	65	64	62	N/A	60
MCA Science (1)										
Grade 5	61	66	71	67	70	68	67	66	N/A	54
Grade 6	61	61	62	62	63	64	62	56	N/A	56
High school	68	66	69	69	73	74	70	74	N/A	59
MAP Measures of Academic Progress (2)										
Grade 2-5	63.1	64.3	72.3	72.8	N/A	N/A	N/A	N/A	N/A	N/A
Grade 6-7	61.3	62.5	61.0	63.2	56.6	55.3	56.4	54.5	46.6	57.9
ACT										
Grade 2-5	72.9	65.3	65.0	71.9	55.0	54.6	51.2	48.3	51.7	N/A
Grade 6-7	67.8	55.5	60.3	63.2	55.4	60.4	60.8	53.8	56.4	42.5
Average composite score	24.1	24.0	24.1	24.4	23.0	23.1	23.1	23	N/A	22.9
National Merit Scholars										
Classroom	36	36	39	41	33	47.0	47.0	26.0	66.0	68.0
Enrichment and semesters	16	16	15	15	15	15.0	7.0	16.0	12.0	17.0

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
CAPITAL ASSETS STATISTICS BY PROGRAM AND CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Programs:										
Capital Assets	\$ 163,717	\$ 161,127	\$ 195,093	\$ 268,038	\$ 268,038	\$ 268,038	\$ 268,038	\$ 268,038	\$ 268,038	\$ 268,038
Direct Support Services	892,520	1,010,232	1,052,792	1,381,139	1,298,998	1,313,896	1,417,800	1,487,600	1,424,713	1,427,913
Elementary and Secondary										
Regular Instruction	9,019,856	9,019,856	9,196,130	9,210,469	9,488,719	10,206,800	10,390,373	10,413,278	10,541,161	10,553,145
Instructional Support	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Special Education	319,782	324,676	345,565	356,609	387,351	392,500	392,500	392,500	395,000	395,000
Community Education	44,000	62,437	62,437	39,223	19,225	39,225	39,225	39,225	39,225	39,225
Transportation	13,199,628	14,019,134	14,931,523	15,355,514	15,966,253	16,873,502	18,213,195	18,517,122	20,733,296	20,996,459
Food Service	2,110,619	2,161,109	2,266,422	2,292,863	2,486,240	2,602,531	2,749,806	2,882,559	3,161,792	3,168,003
Physical Plant	2,110,619	2,161,109	2,266,422	2,292,863	2,486,240	2,602,531	2,749,806	2,882,559	3,161,792	3,168,003
Sites and Buildings - Unallocated	390,961,031	395,148,539	395,222,661	410,215,623	412,954,246	442,192,955	498,431,295	509,695,756	520,981,050	522,833,261
Total Program	\$ 410,623,849	\$ 413,923,396	\$ 428,320,895	\$ 444,370,867	\$ 449,592,246	\$ 481,001,722	\$ 527,169,939	\$ 555,009,779	\$ 569,824,681	\$ 569,824,681
Classification:										
Building	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712	\$ 8,693,712
Land Improvements	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671	1,127,671
Equipment	329,828,610	332,828,477	338,572,452	336,861,378	357,940,976	382,591,261	374,845,921	376,147,261	437,802,664	463,337,698
Eligible Post Transportation Vehicle	13,241,853	14,362,905	15,409,291	15,500,093	14,862,777	15,334,603	17,655,049	18,517,122	16,897,079	19,119,461
Food Service Equipment	2,592,543	2,608,833	2,712,415	2,287,022	2,469,488	2,608,789	2,711,084	2,882,559	3,001,827	3,024,538
Physical Plant Equipment and										
Construction	410,623,849	413,923,396	428,320,895	444,370,867	449,592,246	481,001,722	527,169,939	555,009,779	569,824,681	569,824,681
Total Classification	\$ 410,623,849	\$ 413,923,396	\$ 428,320,895	\$ 444,370,867	\$ 449,592,246	\$ 481,001,722	\$ 527,169,939	\$ 555,009,779	\$ 569,824,681	\$ 569,824,681
Total Classification and Construction Programs	\$ 410,623,849	\$ 413,923,396	\$ 428,320,895	\$ 444,370,867	\$ 449,592,246	\$ 481,001,722	\$ 527,169,939	\$ 555,009,779	\$ 569,824,681	\$ 569,824,681

Source: The District's Financial Department

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
OPERATING INDICATORS
STANDARDIZED TESTING AND GRADUATION RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Attendance percentages										
Registration	96.20	95.80	96.40	95.70	95.80	95.80	96.00	95.70	95.80	97.00
1st grade	96.20	96.00	96.10	95.70	95.80	95.80	96.00	95.70	95.80	96.90
2nd grade	96.00	96.20	96.30	95.80	95.80	95.80	96.20	96.00	96.10	97.10
3rd grade	96.00	96.00	96.00	95.80	95.80	95.80	96.00	95.80	95.80	96.90
4th grade	96.00	96.30	96.40	96.00	95.70	95.70	96.10	95.90	96.00	96.90
5th grade	96.00	96.20	96.30	95.90	95.80	95.80	96.00	95.80	95.90	96.90
6th grade	96.10	95.80	95.90	95.70	95.40	95.20	95.90	95.90	96.00	96.90
7th grade	96.00	95.80	95.90	95.70	95.40	95.20	95.90	95.90	96.00	96.90
8th grade	96.00	95.00	95.40	95.30	95.00	94.80	96.00	95.40	95.30	93.20
9th grade	96.20	96.10	96.10	96.00	95.70	95.20	96.30	97.00	96.20	96.20
10th grade	95.50	95.30	95.50	95.70	95.00	94.20	93.80	96.10	95.90	95.90
11th grade	95.50	95.30	95.50	95.70	95.00	94.20	93.80	96.10	95.90	95.90
12th grade	91.50	91.70	92.10	95.00	92.20	89.40	89.40	92.00	93.30	92.40
All grades	95.68 %	95.47 %	95.10 %	95.80 %	94.60 %	94.40 %	94.30 %	95.00 %	95.30 %	- %
Graduation data (3)										
District graduation rates	91 %	92 %	92 %	90 %	92 %	90 %	91 %	91.2	N/A	N/A
State graduation rate	7.6 %	80 %	81 %	82 %	82 %	83 %	83 %	83.7	N/A	N/A
N/A - Not Available										

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessments (MCA).

(2) Percent of students who met or exceeded their mean growth projection.

(3) To comply with U.S. Department of Education reporting requirements, calculations for high school graduation rates have changed. The new calculation includes students who are not enrolled in high school but are still enrolled in high school within four years after they enrolled in Grade 9. Students who took an additional year to meet graduation requirements are not included in this calculation.

Source: Standardized testing results for the District are from the "Annual Report on Curriculum, Instruction, and Student Achievement," prepared by the District's Teaching and Learning Department.

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
FOOD SERVICE SCHOOL LUNCH PROGRAM DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended June 30,	Average Daily Attendance (1)	Total Lunches Served	Date	Average Daily Participation	Participation as a Percentage of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2012	20,868	2,833,781	174	15,137	63.4	625,915	23.8	168,576	6.4
2013	21,602	2,398,031	170	14,108	59.8	606,438	25.3	170,748	7.1
2014	24,571	2,865,935	165	14,460	58.9	643,503	27.0	165,163	6.9
2015	24,853	2,528,744	169	14,983	60.2	676,937	26.8	195,960	7.7
2016	25,198	2,581,285	169	15,158	60.1	694,018	27.1	207,102	8.1
2017	26,416	2,585,768	169	15,300	57.9	687,303	25.8	227,423	8.8
2018	25,296	2,598,724	165	15,750	62.3	671,834	25.9	227,855	8.8
2019	28,418	2,803,191	165	15,777	55.5	622,877	23.9	238,377	9.2
2020	28,870	1,824,112	116	16,587	57.5	438,784	22.8	171,961	8.9
2021	27,117	1,824,438	190	6,223	23.0	197,487	16.7	197,487	16.7

(1) Attendance is deemed to be 95 percent of enrolment.

Source: ISD No. 196 Summary: Food Service Statistics Reports

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
EXPENDITURES PER STUDENT (AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	\$ 462	\$ 436	\$ 470	\$ 485	\$ 539	\$ 537	\$ 553	\$ 575	\$ 569	\$ 604
District Support Services	330	310	306	324	340	353	339	423	464	716
Elementary and Secondary Program Innovation	5,417	5,482	5,085	5,997	6,001	6,110	6,177	6,241	6,260	6,614
Vocational Education Innovation	141	144	145	153	189	180	182	190	180	178
Special Education Innovation	2,008	2,154	2,267	2,379	2,370	2,447	2,516	2,566	2,663	2,715
Instructional Support Services	497	602	622	675	716	743	797	791	806	799
Digital Support Services	741	847	866	845	861	880	905	921	1,010	1,039
Sites and Buildings	964	835	861	789	769	913	839	864	1,301	1,312
Fiscal and Other Fiscal Cost Programs	20	22	26	24	24	22	21	42	37	45
Food Service	411	400	418	423	427	431	400	426	364	372
Community Service	341	365	363	294	292	317	310	314	292	287
Capital Outlay	318	231	487	699	423	1,207	203	1,609	218	372
Debt Service	838	820	973	826	857	800	767	697	666	684
Total Expenditures	\$ 12,485	\$ 12,658	\$ 13,242	\$ 13,704	\$ 14,923	\$ 14,950	\$ 14,078	\$ 15,546	\$ 14,742	\$ 15,656
Total Expenditures	\$ 27,005	\$ 26,993	\$ 26,984	\$ 27,204	\$ 28,326	\$ 28,326	\$ 28,178	\$ 28,546	\$ 28,870	\$ 29,851

Note 1: Includes all governmental fund expenditures.

Source: Average daily membership from the Minnesota Department of Education

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INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
BUILDING PERMITS ISSUED BY MAJOR CITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Rosemount				
2010	2,359	\$ 28,753,846	16	\$ 4,834,000
2011	2,251	38,804,214	59	16,832,849
2012	2,471	42,084,362	93	26,136,626
2013	2,879	75,168,593	180	45,310,000
2014	2,877	63,330,428	173	39,739,000
2015	3,033	82,205,630	136	38,723,900
2016	3,136	74,717,882	135	37,709,343
2017	3,503	87,287,106	256	57,601,704
2018	3,987	90,278,793	274	65,796,011
2019	4,426	105,548,812	389	67,676,504
2020				
City of Apple Valley				
2010	2,995	59,290,047	61	35,346,000
2011	4,248	21,246,500	31	7,929,000
2012	4,438	41,228,000	47	12,994,000
2013	4,426	49,921,500	63	19,317,000
2014	5,430	90,423,600	71	22,147,000
2015	5,755	90,870,178	120	34,525,000
2016	6,573	92,352,609	140	42,385,000
2017	6,932	202,481,522	177	42,973,000
2018	5,698	141,378,881	125	33,552,000
2019	6,534	81,344,499	29	9,899,000
2020	6,006	44,873,377	5	1,368,000
City of Eagan				
2010	2,616	56,977,150	32	9,481,442
2011	2,259	59,743,157	73	20,912,987
2012	2,699	109,835,569	154	37,114,705
2013	7,455	218,669,781	188	70,828,088
2014	5,044	158,991,311	177	57,043,757
2015	2,470	101,187,211	49	17,047,341
2016	2,426	152,547,456	84	29,123,360
2017	3,145	428,078,165	72	26,208,327
2018	2,641	139,726,902	40	14,790,119
2019	2,555	245,770,779	35	14,486,797
2020	3,351	212,030,440	15	6,025,197

(1) Includes single family homes, duplexes, quad homes, townhomes, multi-unit, and condominiums.

Note: The District includes portions of nine municipalities. The above table includes the three main municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year.

Source: City of Rosemount, City of Apple Valley, and City of Eagan

(162)

INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHOOL FACILITIES
AS OF JUNE 30, 2021
(UNAUDITED)

[illegible]

(161)

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
STUDENTS – AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	ADM (for Students Served or Tuition Paid)						Total Pupil Units	
	Early Childhood and Kindergarten – Handicapped	ADM				Total	Number	Percent Increase (Decrease)
		Kindergarten	Elementary	Secondary				
2012	401.43	1,690.94	11,948.37	13,012.52	27,053.26	(0.2)	31,406.83	(0.3)
2013	402.20	1,683.94	11,926.58	12,780.09	26,792.81	(1.0)	31,079.22	(1.0)
2014	405.36	1,596.02	12,116.23	12,800.68	26,918.29	0.5	31,261.97	0.6
2015	501.42	1,749.62	12,235.89	12,718.96	27,205.89	1.1	29,748.93	(4.8)
2016	500.75	1,721.13	12,421.88	12,869.63	27,513.39	1.1	30,087.31	1.1
2017	536.81	1,745.10	12,728.02	12,901.49	27,911.42	1.4	30,347.56	0.9
2018	570.62	1,826.07	12,831.89	12,949.34	28,177.92	1.0	30,766.98	1.4
2019	598.22	1,827.47	12,859.96	13,132.63	28,418.28	0.9	31,045.11	0.9
2020	611.78	1,875.46	12,953.75	13,428.55	28,869.54	1.6	31,452.21	1.3
2021	516.21	1,598.46	12,754.60	13,674.79	28,544.06	(1.1)	31,279.02	(0.6)

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

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

Early Childhood and Kindergarten – Handicapped	Kindergarten		Elementary	
	Part-Time		All-Day	
	1–3	4–6	1–3	4–6

Fiscal 2009 through 2014	Various	0.612	0.061	1.115	1.060	1.300
Fiscal 2015 through 2018	Various	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education



FORM OF LEGAL OPINION

(See following pages)

APPENDIX B

FORM OF LEGAL OPINION

Independent School District No. 196
Rosemount, Minnesota

[Original Purchaser]

Re: \$11,500,000 General Obligation School Building Refunding Bonds, Series 2022A
Independent School District No. 196 (Rosemount-Apple Valley-Eagan)
Dakota County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Dakota County, Minnesota, of the obligations described above, dated, as originally issued, as of February 10, 2022 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the District, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the District, but if necessary for payment thereof, additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. The resolution authorizing the issuance of the Bonds obligates the District to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of such law against the State of Minnesota in the absence of legally appropriated and available funds to pay the obligations of the State thereunder.

4. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

5. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs 1, 2, and 3 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 4 and 5 above are subject to the compliance by the District with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 5 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express no opinion with respect thereto.

Dated this 10th day of February, 2022.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following pages)

FORM OF CONTINUING DISCLOSURE

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2022, the following financial information and operating data in respect of the District (the Disclosure Information):
 - (A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the District, noting the discrepancies therefrom and the effect thereof, and

certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: Current Property Valuations; Direct Debt; Tax Levies and Collections; Student Body; and Employment/ Unemployment Data, which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and
- (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order

confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
 - (C) the termination of the obligations of the District under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

- (1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements

of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

TERMS OF PROPOSAL

\$11,500,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2022A INDEPENDENT SCHOOL DISTRICT NO. 196 (ROSEMOUNT-APPLE VALLEY-EAGAN), MINNESOTA

Proposals for the purchase of \$11,500,000* General Obligation School Building Refunding Bonds, Series 2022A (the "Bonds") of Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on January 10, 2022, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, and Section 475.67, by the District, for the purpose of effecting the current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated February 3, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$3,875,000	2024	\$3,735,000	2025	\$3,890,000

ADJUSTMENT OPTION

* The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

DELIVERY

On or about February 3, 2022, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$11,385,000 plus accrued interest on the principal sum of \$11,500,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 11:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit (“Deposit”) in the amount of \$230,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder’s federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District’s computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the District requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the District shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the District advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the District at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the District advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the District confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the District a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 196
(Rosemount-Apple Valley-Eagan), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District")

January 10, 2022

RE: **\$11,500,000* General Obligation School Building Refunding Bonds, Series 2022A (the "Bonds")**
DATED: **February 3, 2022**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$11,385,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2023 _____ % due 2024 _____ % due 2025

* The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$230,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about February 3, 2022.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: _____ NO: _____.

If the competitive sale requirements are not met, we elect to use either the: _____ 10% test, or the _____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 3, 2022 of the above proposal is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota, on January 10, 2022.

By: _____ By: _____
Title: _____ Title: _____