

MEETING AGENDA

*The mission of Eden Prairie Schools is to inspire each student to learn continuously so they are empowered
To reach personal fulfillment and contribute purposefully to our ever-changing world.*

1. **Convene: 6:00 p.m.** **(Roll Call)**
Call to Order:
 School Board Roll Call
 Dave Espe, Ranee Jacobus, John Kohner, Elaine Larabee, Greg Lehman, Holly Link, Adam Seidel
2. **Pledge of Allegiance: 6:00 p.m.**
3. **Agenda Review and Approval: 6:05 p.m.** **(Action)**
 Approval of the agenda for the Monday, November 27, 2017 meeting of the School Board of Independent School District 272, Eden Prairie Schools.

Motion _____ Seconded _____
4. **Approval of Previous Minutes: 6:05 p.m.** **(Action)**
 Approval of the October 23, 2017 Regular Business Meeting and November 13, 2017 Special Board Meeting Unofficial Minutes

Motion _____ Seconded _____

 - A. October 23, 2017 Unofficial Minutes - Regular Business Meeting 4
 - B. November 13, 2017 Unofficial Minutes - School Board Special Meeting 7
5. **Public Comment: 6:10 p.m.** **(Information)**
6. **Announcements: 6:20 p.m.** **(Information)**
7. **Spotlight on Success: 6:25 p.m.** **(Information)**
 A. Eden Prairie High School: "The Perfect ACT Score" - Students to Share
 Presenter: Conn McCartan (Principal)
8. **Board Work: 6:35 p.m.** **(Action)**
 - A. Resolution for Combined Polling Places for the General Elections **(Roll Call)** 9

Motion _____ Seconded _____
 - B. Policy Monitoring
 - 1) Executive Limitations (EL)
 - a. EL 2.9 Communication and Support to the School Board (Semi-annual) 13

OI Motion _____ Seconded _____
Evidence Motion _____ Seconded _____
 - C. Required Board Action
 - 1) Superintendent Goal Setting 29

Motion _____ Seconded _____
 - 2) West Metro Education Program (WMEP) Membership 30

Motion _____ Seconded _____
 - D. School Board Policy Approval
 - 1) School Board Public Comment Policy 31

Motion _____ Seconded _____
 - 2) School Board Expense Reimbursement Policy 32

	Motion _____ Seconded _____	
E. Record of Board Self-Evaluation		
1) Record of Board Policy Monitoring - Ends & EL's		34
	Motion _____ Seconded _____	
2) Record of Board Self-Evaluation - Governance Policies		38
	Motion _____ Seconded _____	
9. Superintendent Consent Agenda: 6:50 p.m.	(Action)	
<i>Management items the Board would not act upon in Policy Governance, but require Board approval from outside entities.</i>		
	Motion _____ Seconded _____	
A. Monthly Reports		
1) Resolution of Acceptance of Donations		43
2) Human Resources Report		44
3) Business Services Reports		
a. Board Business		46
b. Financial Summary Report		47
4) Business Services:		
a. Seek Bids: Pavement Work District-wide		48
b. Seek Bids: Cedar Ridge Roof Replacement - Phase III		49
c. Seek Bids: CMS Window Replacement		50
d. Seek Bids: Transportation Roof Repair/Replacement		51
e. Bid Award for Produce		52
5) District Policy 620 - Credit for Learning		53
6) District Policy 903 - Visitors to School District Buildings & Sites		60
10. Board Education & Required Reporting: 6:55 p.m.	(Information)	
A. 2016-2017 Audited Financial Presentation		
1) 2016-2017 Audited Financial Executive Summary		
2) Audit: Comprehensive Annual Financial Report (158 pages)		74
3) Audit: Management Report (26 pages)		232
4) Audit: Special Purpose Audit Reports (28 pages)		258
5) Audit: Student Activity Audit Report (18 pages)		286
B. Self-Funded Insurance		304
11. Superintendent's Incidental Information Report: 7:35 p.m.	(Information)	
<i>Incidental Information is considered as "nice to know" information regarding district business. Monitoring and decision-making information are handled elsewhere on the agenda. These items are not open for debate, but rather for awareness and understanding. (Supports EL 2.9 in general and 2.9.6 specifically)</i>		
A. World's Best Workforce (WBWF) Report		312
B. Fiscal Year 2017 Achievement Integration Progress Report		332
C. Data Requests - Present to School Board		
D. Miscellaneous Items		
12. Board Action on Committee Reports & Minutes: 7:55 p.m.	(Information/Action)	
A. School Board Treasurer's Report	(Action)	341
	Motion _____ Seconded _____	
Presenter: Holly Link - Board Treasurer		
B. Board Development Committee		

- C. Community Linkage Committee
- D. Negotiations Committee
- E. Policy Committee

Motion _____ Seconded _____

13. Other Board Updates (TIES, AMSD, WMEP, ISD 287, PTO): 8:15 p.m. (Information)

- A. TIES
Presenter: Greg Lehman
- B. AMSD
Presenter: Rane Jacobus & Adam Seidel
- C. WMEP
Presenter: Dave Espe
- D. ISD 287
Presenter: John Kohner

14. Board Work Plan: 8:35 p.m.

- | | | |
|---|-----------------|-----|
| A. "Proposed" Work Plan Changes Document | (Action) | 342 |
| Motion _____ Seconded _____ | | |
| B. 2017-2018 Annual Work Plan | | 343 |
| C. 2017-2018 School Board Calendar of Events & Activities | | 354 |

15. Adjournment: ____ p.m.

(Action)

MOTION to adjourn the Monday, November 27, 2017 Meeting of the Eden Prairie School Board at ____p.m.

Motion _____ Seconded _____

**INDEPENDENT SCHOOL DISTRICT 272 ~ EDEN PRAIRIE SCHOOLS
UNOFFICIAL MINUTES OF THE OCTOBER 23, 2017
SCHOOL BOARD MEETING**

The regular business meeting of the Independent School District 272 School Board was held on the 23rd day of October 23, 2017 in the Administrative Services Center, located at 8100 School Road, Eden Prairie, Minnesota.

1. Convene

A. Call to order

Chair Elaine Larabee called the meeting to order at 6:00 p.m.

B. School Board Roll Call

Board Members Present: Dave Espe, Rane Jacobus, Elaine Larabee, Greg Lehman, Holly Link and Adam Seidel

Not Present: John Kohner

Superintendent: Josh Swanson

2. Pledge of Allegiance

3. Agenda Review and Approval

MOTION by H. Link, Seconded by G. Lehman to approve the agenda for the Monday, October 23, 2017 meeting of the School Board of Independent School District 272, Eden Prairie Schools. Passed

Amended MOTION by D. Espe, Seconded by R. Jacobus to move item #7, Spotlight on Success to item #5, and item #5, Public Comment to Item #7. Passed

Original MOTION to approve agenda for the Monday, October 23, 2017 meeting of the School Board of Independent School District 272, Eden Prairie Schools. Passed.

4. Approval of Previous Minutes

MOTION by A. Seidel, Seconded by R. Jacobus approve the Unofficial Minutes of the Regular Business Meeting held September 25, 2017. Passed

5. Spotlight on Success –

A. Grace Leliher, Director of Government Relations for MSBA and State Rep. Jenifer Loon

- State Rep. Jenifer Loon is named the 2017 Legislator of the Year because “she puts students first.”

This a title conferred by the Minnesota School Board Association (MSBA).

B. Forest Hills 6th Grade Students (introduced by Principal, Connie Hytjan) – All students individually shared what “Unity Day Celebration” means to them personally.

6. Announcements – Presented to the Board by the Superintendent

7. Public Comment – Four (4) Eden Prairie High School Students Commenting on LGBTQ and Inclusion in the Curriculum at Eden Prairie High School

8. Board Work

A. Policy Monitoring

1. Ends Policies: 1.1, 1.2, 1.3: Evidence for 2016-2017

a. Ends 1.1 Evidence – Each student graduates and is academically prepared to progress to multiple opportunities after high school.

MOTION by R. Jacobus, Seconded by H. Link to accept the assertion that the district did make/demonstrate expected progress toward the achievement of Ends 1.1 – Passed

1. Ends 1.1.1 Evidence – Each student is reading at grade level by the end of third grade.

MOTION by R. Jacobus, Seconded by A. Seidel to accept the assertion that the district did not make/demonstrate the expected progress toward the achievement of Ends 1.1.1 – Passed

2. Ends 1.1.2 Evidence – Each student achieves individual growth expectations and proficiency annually in, but not limited to, Language Arts, Math and Science.

MOTION by R. Jacobus, Seconded by A. Seidel to accept the assertion that the district did not make/demonstrate the expected progress toward the achievement of Ends 1.1.2 – Passed

3. Ends 1.1.3 Evidence – Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements.

MOTION by H. Link, Seconded by A. Seidel to accept the assertion that the district did make/demonstrate the expected progress toward the achievement of Ends 1.1.3 – Passed

- b. Ends 1.2 Evidence – Each student has the 21st century skills needed to succeed in the global economy.

MOTION by H. Link, Seconded by R. Jacobus to accept the assertion that the district did demonstrate the expected progress toward the achievement of Ends 1.2 – Passed

- c. Ends 1.3 Evidence – Each student has the knowledge that citizens and residents of the United States need to contribute positively to society.

MOTION by R. Jacobus, Seconded by A. Seidel accept the assertion that the district did demonstrate the expected progress toward the achievement of Ends 1.3 – Passed

2. Executive Limitations (EL)

- a. EL 2.1 – Superintendent Succession Plan (Line two of the Measurement Plan)

Operational Interpretation

MOTION by R. Jacobus, Seconded by A. Seidel to accept the change presented in the OI as reasonable – Passed

- b. EL 2.4 – Treatment of Staff

Operational Interpretation

MOTION by A. Seidel, Seconded by R. Jacobus to accept the OI by exception, as reasonable – Passed.

Evidence

MOTION by A. Seidel, Seconded by H. Link to accept the Evidence presented, by exception, as in demonstrating compliance – Passed.

- c. EL 2.8 – Compensation and Benefits

Operational Interpretation

MOTION by H. Link, Seconded by G. Lehman to accept the OI by exception, as reasonable – Passed

Evidence

MOTION by A. Seidel, Seconded by R. Jacobus to accept the Evidence presented, by exception, as demonstrating compliance – Passed.

3. Governance Process (GP)

- a. GP 4.1 – Governing Style

MOTION by H. Link, Seconded by G. Lehman to accept GP 4.1 as in compliance – Passed

- b. GP 4.2 – School Board Job Products

MOTION by R. Jacobus, Seconded by H. Link to accept GP 4.2 as in compliance with notations – Passed

- c. GP 4.3 – Annual Work Plan

MOTION by H. Link, Seconded by G. Lehman to accept GP 4.3 as in compliance with notations – Passed

- d. GP 4.9 – Governance Investment

MOTION by R. Jacobus, Seconded by H. Link to accept GP 4.9 as in compliance – Passed

B. Record of Board Self-Evaluation

1. Record of Board Policy Monitoring – Ends & EL's – No updates to report

2. Record of Board Self-Evaluation – Governance Policies (GP's)

MOTION by D. Espe, Seconded by H. Link to approve record of GPs presented – Passed

9. **Superintendent Consent Agenda**

A. Monthly Reports

B. Agreements with Food Service & Transportation (SEIU Local #284)

MOTION by G. Lehman, Seconded by R. Jacobus to approve the Superintendent Consent Agenda as presented – YEAS = (5), NAS = (1) – Passed

10. **Board Education & Required Reporting** – Nothing to present to Board

11. **Superintendent's Incidental Information Report**

A. Enrollment Report

B. EL 2.2 – Treatment of Students (Additional information presented via PowerPoint)

C. Data Request presented to Board

12. **Board Action on Committee Reports & Minutes**

A. Board Development Committee – 9/25/2017 Meeting Agenda

UNOFFICIAL Minutes of the October 23, 2017 School Board Meeting

- Work with Jaclyn, Communication's Directors, on a *Customer Service Training* Workshop for the Board Members (Purpose and intent - to better engage our Community) – timing to be determined.

B. Community Linkage Committee

C. Negotiations Committee

D. Policy Committee – New Policy Introductions Procedure

MOTION by R. Jacobus, Seconded by A. Seidel to approve the implementation of the *New Policy Introductions Procedure* as presented. YEAS = (4) and NAS = (2) - Passed

13. Other Board Updates

A. TIES (Technology & Information Education Services) – No Meetings

B. AMSD (Associated Metropolitan School Districts) – Last meeting and Representative Loon was also recognized for her work; School & Trust Presentation – Comments: Very informative, a fascinating discussion about possible revenue for schools in Minnesota.

C. WMEP (West Metro Education Program) – On target this year for Revenue and Expenses; Completed the Performance Review for the Executive Director; Now looking at improving revenues as we move forward – will keep Board updated.

D. ISD 287 (Intermediate District 287) – Other Board Members who attended “Get on the Bus” Tour, commented that it was excellent, very informative and educational (project based programs, and they were able to see a lot of our own students, etc.) – All Board Members were encouraged to tour (to see an inside view of what they do).

14. Board Work Plan

A. “Proposed” Annual Work Plan Changes

MOTION by H. Link, Seconded by G. Lehman to accept the 2017-18 Work Plan Changes presented – Passed

Eden Prairie School Board

2017-2018 WORK PLAN CHANGES

Proposed: October 23, 2017

Date of Meeting/Workshop	Changes Requested
Monday, October 23, 2017	
Monday, November 13, 2017 – Workshop	<ul style="list-style-type: none">- <u>Remove:</u> Administration: Guidelines Setting Stage for 2018-2019 Budget – Part 2- <u>Add:</u> Student Enrollment
Placeholder – General Board Work	
<ul style="list-style-type: none">• Prep work for January Organizational Meeting• Workshop Regarding: Post-Secondary Options	
Placeholder – Policy Review	
<ul style="list-style-type: none">• Board Reimbursement Policy• Policy Language Review for February 2018• Public Comment• Schedule Future Policy Review• Review “Processes & Procedures”	

B. 2017-2018 Annual Work Plan – Presented to the Board

C. 2017-2018 School Board Calendar of Events & Activities – Presented to Board

15. Adjournment

MOTION by H. Link, Seconded by A. Seidel to adjourn the October 23, 2017, meeting of the Eden Prairie School Board at 7:48 p.m. – Passed

John Kohner, Board Clerk

**INDEPENDENT SCHOOL DISTRICT 272 ~ EDEN PRAIRIE SCHOOLS
UNOFFICIAL MINUTES OF THE NOVEMBER 13, 2017
SPECIAL SCHOOL BOARD MEETING**

A Special meeting of the Independent School District 272 School Board was held on the 13th day of November 13, 2017 in the Administrative Services Center, located at 8100 School Road, Eden Prairie, Minnesota to Canvass results of the General Elections.

1. Convene

A. Call to order

Chair Elaine Larabee called the meeting to order at 6:00 p.m.

B. School Board Roll Call

Board Members Present: Dave Espe, John Kohner, Elaine Larabee, Greg Lehman, Holly Link and Adam Seidel

Not Present: Rane Jacobus

Superintendent: Josh Swanson

2. Pledge of Allegiance

3. Agenda Review and Approval

MOTION by A. Seidel, Seconded by H. Link to approve the agenda for the Monday, November 13, 2017 Special meeting of the School Board of Independent School District 272, Eden Prairie Schools. Passed

4. Board Work

A. Required Board Action

1. **Resolution Canvassing Returns of Votes of School District General and Special Elections**

BE IT RESOLVED by the School Board of Independent School District No. 272 (Eden Prairie Schools) (the "District"), as follows:

It is hereby found, determined and declared that the general and special elections of the voters of the District held on November 7, 2017, were in all respects duly and legally called and held.

MOTION was duly made by John Kohner, Board Clerk, and all Board Members present voted:

Board Members:

1. Dave Espe	Yes X	4. Greg Lehman	Yes X
2. John Kohner	Yes X	5. Holly Link	Yes X
3. Elaine Larabee	Yes X	6. Adam Seidel	Yes X

MOTION Passed.

2. **Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties**

WHEREAS, the board has canvassed the general election for school board members held on November 7, 2017.

NOW THEREFORE, BE IT RESOLVED by the School Board of Independent School District No. 272, State of Minnesota, as follows:

The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No. 272 to the following candidates:

- a. Terri Swartout
- b. Elaine Larabee
- c. Holly Link

who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the

canvass.

MOTION was duly made by John Kohner, Board Clerk, and all Board Members present voted:

Board Members:

1. Dave Espe	Yes X	4. Greg Lehman	Yes X
2. John Kohner	Yes X	5. Holly Link	Yes X
3. Elaine Larabee	Yes X	6. Adam Seidel	Yes X

MOTION passed.

5. Adjournment

MOTION by J. Kohner, Seconded by A. Seidel to adjourn the November 13, 2017, Special meeting of the Eden Prairie School Board at 6:05 p.m. – Passed

John Kohner, Board Clerk

EXTRACT OF MINUTES OF MEETING
OF SCHOOL BOARD
OF INDEPENDENT SCHOOL DISTRICT NO. 272
(EDEN PRAIRIE)
STATE OF MINNESOTA

Pursuant to due call and notice thereof, a _____ meeting of the School Board of Independent School District No. 272 (Eden Prairie), State of Minnesota, was held in said school district on _____, 2017, at ____ o'clock p.m.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION DESIGNATING COMBINED POLLING PLACES FOR THE
2018 SCHOOL DISTRICT ELECTION(S)**

WHEREAS, when no other election is being held in a school district, Minnesota Statutes, Section 205A.11, subdivision 2 requires the School Board to designate by resolution the combined polling places at which voters in those precincts may vote in the School District election(s) for the upcoming 2018 calendar year;

WHEREAS, changes to the combined polling place locations designated in this resolution may be made in the event of an emergency in accordance with Minnesota Statutes, Section 204B.175;

WHEREAS, changes to the combined polling places locations designated in this resolution also may be made before the next election if one or more of the authorized combined polling places becomes unavailable for use; and

NOW, THEREFORE, BE IT RESOLVED, that the School Board of Independent School District No. 272, State of Minnesota, hereby designates the following combined polling places for School District elections that are not conducted on the same date as other state, county or municipal elections in 2018:

COMBINED POLLING PLACE:

Immanuel Lutheran Church
16515 Luther Way
Eden Prairie, Minnesota

Precincts served:

City of Eden Prairie, Precinct 1
City of Eden Prairie, Precinct 2
City of Eden Prairie, Precinct 3
City of Eden Prairie, Precinct 5
City of Eden Prairie, Precinct 6
City of Chanhassen, Precinct 1

COMBINED POLLING PLACE:

St. Andrew Lutheran Church
13600 Technology Drive
Eden Prairie, Minnesota

Precincts served:

City of Eden Prairie, Precinct 4
City of Eden Prairie, Precinct 7
City of Eden Prairie, Precinct 8
City of Eden Prairie, Precinct 11
City of Eden Prairie, Precinct 12
City of Edina, Precinct 10c
City of Edina, Precinct 19c

COMBINED POLLING PLACE:

Prairie Lutheran Church
11000 Blossom Road
Eden Prairie, Minnesota

Precincts served:

City of Eden Prairie, Precinct 13
City of Eden Prairie, Precinct 14
City of Eden Prairie, Precinct 15
City of Eden Prairie, Precinct 16
City of Eden Prairie, Precinct 17

COMBINED POLLING PLACE:

Grace Church
9301 Eden Prairie Road
Eden Prairie, Minnesota

Precincts served:

City of Eden Prairie, Precinct 9
City of Eden Prairie, Precinct 10
City of Eden Prairie, Precinct 18
City of Eden Prairie, Precinct 19A
City of Eden Prairie, Precinct 19B

AND BE IT FURTHER RESOLVED, that the School District Clerk is hereby authorized to designate an emergency replacement that meets the requirements of the Minnesota Election Law for any combined polling place designated in this resolution;

AND BE IT FURTHER RESOLVED, that the School District Clerk is hereby authorized to designate a replacement that meets the requirements of the Minnesota Election Law for any combined polling place designated in this resolution that becomes unavailable for use by the School District; and

AND BE IT FURTHER RESOLVED, that the School District Clerk is directed to send a copy of this resolution and any subsequent combined polling place designations to the Hennepin County Elections Office.

Adopted by the School Board of Independent School District No. 272, Eden Prairie, Minnesota this 27th day of November, 2017.

Elaine Larabee, Chair

John Kohner, Clerk

The motion for the adoption of the foregoing resolution was duly seconded by _____ and upon vote being taken thereon the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

WITNESS MY HAND officially as such Clerk this 27th day of November, 2017.

Clerk of the School Board
Independent School District No. 272
Eden Prairie, Minnesota

Eden Prairie School District 272 Superintendent Monitoring Report

Policy Name: EL 2.9 Communication and Support to the School Board	Monitoring Timeframe: December 2016 to June 2017 July 2017 - November 2017	Policy Monitoring Column FOR BOARD USE ONLY Compliance rating: <ul style="list-style-type: none"> • OI is/is not reasonable • Data does/does not provide adequate evidence of compliance <i>Include specific evidence for rating conclusion and recommendations.</i>
Policy Quadrant: Executive Limitations	Date of School Board Monitoring: June 6, 2017 November 27, 2017	
		Board member name:
<u>Global Constraint:</u> The Superintendent shall not cause or allow the School Board to be uninformed or unsupported in its work.		<i>(enter rating and reasoning when appropriate)</i>
<u>Operational Interpretation:</u> I interpret this policy to mean that I am ultimately responsible for arranging the logistical, informational and organizational systems necessary for the School Board to be an effective governing body with the support of the Superintendent's Cabinet and Office Staff. I believe the Board's subsequent policies 2.9.1 – 2.9.11 succinctly cover all areas of further interpretation of this global ("parent level") policy leaving no other areas of concern to be addressed in this interpretation.		

<p><u>Justification:</u> This was I developed my interpretation based on personal through reflection and a study of operational interpretations of similar organizations that approached it in a similar fashion.</p>	
<p><u>Measurement Plan:</u> The organization will be in compliance with EL 2.9 if the Board finds the organization to be in compliance with policies 2.9.1 – 2.9.11.</p>	
<p><u>Evidence:</u> Evidence of compliance is demonstrated by supporting data presented throughout EL Policies 2.9.1-2.9.11.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence supports the Operational Interpretation</p>	
<p>2.9.1 Further, the Superintendent shall not: Neglect to submit monitoring reports required by the School Board in a timely, accurate, and understandable fashion.</p>	
<p><u>Operational Interpretation:</u> Our governance process dictates that the superintendent periodically report on whether the organization has (1) avoided conditions the Board has indicated as unacceptable, and (2) achieved certain end results. This policy requires that those reports, defined by Policy Governance as internal monitoring reports for Executive Limitation and Ends policies, be submitted with the following qualities:</p> <ol style="list-style-type: none"> 1. Timeliness – Timely information is information that is available when it is needed. I interpret this to mean that the reports will be made available to the Board twelve (12) days prior to the Board meeting at which the report will be monitored. 2. Accuracy – Accurate information provides a reliable and valid representation of reality. I interpret this to mean that all data provided will be fact-based and known to be true to the best of our ability. 3. Understandable – I interpret this to mean that the actual reports must be: <ol style="list-style-type: none"> a. Presented in a standardized format that clearly delineates each element of the report (Operational Interpretation, Justification, Measurement, Data, Statement of Compliance); b. Free of unnecessary material not directly related to demonstrating compliance with the policy interpretation; c. Carefully designed to express vast quantities of data that can be assimilated and absorbed by the reader quickly. 	

14

Justification:
My interpretation of monitoring reports is guided by our understanding of the Policy Governance model as learned during our joint training sessions, [documentation reviewed](#) training tools (e.g. Meaningful Monitoring booklet by J. Moore.), and shared experience since 2013.
My interpretation of timeliness being twelve (12) days prior to monitoring.
My interpretation of accuracy and understandable is guided by our joint understanding of the Policy Governance model.

Measurement Plan:
 Compliance with this policy will be demonstrated by:

1. Compliance is achieved when at least 90% of all reports are submitted no less than twelve (12) days before monitoring.
2. The operational interpretations, justifications and data provided are timely, accurate, and provide credibility to my assertions of compliance.
3. The format and content is not unnecessarily complicated as demonstrated by final board action on the report.

Evidence:

Record of Board Policy Monitoring Ends and Executive Limitations July 2017- November 2017 Monitoring 2016-2017 School Year Data							
Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – demonstrates expected progress?		Date to bring back the district’s plan to demonstrate expected progress in the future	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
ENDS							
Ends 1.1	10/23/17 Evidence			Yes	Yes		Yes
Ends 1.1.1	10/23/17 Evidence			No	No	TBD	

16

Ends 1.1.2	10/23/17 Evidence			No	No	TBD	
Ends 1.1.3	10/23/17 Evidence			Yes	Yes		Yes
Ends 1.2	10/23/17 Evidence			Yes	Yes		Yes
Ends 1.3	10/23/17 Evidence			Yes	Yes		Yes
Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – supports Operational Interpretation or not?		Date to re-monitor if either the OI is Not Reasonable or if Evidence doesn't support OI	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
EXECUTIVE LIMITATIONS							
EL 2.0	12/11/17						
EL 2.1	8/28/17 09/25/17	Yes	Yes With exception to Measurement Plan, Article #2 – bring back with recommended requirements	Yes	Yes	During the Board Mtg. on 10/23/17, Report was brought back with language acceptable by School Board	Yes

17

EL 2.2	8/28/17	Yes	Yes	Yes	Yes Board requested additional information	During the Board Mtg. on 10/23/17, a PP Presentation reflected the additional information requested by the School Board.	Yes	
EL 2.3	09/25/17	Yes	Yes	Yes	Yes		Yes	
EL 2.4	10/23/17	Yes	Yes	Yes	Yes		Yes	
EL 2.5	12/11/17							
EL 2.6	9/25/17	Yes	Yes	Yes	Yes		Yes	
EL 2.7	08/28/17	Yes	Yes	Yes	Yes		Yes	
EL 2.8	10/23/17	Yes	Yes	Yes	Yes		Yes	
EL 2.9	11/27/17 Semi-annual							
<u>Statement of Assertion:</u> Report is Reasonable and Evidence supports the Operational Interpretation								
2.9.2 Further, the Superintendent shall not: Be untimely in reporting any actual or anticipated noncompliance with any policy of the School Board.								
<u>Operational Interpretation:</u> I interpret this policy to mean that it is my responsibility to inform the Board if the organization swings significantly out of compliance or is likely to go out of compliance with any Executive Limitation or Ends policy independent of the timing for internal monitoring report. In other words, I will not wait until a monitoring report is due to inform the Board of a compliance issue but will alert the Board as soon as is prudent and possible. I interpret “any policy” to include Executive Limitation and Ends policies.								

<p><u>Justification:</u> I submit this as a reasonable interpretation on the merit of its common sense approach. In a crisis, I must first “secure the situation” and then communicate. Therefore, alerting the Board at my first possible convenience is a logical approach.</p>	
<p><u>Measurement Plan:</u></p> <ol style="list-style-type: none"> 1. Compliance will be measured using three (3) benchmarks: <ol style="list-style-type: none"> a. Administration’s timely notification to the Board of any unanticipated non-compliance with any Board policy prior to the scheduled date of monitoring report review. b. Administration’s adherence to the Monitoring Schedule per the Board Work Plan. c. The Board’s request for additional monitoring. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. There were no instances of unanticipated non-compliance with any Board policy prior to the scheduled date of monitoring report review. 2. See evidence presented for EL 2.9.1. 3. See evidence presented for EL 2.9.1. 	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence supports the Operational Interpretation</p>	
<p>2.9.3 Further, the Superintendent shall not: Neglect to submit unbiased information required by the School Board or let the School Board be unaware of relevant trends.</p>	
<p><u>Operational Interpretation:</u> I interpret “unbiased information required by the School Board” to be data that:</p> <ol style="list-style-type: none"> 1. Seeks to provide facts, multiple perspectives, and the positive and/or negative consequences of any proposed action when the School Board requests such information for their deliberations (e.g. considering a new EL or Ends policy; 2. Neither promotes nor suppresses the true nature or logical outcomes that may result from the review of said data <p>“Relevant trends” are interpreted as information that provides the School Board with key insights into emerging educational trends that might better inform the Board as they approach their governance responsibilities.</p>	
<p><u>Justification:</u> The reasonableness of this interpretation is based on my past experience supporting School Board process and an awareness of the key issues facing the School Board and organization.</p>	

<p><u>Measurement Plan:</u> Compliance shall be evidenced by:</p> <ol style="list-style-type: none"> 1. The operational interpretations, justifications and data provided are timely, accurate, and provide credibility to my assertions of compliance as evidenced by final board action on the report. 2. The Superintendent shall provide “Incidental Information” reports at the monthly business meetings and assist the Board and Board Development Committee as they develop future focused workshop topics. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. See evidence for 2.9.1. 2. See evidence for 2.9.4. 3. Future Focused Topics Presented <ol style="list-style-type: none"> a. 2017-2018 and 2018-2019 School Calendars b. FY18 Budget Events Timelines c. FY18 Final Budget Assumptions d. 2017-18 Capital Budget e. 2017-18 Work Plan f. Designing Pathways—Superintendent Recommendations to the School Board g. West Metro Fiber Joint Powers Agreement h. Online Learning Plan i. Budget Preparation for 18-19 j. Designing Pathways -Additional Information k. Enrollment Update and Discussion Regarding Resident Engagement Plan 	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	

<p>2.9.4 Further, the Superintendent shall not: Let the School Board be unaware of any significant incidental information it requires, including district press releases, anticipated media coverage, threatened or pending lawsuits, and material internal and external changes.</p>	
<p><u>Operational Interpretation:</u> I interpret this policy to mean that I must inform the School Board of:</p> <ol style="list-style-type: none"> 1. Incidental Information is interpreted as information that is significant to the organization but not information considered by the School Board to be educational or monitoring in nature. I think of it as “nice to know” items. Examples of this might range from the retirement of a staff member to an update on management’s strategic planning process. 2. A threatened or pending lawsuit will be interpreted as a situation where the District has been notified in writing that an individual or group has retained legal representation for purposes of legally challenging the District. 3. Material internal or external changes are interpreted to be situations or decisions that a reasonable person would consider to have a significant impact on the district. Examples might include potential changes in state funding, organizational restructuring or process changes, etc. 4. The Superintendent is responsible for determining whether the change rises to the level of School Board notification. When in doubt, the Superintendent will consult with the School Board Chair to determine whether an issue is worthy of School Board notification and the proper course of notification. 	
<p><u>Justification:</u> The reasonableness of this interpretation is based on my past experience supporting the School Board process.</p>	
<p><u>Measurement Plan:</u> Compliance shall be evidenced by:</p> <ol style="list-style-type: none"> 1. The Superintendent shall provide “Incidental Information” reports at their monthly business meeting. 2. The School Board’s comparison of my notifications of any real or threatened lawsuits against actuals during the period being monitored. 3. The Superintendent adequately informed the Board of material changes during the period being monitored. 	

20

Evidence:

1. Incidental Information Reports
 - a. ~~Update on changes to kindergarten registration and event process~~
 - b. ~~YMCA Update~~
 - c. ~~Out of School Time~~
 - d. ~~Solar Opportunities~~
 - e. 2017 Strategic Core Team Meeting Dates
 - f. Designing Pathways Update
 - g. ~~Update on new hires and promotions~~
 - h. ~~Math Curriculum Adoption~~
 - i. ~~2017-2018 Strategic Plan Priority Results~~
 - j. Enrollment Update
 - k. Unaudited Financials
 - l. October 1 Enrollment Summary with Capture Rate, History, and Projection
 - m. Executive Limitation 2.2 Report
2. The Superintendent notified the Board as needed during the period being monitored.
3. The Superintendent notified the Board as needed during the period being monitored.

Statement of Assertion:

Report is Reasonable and Evidence supports the Operational Interpretation

21

<p>2.9.5 Further, the Superintendent shall not: Fail to advise the School Board if, in the Superintendent's opinion, the School Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of School Board behavior that is detrimental to the working relationship between the School Board and the Superintendent.</p>	
<p><u>Operational Interpretation:</u> The Superintendent, while subordinate to the School Board, is empowered to manage the business of the District (otherwise known as the Means) unless specifically directed to do otherwise via the Executive Limitations policies. This policy directs me to advise the School Board if the School Board attempts to guide or influence any management function not specifically entrusted to the School Board. The Policy Governance model will only be successful if both the School Board and Superintendent adhere to its policies and tenants.</p> <p>There is an inherent risk for the Superintendent in advising the School Board it is out of compliance. The Superintendent should be confident that any alleged violation of this policy can be brought forth without fear of retaliation or retribution from the School Board or one of its members.</p>	
<p><u>Justification:</u> In order for Policy Governance to function effectively, both the Superintendent and School Board must understand their roles and practice good governance.</p>	
<p><u>Measurement Plan:</u> Compliance is measured by instances when the Superintendent is compelled to notify the School Board Chair and Vice Chair that one or more School Board members allegedly violated this policy. The Chair and Vice Chair will inform the School Board of any unresolved issues.</p>	
<p><u>Evidence:</u> The Superintendent notified the Board Chair and Vice Chair as needed and appropriate during the period being monitored.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	

23

2.9.6 Further, the Superintendent shall not: Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and incidental.	
<u>Operational Interpretation:</u> <ol style="list-style-type: none"> 1. Information that is unnecessarily complex and/or lengthy is characterized by a reporting style that provides more information than is required, or contains irrelevant information that hinders effective Board deliberation and decision-making. 2. Information provided to the School Board using the principals of Policy Governance should conform and be labeled per the three types indicated in this policy. 3. The following defines the three types of information: <ol style="list-style-type: none"> a. Monitoring information. This category includes internal monitoring reports, external monitoring reports (e.g. annual audit), and data and interpretations collected for direct inspections. b. Decision Preparation. This category is composed of information the School Board requests or the Superintendent proactively supplies (see 2.9.3) to support the School Board in its work. c. Incidental Information. This information covers the gamut...from the “nice to know” events that occur in an organization to updates on management processes. Its purpose is to inform the School Board and is not presented for discussion or input. 	
<u>Justification:</u> The interpretations for the types of information were provided during School Board training.	
<u>Measurement Plan:</u> <ol style="list-style-type: none"> 1. Compliance regarding complexity or length of the information format is measured by compliance with EL 2.9.1. 2. The appropriate placement, discussion, and action (if appropriate) of informational items on the board business meeting and workshop agendas each month. 	
<u>Evidence:</u> <ol style="list-style-type: none"> 1. See evidence presented for EL 2.9.1. 2. Evidence of compliance is demonstrated by Board action to approve meeting agendas during the period being monitored. 	
<u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation	

2.9.7 Further, the Superintendent shall not: Provide a mechanism for official School Board, officer, or committee communications that is ineffective.	
<p><u>Operational Interpretation:</u></p> <ol style="list-style-type: none"> 1. An ineffective communication mechanism is interpreted as: <ol style="list-style-type: none"> a. Inefficient in reaching School Board members in a timely manner b. Unproductive in assisting School Board members in carrying out their duties c. Unsuccessful in clearly relaying the desired information and resulting actions for official School Board, officer, or committee communications are those defined as those mechanisms that provide timely, accurate, and understandable information that assists School Board members in carrying out their duties. <p>Therefore, I interpret this policy to mean that I must provide the School Board a system for connecting effectively to the organization and to necessary governing information (e.g. School Board meeting materials, past documents).</p>	
<p><u>Justification:</u></p> <p>The operational interpretation is justified by the School Board’s own selection of BoardBook and MS Outlook as technology solutions and the District website as the repository for official public documents.</p>	
<p><u>Measurement Plan:</u></p> <p>Compliance will be measured by the School Board’s use of BoardBook, MS Outlook, and the District website and feedback regarding their user experience.</p>	
<p><u>Evidence:</u></p> <p>The Board has continued to use BoardBook, MS Outlook, and the District website as its main communication and information solutions.</p>	
<p><u>Statement of Assertion:</u></p> <p>Report is Reasonable and Evidence support the Operational Interpretation</p>	

24

<p>2.9.8 Further, the Superintendent shall not: Communicate with individual School Board members in addressing official School Board business except when responding to officers or committees duly charged by the School Board.</p>	
<p><u>Operational Interpretation:</u> Elected members of the School Board have binding authority only when acting as a School Board legally in session except where specific authority is provided to School Board members or officers individually. Generally, the School Board is not bound by an action or statement on the part of an individual School Board member unless the action is specifically directed or authorized by the School Board.</p>	
<p><u>Justification:</u> Minnesota Law provides for the specific powers and function of elected School Board members. Minnesota Statute §123.33 School Board Powers Minnesota Statute §123.34 School District Officers Minnesota Statute §123.35 General Powers BMD 3.1.2 provides guidance and instruction outlining the authority that an individual School Board member can exert upon the Superintendent.</p>	
<p><u>Measurement Plan:</u> Compliance is measured by the number of instances when the Superintendent is compelled to report to the School Board Chair and Vice Chair, School Board member non-compliance of BMD 3.1.1. The Chair and Vice Chair will inform the School Board of any unresolved issues.</p>	
<p><u>Evidence:</u> The Superintendent notified the Board Chair and Vice Chair as needed and appropriate during the period being monitored.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	

25

26

2.9.9 Further, the Superintendent shall not: Neglect to supply for the School Board’s consent agenda, along with applicable supporting information, all decisions delegated to the Superintendent yet required by law, regulation, or contract to be School Board-approved.	
<u>Operational Interpretation:</u> I interpret this policy to mean that the new School Board agenda template developed through our current governance process transition will include one “consent agenda” area and that I am responsible for bringing any items onto the agenda in this section. Items listed will include reference as to the reason School Board approval is required and any governance policies the item might reference. I interpret “consent agenda” items differently from “Required School Board Decision” items on the agenda template. “Required School Board Decisions” are items requiring School Board approval AND their deliberative involvement.	
<u>Justification:</u> My interpretation of this policy is based on the Policy Governance model.	
<u>Measurement Plan:</u> Compliance with this policy shall be evidenced by the proper identification and placement of the items described in this policy on School Board agendas during the period being monitored.	
<u>Evidence:</u> 1. Evidence of compliance is demonstrated by Board action to approve meeting agendas during the period being monitored.	
<u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation	

27

2.9.10 Further, the Superintendent shall not: Allow the School Board to be unaware of potential consequences to the district posed by pending legislation or regulation.	
<p><u>Operational Interpretation:</u> I interpret this policy to mean that potential consequences of pending or realized legislation can be positive or negative and are the result of actions of the state and/or federal government. Pending legislation are those items that are introduced to the legislature in the form of new bills or modification to existing legislation. Regulations are the interpretation of enacted legislation by government entities charged with the responsibility of operationalizing approved legislation. Legislation and regulations are imposed upon the District as a political entity. The District is a political entity that is responsible to the State of Minnesota and the Federal government, and therefore is required to conform to and implement either direct legislation or the interpretation of legislation by government agencies. Pending legislation and resulting changes to expectations or established practices at the local level need to be communicated to the Board of Education.</p> <p>Therefore, my job related to this policy is to make sure the School Board is made aware of legislative impact to this district. I will normally use my “Incidental Report” to make the School Board aware of such situations unless the legislation causes the organization to go out of compliance. In such cases, the School Board may be informed via an Out of Compliance Email Alert.</p>	
<p><u>Justification:</u> I consider my interpretation to be justified based on a common understanding of public education regulation and legislation.</p>	
<p><u>Measurement Plan:</u> Compliance with this policy is evidenced by the multiple means by which the Board is kept apprised of proposed state and federal legislation or regulation, as well as inquiries from individual board members seeking further understanding or clarification of pending legislation.</p>	
<p><u>Evidence:</u> The Board is copied in on email updates from AMSD and MSBA on a regular basis. The Superintendent also forwards additional information from MASA and AASA as needed and appropriate.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	

2.9.11 Further, the Superintendent shall not: Send letters or surveys under the School Board’s name or on behalf of the School Board without School Board approval.	
<p><u>Operational Interpretation:</u> It is not uncommon for information to be disseminated or gathered on behalf of the District as a whole or “on behalf of” the School Board. Due to the separation of duties as evidenced by School Board Policy, it is inherent upon Administration to clearly identify the source of the request and to whom the information will be divulged when sharing, communicating, or collecting data.</p> <ol style="list-style-type: none"> 1. Neither Superintendent nor any school employee may represent the “School Board” in any letter sent to stakeholders without the express approval of the School Board via official School Board approval. 2. The Superintendent and designees shall clearly declare the origin and potential use of any survey seeking input from owners, and under no circumstance represent the request for information on behalf of the School Board without School Board approval. 	
<p><u>Justification:</u> Policy Governance theory and policy clearly indicates the roles of the School Board and Superintendent which is the driving rationale for this interpretation.</p>	
<p><u>Measurement Plan:</u> Compliance with this policy will be evidenced by:</p> <ol style="list-style-type: none"> 1. The existence of any formal requests by the Superintendent for School Board signoff of letters, etc. during the monitoring period. 2. Surveys undertaken by the Administration do not attribute the Board as requestors or recipients of the collected data. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. There were no requests by the Superintendent to have the Board signoff on any letters. 2. There were no surveys undertaken that were attributed to the Board as requestors. 	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	
<p>School Board member’s summarizing comments:</p>	

28

Proposed Performance Plan Goals 2017-2018

The following objective and subjective goals and tasks will be assessed by the board in November 2018 per the contract. The goals address the areas of student achievement, strategic leadership, and fiscal health of the district. The board will evaluate the achievement or completion of the goals and tasks during the superintendent's annual review.

1. Student Achievement Goal: 25% of the Plan

- a) The 2018 3rd Grade Reading, as measured by the triangulated metric used within Ends 1.1.1, will increase from 75% to 78% with our MCA score increasing above 72%.
- b) The 2018 graduation rate, excluding students who require 18-21 transition programming or ELL services, will increase through a reduction in the percentage continuing credit recovery or unknown from 4.4% to 3% as measured by End 1.1.

2. Strategic Task: 25% of the Plan

Complete implementation of superintendent transition plan resulting in an updated set of strategies to guide our work from 2018-2023, which will be measured by evidence and communication of the completed plan.

3. Strategic Task: 25% of the Plan

Goal: Develop a strategic online learning plan that will result in MDE approval as an online supplemental provider and map an initial set of supplemental courses, as measured by evidence of a written plan and MDE approval.

4. Fiscal Health: 25% of the Plan

Goal: Implement recommendations of our kindergarten resident engagement plan and initial strategies to engage resident families with intermediate, middle, and high school students, while designing a research-based EC-12 resident engagement plan. This will be measured by evidence of task completion and presentation of the comprehensive strategies.



November 30, 2017

Dr. Kimberly Matier
WMEP Executive Director
4825 Olson Memorial Highway, Suite 100
Golden Valley, MN 55422

Subject: Letter of Intent to Withdraw from the Western Metro Education Program

Dear Dr. Matier and Members of the WMEP Joint Powers Board:

Please be advised that this letter will stand as Eden Prairie Schools' official notification of its intent to withdraw from the Western Metro Education Program effective July 1, 2018.

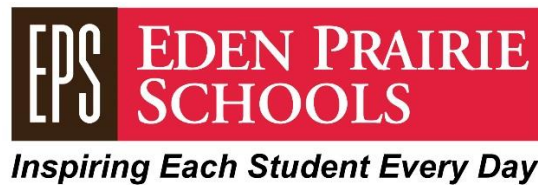
Eden Prairie Schools has benefited from its membership in WMEP and continues to believe in its mission. However, there are portions of the WMEP organizational structure and its service and financial model that are not in alignment with our District's needs, thus creating the need for our district to proceed cautiously. It is our understanding that this Letter of Intent to Withdraw can be retracted before July 1, 2018, if the District believes the conditions have changed enough to warrant such an action.

This Letter of Intent to Withdraw should not be misconstrued as a shifting of emphasis away from the ongoing equity work in our district. Regardless of any group affiliation, Eden Prairie Schools remains committed to meeting the needs of our students as demonstrated through our Strategic Plan: Strategy Two states *"We will refocus our efforts both internally and externally to remove barriers and increase opportunities for each student in order to eliminate achievement disparities and to accomplish the strategic objectives."*

Thank you for understanding our need to do what we believe is best for Eden Prairie Schools and its students. We look forward to continued communication and information as details regarding the WMEP's organizational structure and financial plan continue to evolve.

Sincerely yours,

Elaine Larabee, Chair
Eden Prairie School Board



Eden Prairie School Board Public Comment Opportunity

"Proposed"

Thank you for taking the time to attend the School Board meeting. While your comments will be heard this evening, please be advised that the Board will not respond to your topic this meeting. If your comment requires follow-up, the Board Chair or Administration will get back to you as appropriate.

Guidelines:

- A card must be completed and turned in prior to the start of the Board Meeting if you wish to make public comment
- Please be advised that you will only be allowed 3 minutes to speak. ~~Large groups or those representing an organization will be allowed up to 10 minutes.~~
- Complaints and/or personal attacks against individual Board members or employees and violation of MN Data Privacy Act are not allowed.
- The chair can, at any time, determine whether the speaker is outside these guidelines and redirect the speaker.
- Any board member can call for point of order to express concern over direction of comments. Chair then reiterates guidelines to ensure compliance.
- Chair may end comment for anyone not following the guidelines. If the speaker persists after being asked to stop, the chair could ask them to leave, recess the meeting and/or call security.

Please complete the card below and leave card in the basket for collection by the Board at the start of the meeting.

Thank you!

Adopted: August 14, 2012

MSBA/MASA Model Policy 412

Orig. 1995

Revised: _____

Rev. 2008

412 EXPENSE REIMBURSEMENT

I. PURPOSE

The purpose of this policy is to identify school district business expenses that involve initial payment by an employee and qualify for reimbursement from the school district, and to specify the manner by which the employee seeks reimbursement.

II. AUTHORIZATION

All school district business expenses to be reimbursed must be approved by the supervising administrator. Such expenses to be reimbursed may include transportation, meals, lodging, registration fees, required materials, parking fees, tips, and other reasonable and necessary school district business-related expenses.

III. REIMBURSEMENT

- A. Requests for reimbursement must be itemized on the official school district form and are to be submitted to the designated administrator. Receipts for lodging, commercial transportation, registration, and other reasonable and necessary expenses must be attached to the reimbursement form.
- B. Automobile travel shall be reimbursed at the mileage rate set by the school board. Commercial transportation shall reflect economy fares and shall be reimbursed only for the actual cost of the trip.

IV. AIRLINE TRAVEL CREDIT

- A. Employees utilizing school district funds to pay for airline travel are required to ensure that any credits or other benefits issued by any airline accrue to the benefit of the school district rather than the employee.
 - 1. To the extent an airline will not honor a transfer or assignment of credit or benefit from the employee to the school district, the employee shall report receipt of the credit or benefit to the designated administrator within 90 days of receipt of the credit or benefit.
 - 2. Reports of the receipt of an airline credit or benefit shall be made in writing and shall include verification from the airline as to the credit or benefit received. Reimbursement for airline travel expenses will not be made until such documentation is provided.
- B. Employees who have existing credits or benefits issued by an airline based upon previously reimbursed airline travel for school district purposes will be required to utilize those credits or benefits toward any subsequent airline travel related to school district purposes, prior to reimbursement for such travel, to the extent permitted and/or feasible.
- C. The requirements of this section apply to all airline travel, regardless of where or how the tickets are purchased.

V. ESTABLISHMENT OF DIRECTIVES AND GUIDELINES

The superintendent shall develop a schedule of reimbursement rates for school district business expenses, including those expenses requiring advance approval and specific rates of reimbursement. The superintendent shall also develop directives and guidelines to address methods and times for submission of requests for reimbursement.

Legal References:

Minn. Stat. § 15.435 (Airline Travel Credit)
Minn. Stat. § 471.665 (Mileage Allowances)
Minn. Op. Atty. Gen. 1035 (Aug. 23, 1999) (Retreat Expenses)
Minn. Op. Atty. Gen. 161b-12 (Aug. 4, 1997) (Transportation Expenses)
Minn. Op. Atty. Gen. 161B-12 (Jan. 24, 1989) (Operating Expenses of Car)

Cross References:

MSBA/MASA Model Policy 214 (Out-of-State Travel by School Board Members)

**Record of Board Policy Monitoring
Ends and Executive Limitations
July 2017-June 2018**

Monitoring 2016-2017 School Year Data

The purpose of this document is to demonstrate to the owners that the board holds the superintendent accountable to our Ends and ELs.

Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – demonstrates expected progress?		Date to bring back the district’s plan to demonstrate expected progress in the future	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
ENDS							
1.1 Each student graduates and is academically prepared to progress to multiple opportunities after high school	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			Yes	Yes		Yes
1.1.1. Each student is reading at grade level by the end of third grade	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			No	No	TBD	
1.1.2 Each student achieves individual growth expectations and proficiency annually in, but not limited to, Language Arts, Math and Science	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			No	No	TBD	
1.1.3 Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			Yes	Yes		Yes

Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – demonstrates expected progress?		Date to bring back the district’s plan to demonstrate expected progress in the future	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
ENDS (Continued)							
1.2 Each student has the 21 st century skills needed to succeed in the global economy	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			Yes	Yes		Yes
1.3 Each student has the knowledge that citizens and residents of the United States need to contribute positively to society	06/26/17 OI	Yes	Yes				Yes
	10/23/17 Evidence			Yes	Yes		Yes

Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – supports Operational Interpretation or not?		Date to re-monitor if either the OI is Not Reasonable or if Evidence doesn’t support OI	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
EXECUTIVE LIMITATIONS							
EL 2.0 Global Executive Constraint	12/11/2017						
EL 2.1 Emergency Superintendent Succession	08/28/17	Yes	Yes	Yes	Yes	During the Board Mtg. on 10/23/17, Report was brought back with language acceptable by School Board	Yes
	9/25/17	Yes	With exception to Measurement Plan, Article #2 – bring back with recommended requirements	Yes	Yes		
EL 2.2 Treatment of Students	08/28/17	Yes	Yes	Yes	Yes (Board requested additional information)	During the Board Mtg. on 10/23/17, a PP Presentation reflected the additional information requested by the School Board.	Yes
EL 2.3 Treatment of Parents	09/25/2017	Yes	Yes	Yes	Yes		Yes
EL 2.4 Treatment of Staff	10/23/2017	Yes	Yes	Yes	Yes		Yes
EL 2.5 Financial Planning and Budgeting	12/11/17						
EL 2.6 Financial Management and Operations	09/25/17	Yes	Yes	Yes	Yes		Yes
EL 2.7 Asset Protection	08/28/17	Yes	Yes	Yes	Yes		Yes

Policy	Date	Operational Interpretation – Reasonable or not?		Evidence – supports Operational Interpretation or not?		Date to re-monitor if either the OI is Not Reasonable or if Evidence doesn’t support OI	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
EXECUTIVE LIMITATIONS							
EL 2.8 Compensation and Benefits	10/23/17	Yes	Yes	Yes	Yes		Yes
EL 2.9 Communication and Support to the School Board	11/27/17 (Semi-annual)						

**Record of Board Self-Evaluation
Governance Policies
(July 2017 – June 2018)**

Monitoring 2016-2017 School Year Data

**The purpose of this document is to demonstrate to the owners that the Board is accountable to our
Board Management Delegation and Governance Process policies.**

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant? Y/N	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
--------	-------------------------	-------------------------------------	--	------------------------------	-----------

BOARD-MANAGEMENT DELEGATION (BMD) POLICIES

3.0 Single Point of Connection	09/25/2017	Yes			Yes
3.1 Unity of Control	09/25/2017	Yes			Yes
3.1.1	09/25/2017	Yes			Yes
3.1.2	09/25/2017	Yes			Yes
3.1.3	09/25/2017	Yes			Yes
3.2 Delegation to the Superintendent	09/25/2017	Yes			Yes
3.2.1	09/25/2017	Yes			Yes
3.2.2	09/25/2017	Yes			Yes
3.2.3	09/25/2017	Yes			Yes
3.2.4	09/25/2017	Yes			Yes
3.3 Superintendent Accountability and Performance	09/25/2017	Yes			Yes
3.3.1	09/25/2017	Yes			Yes
3.3.2	09/25/2017	Yes			Yes
3.3.3	09/25/2017	Yes			Yes
3.3.4	09/25/2017	Yes			Yes
3.3.5	09/25/2017	Yes			Yes

GOVERNANCE PROCESS (GP) POLICIES

4.0 Global Governance Commitment	12/11/2017				
---	------------	--	--	--	--

**Record of Board Self-Evaluation
Governance Policies
(July 2017 – June 2018)**

Monitoring 2016-2017 School Year Data

**The purpose of this document is to demonstrate to the owners that the Board is accountable to our
Board Management Delegation and Governance Process policies.**

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant? Y/N	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.0.1	12/11/2017				
4.0.2	12/11/2017				
4.1 Governing Style	10/23/2017	Yes			Yes
4.1.1	10/23/2017	Yes			Yes
4.1.2	10/23/2017	Yes			Yes
4.1.3	10/23/2017	Yes			Yes
4.1.4	10/23/2017	Yes			Yes
4.1.5	10/23/2017	Yes			Yes
4.1.6	10/23/2017	Yes			Yes
4.2 School Board Job Products	10/23/2017	Yes			Yes
4.2.1	10/23/2017	Yes	To conduct a more robust Community Linkage		Yes
4.2.2	10/23/2017	Yes			Yes
4.2.2 - A	10/23/2017	Yes			Yes
4.2.2 - B	10/23/2017	Yes			Yes
4.2.2 - C	10/23/2017	Yes			Yes
4.2.2 - D	10/23/2017	Yes			Yes
4.2.3	10/23/2017	Yes			Yes
4.3 Annual Work Plan	10/23/2017	Yes	To conduct a more robust Community Linkage		Yes
4.3.1	10/23/2017	Yes			Yes
4.3.2	10/23/2017	Yes			Yes
4.3.3	10/23/2017	Yes			Yes
4.4 Officer Roles	09/25/2017	Yes			Yes
4.4.1	09/25/2017	Yes			Yes

**Record of Board Self-Evaluation
Governance Policies
(July 2017 – June 2018)**

Monitoring 2016-2017 School Year Data

**The purpose of this document is to demonstrate to the owners that the Board is accountable to our
Board Management Delegation and Governance Process policies.**

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant? Y/N	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.4.1.1	09/25/2017	Yes			Yes
4.4.1.2	09/25/2017	Yes			Yes
4.4.1.3	09/25/2017	Yes			Yes
4.4.1.4	09/25/2017	Yes			Yes
4.4.1.5	09/25/2017	Yes			Yes
4.4.1.6	09/25/2017	Yes			Yes
4.4.1.7	09/25/2017	Yes			Yes
4.4.1.8	09/25/2017	Yes			Yes
4.4.1.9	09/25/2017	Yes			Yes
4.4.2	09/25/2017	Yes			Yes
4.4.3	09/25/2017	Yes			Yes
4.4.4	09/25/2017	Yes			Yes
4.5 School Board Members' Code of Conduct					
	09/25/2017	Yes			Yes
4.5.1	09/25/2017	Yes			Yes
4.5.2	09/25/2017	Yes			Yes
4.5.2.1	09/25/2017	Yes			Yes
4.5.2.2	09/25/2017	Yes			Yes
4.5.2.3	09/25/2017	Yes			Yes
4.5.3	09/25/2017	Yes			Yes
4.5.3.1	09/25/2017	Yes			Yes
4.5.3.2	09/25/2017	Yes			Yes
4.5.4	09/25/2017	Yes			Yes

**Record of Board Self-Evaluation
Governance Policies
(July 2017 – June 2018)**

Monitoring 2016-2017 School Year Data

**The purpose of this document is to demonstrate to the owners that the Board is accountable to our
Board Management Delegation and Governance Process policies.**

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant? Y/N	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.5.5	09/25/2017	Yes			Yes
4.5.6	09/25/2017	Yes			Yes
4.5.7	09/25/2017	Yes			Yes
4.5.7.1	09/25/2017	Yes			Yes
4.5.7.2	09/25/2017	Yes			Yes
4.5.7.3	09/25/2017	Yes			Yes
4.5.7.4	09/25/2017	Yes			Yes
4.5.7.5	09/25/2017	Yes			Yes
4.5.7.6	09/25/2017	Yes			Yes
4.5.7.7	09/25/2017	Yes			Yes
4.6 Process for Addressing School Board Member Violations					
	09/25/2017	Yes			Yes
4.6.1	09/25/2017	Yes			Yes
4.6.2	09/25/2017	Yes			Yes
4.6.3	09/25/2017	Yes			Yes
4.6.4	09/25/2017	Yes			Yes
4.6.4.1	09/25/2017	Yes			Yes
4.6.4.2	09/25/2017	Yes			Yes
4.7 School Board Committee Principles					
	09/25/2017	Yes			Yes
4.7.1	09/25/2017	Yes			Yes
4.7.2	09/25/2017	Yes			Yes

**Record of Board Self-Evaluation
Governance Policies
(July 2017 – June 2018)**

Monitoring 2016-2017 School Year Data

**The purpose of this document is to demonstrate to the owners that the Board is accountable to our
Board Management Delegation and Governance Process policies.**

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant? Y/N	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.7.3	09/25/2017	Yes			Yes
4.7.4	09/25/2017	Yes			Yes
4.8 School Board Committee Structure	09/25/2017	Yes			Yes
4.8.1	09/25/2017	Yes			Yes
4.8.2	09/25/2017	Yes			Yes
4.8.3	09/25/2017	Yes			Yes
4.8.4	09/25/2017	Yes			Yes
4.9 Governance Investment	10/23/2017	Yes			Yes
4.9.1	10/23/2017	Yes			Yes
4.9.1.1	10/23/2017	Yes			Yes
4.9.1.2	10/23/2017	Yes			Yes
4.9.1.3	10/23/2017	Yes			Yes
4.9.2	10/23/2017	Yes			Yes
4.9.3	10/23/2017	Yes			Yes
4.10 Operation of the School Board Governing Rules	09/25/2017	Yes			Yes
4.10.1	09/25/2017	Yes			Yes
4.10.1.1	09/25/2017	Yes			Yes
4.10.1.2	09/25/2017	Yes			Yes
4.10.1.3	09/25/2017	Yes			Yes

Monthly Reports – Resolution of Acceptance of Donations

BE IT RESOLVED by the School Board of Independent School District No. 272 that the School Board accepts with appreciation the following contributions and permits their use as designated by the donors:

Oak Point Elementary:

- Donation of \$25.00 – Mr. Byron Crews in honor of Cece Grinstead to support school programs.

Prairie View Elementary:

- Donation of \$397.50 – Prairie View PTO (Rachel Nave) – Welcome Back Staff Luncheon
- Donation of 72.00 and 180.00 – Justin Fletcher - YourCause Corporate Giving Payroll Match Campaign and Corporate Giving Program
- Donation of \$500.00 – Benevity Community Impact Fund – Funds will be used to support the curriculum

Forest Hills Elementary:

- Donation of \$3.66 – The Kula Foundation – Funds used to support the curriculum and classroom needs
- Donation of a GE Additive Education Program which includes two 3-D printers – Mohammad Ehteshami, VP and General Manager, GE Additive
- Donation of \$6,000.00 – PTO Grant for school resources

High School:

- Donation of a Gift Card for \$35.00 – Cub Foods, Eden Prairie – Card used for food at a special Staff Meeting
- Donation of 70 yogurt parfaits for a special staff meeting – McDonalds, Eden Prairie

SUPERINTENDENT CONSENT AGENDA

9A. (2) HUMAN RESOURCES REPORT

1. Human Resources – Eden Prairie Supervisors and Specialists (EPSS)

a. New Hires

Nelson, Christopher – Staff Accountant, Administrative Services Center, 8 hours/day, 5 days/week, 240 days/year, effective 12/4/2017.

Wemple, Charlotte – Staff Accountant, Administrative Services Center, 8 hours/day, 5 days/week, 240 days/year, effective 11/8/2017.

b. Resignation/Retirements

Duehr, Russell – Information Systems Specialist, Administrative Services Center, effective 12/1/2017.

Perkins, Robert – Maintenance Operations Coordinator, Central Middle School, Transportation, Community Education, effective 11/30/2017.

2. Human Resources – Administrative, Supervisory, Technical (AST)

a. New Hires

Bormann, Brock – Community Education Supervisor (Eagle Zone), Community Education, 8 hours/day, 5 days/week, 240 days/year, effective 1/3/2008,

3. Human Resources - Licensed Staff

a. New Hires

Boxum, Peggy – Early Childhood Special Education, 1.0 FTE, Early Childhood Special Education, effective 11/1/2017 through 12/21/2017.

Hofstad, Carole – Music – Vocal, 1.0 FTE, Oak Point Elementary, effective 11/16/2017 through 2/2/2018.

4. Human Resources - Classified Staff

a. New Hires

BUILDING SERVICES

Johnson, Mitchell – Custodian (Night, Non-Licensed), Eden Prairie High School, 8 hours/day, 5 days/week, 260 days/year, effective 11/10/2017.

FOOD SERVICE

Muminovic, Azra – Food Service Assistant I, Central Middle School, 4 hours/day, 5 days/week, 177 days/year, effective 11/8/2017.

MSEA

Cotter, Nancy – Lunchroom/Playground Paraprofessional, Eden Lake Elementary, 2 hours/day, 5 days/week, 33 days/year, effective 11/6/2017 through 1/5/2018.

Damon, Kelly – Security Monitor, Eden Prairie High School, 8 hours/day, 5 days/week, 178 days/year, effective 11/6/2017.

Likely, Caleb – Special Education Paraprofessional, Eden Prairie High School, 6.5 hours/day, 5 days/week, 178 days/year, effective 11/6/2017.

Martens, Jennifer – Crossing Guard, Oak Point Elementary, 1 hour/day, 5 days/week, 178 days/year, effective 10/30/2017.

Merrick, Leah – Special Education Paraprofessional, Eden Prairie High School, 6.25 hours/day, 5 days/week, 178 days/year, effective 11/13/2017.

Sheehan, Amy – Special Education Bus Paraprofessional, Transportation, 6.5 hours/day, 5 days/week, 178 days/year, effective 10/31/2017.

Valdez Ponce de Leon, Karina – Early Childhood Paraprofessional, Education Center, 4.05 hours/day, 158 days/year, effective 11/27/2017.

b. Resignations/Retirements

CLASS

Ahmed, Mohamed – Somali Cultural Liaison, Community Education, effective 10/31/2017.

Turner, Holly – Office Professional – Student Activities, Eden Prairie High School, effective 10/31/2017.

FOOD SERVICE

Host, Holly – Food Service Assistant I – Floater, Eden Prairie High School, effective 11/21/2017.

MSEA

Hanscom, Laurie – Special Education Paraprofessional, Eden Prairie High School, effective 11/9/2017.

Jones, Monica – Special Education Paraprofessional, Eden Prairie High School, effective 11/3/2017.

Muldowney, Karin – Special Education Paraprofessional, Community Education, effective 10/18/2017.

Terry, Matthew – Security Monitor, Eden Prairie High School, effective 11/29/2017.

TRANSPORTATION

Ashkir, Zakaria – Bus Driver, Transportation, effective 11/3/2017.

DeCosse, Donald – Bus Driver, Transportation, effective 1/12/2018.

Dragonite, Patrick – Bus Driver, Transportation, effective 11/10/2017.

Board Business

General Consent Agenda

Approval of Payments, All Funds, October 2017

Check #394451-394805	\$2,079,638.27
Electronic Disbursements	\$5,180,208.84
TOTAL	\$7,259,847.11

Acknowledgment of Electronic Transfers September 2017

INVEST DATE	FROM	TO	INTEREST RATE	MATURITY DATE	PRINCIPAL
09/28/17	PMA Financial	MNTrust	1.366%	10/12/17	\$150.17
10/02/17	PMA Financial	MNTrust	1.090%	11/02/17	\$7,406.03
12/12/17	PMA Financial	MNTrust	1.100%	11/14/17	\$745.90

REVENUES/TRANSFERS IN (BY SOURCE CODE)						
SOURCE	DESCRIPTION	MONTH TO DATE RECEIVED	YEAR TO DATE RECEIVED	CURRENT FULL YEAR PROJECTION	THIS YEAR % RECEIVED	LAST YEAR % RECEIVED
001-020	TAXES	\$ 7,627,733	\$ 7,872,830	\$ 23,829,769	33.04%	30.90%
021-040	TUITION	-	39,710	66,000	60.17%	10.57%
041-089	FEES & ADMISSIONS	73,581	518,106	903,000	57.38%	60.01%
090-199	MISC REVENUE	169,056	458,931	2,090,000	21.96%	14.23%
200-399	STATE AID	4,329,644	15,171,269	78,163,118	19.41%	20.93%
400-499	FEDERAL PROGRAMS	-	-	2,837,580	0.00%	0.00%
600-649	SALES	7,025	47,143	56,100	84.03%	51.86%
		\$ 12,207,039	\$ 24,107,989	\$ 107,945,567	22.33%	22.88%
	CAPITAL OUTLAY	22,262	251,666	10,121,162	2.49%	5.67%
	STUDENT ACTIVITIES	196,424	648,925	2,000,000	32.45%	32.42%
Revenue Notes:						

School Board Meeting - November 27, 2017
47
PAGE 1 OF 1



November 27, 2017

To: Dr. Josh Swanson, Superintendent
From: Business Office
Re: Seek Bids for Pavement Repair/Replacement District Wide.

The authorization to seek bids is required by state law and begins the process to make deferred maintenance upgrades which are part of the Long Term Facility Maintenance Program. This project will be to repair/replace asphalt pavement district wide. The majority of the work will be parking lot repair/replacement.

Each year we evaluate pavement condition and recommend repair or replacement. Some of the pavements throughout the district have cracked and deteriorated to a condition where they need to be fixed either through complete reclaiming of the asphalt or crack seal and chip coating. Approval to seek bids will allow timely development of project specifications, plans, and drawings to solicit bids from contractors.

Funding for this project will come from the Long Term Facility Maintenance Revenue. Costs for this project are approximately \$600,000.



November 27, 2017

To: Dr. Josh Swanson, Superintendent
From: Business Office
Re: Seek Bids for Cedar Ridge (CR) Roof Replacement Phase III

The authorization to seek bids is required by state law and begins the process to make deferred maintenance upgrades which are part of the Long Term Facility Maintenance Revenue. This project is to replace the built-up roofs and repair flashing at Cedar Ridge Elementary School as phase III of the building roof replacement during summer 2018.

The roofs at CR are 26 years old and have come to an end of the service life of this roof system. We have had many leaks and repairs are becoming frequent. Approval to seek bids will allow timely development of project specifications, plans, and drawings to solicit bids from contractors.

Funding for this project will come from the Long Term Facility Maintenance Revenue. Costs for this project are approximately \$700,000.



November 27, 2017

To: Dr. Josh Swanson, Superintendent
From: Business Office
Re: Seek Bids for CMS Window Replacement

The authorization to seek bids is required by state law and begins the process to make deferred maintenance upgrades which are part of the Long Term Facility Maintenance Revenue. This project will be to replace single pane windows and siding at Central Middle School during summer 2018.

Some of the windows are original 1959 single pane windows. In addition, we have found the caulking and building siding to be highly deteriorated. Due to aging and the high cost of maintenance we will be replacing windows in at CMS. The windows will be replaced with newer energy efficient double pane windows. Approval to seek bids will allow timely development of project specifications, plans, and drawings to solicit bids from contractors.

Funding for this project will come from the Long Term Facility Maintenance Revenue and is on the deferred maintenance list for summer 2018. Costs for this project are approximately \$300,000.



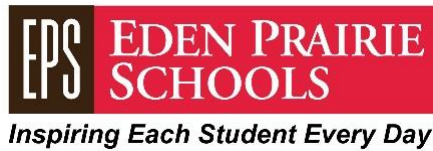
November 27, 2017

To: Dr. Josh Swanson, Superintendent
From: Business Office
Re: Seek Bids for Transportation Roof Replacement/Repair

The authorization to seek bids is required by state law and begins the process to make deferred maintenance upgrades which are part of the Long Term Facility Maintenance Revenue. This project is to replace/repair the built-up roofs and sheet metal roofs at the Transportation building summer 2018.

The roofs at Transportation are 20 years old and have come to an end of the service life of this roof system. We have had many leaks and repairs are becoming frequent. Approval to seek bids will allow timely development of project specifications, plans, and drawings to solicit bids from contractors.

Funding for this project will come from the Long Term Facility Maintenance Revenue. Costs for this project are approximately \$1,800,000.



November 27, 2017

To: Dr. Josh Swanson, Superintendent
From: Business Office
Re: Accept Bid for Fresh Produce Supplier

The Child Nutrition Department conducted a Request for Bid process for the district's ongoing purchase of fresh produce throughout the year. Fresh produce represents an annual spend greater than \$100,000, therefore an advertised, sealed bid process was utilized.

The opportunity was advertised on October 5th, 2017 and bids were due on October 24th, 2017.

Vendors were to submit a pricing program/formula that would determine district pricing based on the variable wholesale produce prices. A 'core list' sample (based on 2016-17 purchases) was provided for the comparison. Participating vendors applied their proposed pricing model to the usage sample using the wholesale market pricing for the week of October 8th-15th, 2017 – this provided a comparable sample of annual estimated cost.

Based on this analysis, the recommendation is to award the contract to the lowest bidder, Bergin Fruit and Nut, at a bid of \$1.95 per case above wholesale (\$1.25 per partial case above wholesale). This proposal reflected the lowest total projected annual cost based on the district's historical usage patterns.

This contract is for two-years, with additional district-controlled options for years three and four, and requires a performance bond throughout the term of the agreement. Bergin Fruit and Nut has met all operational requirements stated in the bid and has been confirmed as 'active' via Sam.gov.

Funding for this project will come from the Food Service Fund

Adopted: **November 27, 2017**

MSBA/MASA Model Policy 620

Orig. 1998

Revised: _____

Rev. 2017

620 CREDIT FOR LEARNING

I. PURPOSE

The purpose of this policy is to recognize student achievement which occurs in Post-Secondary Enrollment Options and other advanced enrichment programs. The purpose of this policy also is to recognize student achievement which occurs in other schools, in alternative learning sites, and in out-of-school experiences such as community organizations, work-based learning, and other educational activities and opportunities. The purpose of this policy also is to address the transfer of student credit from out-of-state, private, or home schools and online learning programs and to address how the school district will recognize student achievement obtained outside of the school district.

II. GENERAL STATEMENT OF POLICY

The policy of the school district is to provide a process for awarding students credit toward graduation requirements for credits and grades students complete in other schools, post-secondary or higher education institutions, other learning environments, and online courses and programs.

III. DEFINITIONS

- A. “Accredited school” means a school that is accredited by an accrediting agency, recognized according to Minn. Stat. § 123B.445 or recognized by the Commissioner of the Minnesota Department of Education (MDE).
- B. “Blended learning” is a form of digital learning that occurs when a student learns part time in a supervised physical setting and part time through digital delivery of instruction, or a student learns in a supervised physical setting where technology is used as a primary method to deliver instruction.
- C. “Commissioner” means the Commissioner of MDE.
- D. “Digital learning” is learning facilitated by technology that offers students an element of control over the time, place, path, or pace of their learning and includes blended and online learning.
- E. “Eligible institution” means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the North Central Association of Colleges and Schools, or a private, residential, two-year or four-

year, liberal arts, degree-granting college or university located in Minnesota.

- F. “Nonpublic school” is a private school or home school in which a child is provided instruction in compliance with the Minnesota compulsory attendance laws.
- G. “Online learning” is a form of digital learning delivered by an approved online learning provider.
- H. “Online learning provider” is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students and is approved by MDE to provide online learning courses.

IV. TRANSFER OF CREDIT FROM OTHER SCHOOLS

A. Transfer of Academic Requirements from Other Minnesota Public Secondary Schools

- 1. The school district will accept and transfer secondary credits and grades awarded to a student from another Minnesota public secondary school upon presentation of a certified transcript from the transferring public secondary school evidencing the course taken and the grade and credit awarded.

B. Transfer of Academic Requirements from Other Schools

- 1. The school district will accept secondary credits and grades awarded to a student for courses successfully completed at a public school outside of Minnesota or an accredited nonpublic school upon presentation of a certified transcript from the transferring public school in another state or nonpublic school evidencing the course taken and the grade and credit awarded.
 - a. When a determination is made that the content of the course aligns directly with school district graduation requirements, the student will be awarded commensurate credits and grades.
 - b. In the event the content of a course taken at an accredited nonpublic school or public school in another state does not fully align with the content of the school district’s high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements.

- d. If no comparable course is offered by the school district for which high school graduation credit would be provided, elective credit will be provided to the student.
2. Students transferring from a non-accredited, nonpublic school shall receive credit from the school district upon presentation of a transcript or other documentation evidencing the course taken and grade and credit awarded.
 - a. Students will be required to provide copies of course descriptions, syllabi, or work samples for determination of appropriate credit. In addition, students also may be asked to provide interviews/conferences with the student and/or student's parent and/or former administrator or teacher; review of a record of the student's entire curriculum at the nonpublic school; and review of the student's complete record of academic achievement.
 - b. Where the school district determines that a course completed by a student at a non-accredited, nonpublic school is commensurate with school district graduation requirements, credit shall be awarded, but the grade shall be "P" (pass).
 - c. In the event the content of a course taken at a non-accredited, nonpublic school does not fully align with the content of the school district's high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements.
 - d. If no comparable course is offered by the school district for which local high school graduation credit would be provided, no credit will be provided to the student.

V. POST-SECONDARY ENROLLMENT CREDIT

- A. A student who satisfactorily completes a post-secondary enrollment options course or program under Minn. Stat. § 124D.09 that has been approved as meeting the necessary requirements is not required to complete other requirements of the Minnesota Academic Standards content standards corresponding to that specific rigorous course of study.
- B. Secondary credits granted to a student through a post-secondary enrollment options course or program that meets or exceeds a graduation standard or requirement shall be counted toward the graduation and credit requirements of a student completing the Minnesota Academic Standards.

1. Course credit will be considered by the school district only upon presentation of a certified transcript from an eligible institution evidencing the course taken and the grade and credit awarded.
 2. Seven quarter or four semester post-secondary credits shall equal at least one full year of high school credit. Fewer post-secondary credits may be prorated.
 3. When a determination is made that the content of the post-secondary course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
 4. In the event the content of the post-secondary course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
 5. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner, who shall determine the number of credits that shall be granted to a student.
 6. When secondary credit is granted for post-secondary credits taken by a student, the school district will record those credits on the student's transcript as credits earned at a post-secondary institution.
- C. A list of the courses or programs meeting the necessary requirements may be obtained from the school district.

VI. CREDIT FROM ONLINE LEARNING COURSES

- A. Secondary credits granted to a student through an online learning course or program that meets or exceeds a graduation standard or requirement shall be counted toward the graduation and credit requirements of a student completing the Minnesota Academic Standards.
- B. Course credit will be considered only upon official documentation from the online learning provider evidencing the course taken and the grade and credit awarded to the student.
- C. When a student provides documentation from an online learning provider, the course credit and course grade shall be recorded and counted toward graduation credit requirements for all courses or programs that meet or exceed the school

district's graduation requirements in the same manner as credits are awarded for students transferring from another Minnesota public school as set forth in Section IV.A. above.

VII. ADVANCED ACADEMIC CREDIT

- A. The school district will grant academic credit to a student attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency, other than the school district.
- B. Course credit will be considered only upon official documentation from the higher education institution or nonprofit public agency that the student successfully completed the course attended and passed an examination approved by the school district.
- C. When a determination is made that the content of the advanced academic course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
- D. In the event the content of the advanced academic course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
- E. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner and request a determination of the number of credits that shall be granted to a student.

VIII. WEIGHTED GRADES

- A. The school district does not offer weighted grades.

IX. PROCESS FOR AWARDING CREDIT

- A. The building principal will be responsible for carrying out the process to award credits and grades pursuant to this policy. The building principal will notify students in writing of the decision as to how credits and grades will be awarded.
- B. A student or the student's parent or guardian may seek reconsideration of the decision by the building principal as to credits and/or grades awarded upon request of a student or the student's parent or guardian if the request is made in writing to the superintendent within five school days of the date of the building principal's decision. The request should set forth the credit and/or grade

requested and the reason(s) why credit(s)/grade(s) should be provided as requested. Any pertinent documentation in support of the request should be submitted.

- C. The decision of the superintendent as to the award of credits or grades shall be a final decision by the school district and shall not be appealable by the student or student's parent or guardian except as set forth in Section IX.D. below.
- D. If a student disputes the number of credits granted by the school district for a particular post-secondary enrollment course, online learning course, or advanced academic credit course, the student may appeal the school district's decision to the Commissioner. The decision of the Commissioner shall be final.
- E. At any time during the process, the building principal or superintendent may ask for course descriptions, syllabi, or work samples from a course where content of the course is in question for purposes of determining alignment with graduation requirements or the number of credits to be granted. Students will not be provided credit until requested documentation is available for review, if requested.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations for Minnesota's Students)
Minn. Stat. § 120B.021 (Required Academic Standards)
Minn. Stat. § 120B.11 (School District Process)
Minn. Stat. § 120B.14 (Advanced Academic Credit)
Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
Minn. Stat. § 123B.445 (Nonpublic Education Council)
Minn. Stat. § 124D.03, Subd. 9 (Enrollment Options Program)
Minn. Stat. § 124D.09 (Post-Secondary Enrollment Options Act)
Minn. Stat. § 124D.095 (Online Learning Option)
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
Minn. Rules Parts 3501.0800-3501.0815 (Academic Standards for the Arts)
Minn. Rules Parts 3501.0900-3501.0955 (Academic Standards in Science)
Minn. Rules Parts 3501.1000-3501.1190 (Graduation-Required Assessment for Diploma) (repealed Minn. L. 2013, Ch. 116, Art. 2, § 22)
Minn. Rules Parts 3501.1200-3501.1210 (Academic Standards for English Language Development)
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)

MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)
MSBA/MASA Model Policy 624 (Online Learning Options)

Adopted: November 27, 2017

MSBA/MASA Model Policy 903

Orig. 1995

Revised: _____

Rev. 2017

903 VISITORS TO SCHOOL DISTRICT BUILDINGS AND SITES

I. PURPOSE

The purpose of this policy is to inform the school community and the general public of the position of the school board on visitors to school buildings and other school property.

II. GENERAL STATEMENT OF POLICY

- A. The school board encourages interest on the part of parents and community members in school programs and student activities. The school board welcomes visits to school buildings and school property by parents and community members provided the visits are consistent with the health, education and safety of students and employees and are conducted within the procedures and requirements established by the school district.
- B. The school board reaffirms its position on the importance of maintaining a school environment that is safe for students and employees and free of activity that may be disruptive to the student learning process or employee working environment.

III. POST-SECONDARY ENROLLMENT OPTIONS STUDENTS

- A. A student enrolled in a post-secondary enrollment options course may remain at the school site during regular school hours in accordance with established procedures.
- B. A student enrolled in a post-secondary enrollment options course may be provided with reasonable access, during regular school hours, to a computer and other technology resources that the student needs to complete coursework for a post-secondary enrollment course in accordance with established procedures.

IV. RESPONSIBILITY

- A. The school district administration shall present recommended visitor and post-secondary enrollment options student procedures and requirements to the school board for review and approval. The procedures should reflect input from employees, students and advisory groups, and shall be communicated to the school community and the general public. Upon approval by the school board, such procedures and requirements shall be an addendum to this policy.

- B. The superintendent shall be responsible for providing coordination that may be needed throughout the process and providing for periodic school board review and approval of the procedures.

V. VISITOR LIMITATIONS

- A. An individual, post-secondary enrollment options student, or group may be denied permission to visit a school or school property or such permission may be revoked if the visitor(s) does not comply with the school district procedures and regulations or if the visit is not in the best interest of students, employees or the school district.
- B. Visitors, including post-secondary enrollment options students, are authorized to park vehicles on school property at times and in locations specified in the approved visitor procedures and requirements which are an addendum to this policy or as otherwise specifically authorized by school officials. When unauthorized vehicles of visitors are parked on school property, school officials may:
 - 1. move the vehicle or require the driver or other person in charge of the vehicle to move it off school district property; or
 - 2. if unattended, provide for the removal of the vehicle, at the expense of the owner or operator, to the nearest convenient garage or other place of safety off of school property.
- C. An individual, post-secondary enrollment options student, or group who enters school property without complying with the procedures and requirements may be guilty of criminal trespass and thus subject to criminal penalty. Such persons may be detained by the school principal or a person designated by the school principal in a reasonable manner for a reasonable period of time pending the arrival of a police officer.

Legal References: Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
Minn. Stat. § 124D.09 (Post-Secondary Enrollment Options Program)
Minn. Stat. § 128C.08 (Assaulting a Sports Official Prohibited)
Minn. Stat. § 609.605, Subd. 4 (Trespasses on School Property)

Cross References:



Raptor V-Soft Visitor Management Procedures

August 2013

Table of Contents

Visitor Management Procedures	3
• Introduction	
• General Procedures	
• Visitor Categories	4
○ District Employees not assigned to a campus	
○ Substitute teachers	
○ Parents/Guardians of students	
○ Law enforcement/Emergency Responders	
○ Vendors/Contractors/Others	
• Match with the Database	5
○ False positive	
○ Positive match	
• Special Circumstances	6
○ Parents who are Registered Offenders	
○ Customized alerts	7
○ Volunteers	
○ Power or Internet connection failure	

Visitor Management Procedures

Introduction

V-Soft is a web-based software application that has been developed with the purpose of aiding education facilities in tracking their visitors, students and faculty. V-Soft not only provides an effective, efficient method for tracking, but also goes beyond conventional applications by utilizing available public databases to help control site security. Raptor is capable of replacing many paper-based logs. It will allow schools and facilities to produce visitor badges, monitor volunteer hours, and electronically check all visitors against registered sexual offender databases. The overall goal is to better control access to all Eden Prairie School District schools; thus providing enhanced protection for our students and staff.

General Procedures

1. All front office staff, security staff, and other district employees designated by the building administrator will receive training on the Raptor Visitor Management System. This includes visitor check-in procedures to ensure that all persons who are not assigned to the site have a visitor's badge or Eden Prairie School District photo ID card visible. Any person who does not have a site visitor badge with the current date displayed or an Eden Prairie School District ID badge should be immediately escorted to the office.
2. In most schools, signs will be placed at the doors and potential entry points directing visitors to the reception desk to sign in.
3. When the visitor arrives, will be greeted and asked for photo identification.
4. The designated staff member will scan the visitor's identification and issue a badge with the visitor's destination if there is alert indicated on the data base. The staff member will keep the individual's driver's license in plain view, to reduce concerns that anyone might be copying personal information. The identification card will be returned to the visitor when the badge is handed to them. At no time will a visitor's identification card be kept the attendant.
5. For repeat visitors, the attendant will use the quick find feature by typing in the first few letters of the first or last name and click find. The visitor's destination can be entered into the notes field, then click "submit and print" to print a visitor badge.
6. If the visitor does not have acceptable photo identification available, the site administrator or designee will be called to assess the situation. If he or she determines the visitor is known, the visitor's information can be manually entered by the site administrator. However, a visitor can be manually entered **no more than twice** before being denied entry.
7. The visitor will return to the reception desk to check-out when they are leaving the site. The visitor will be instructed to give the badge back to designated office personnel to check them out of the system. Once the visitor has been signed out of the system, the badge should be torn thoroughly so it cannot be reused. If a visitor forgets to check out and contact is not made by the end of the day, the visitor will be checked out automatically and reminded to check out the next time he/she checks in.

3

Visitor Categories:

Eden Prairie School District employees not assigned to that site

- Eden Prairie School District employees who have a badge visible will still be required to sign in and out, but will not need to wear a temporary badge.
- Eden Prairie School District employees who do not have a badge visible will be required to scan their Minnesota Driver's License or ID Card into the system at their first visit to the school/site and log into Raptor on subsequent visits when their badge is not visible.
- Eden Prairie School District employees will be requested to return to the office to check out through Raptor when their visit is completed.

EP Substitute Teachers

- All Eden Prairie Schools substitute teachers will sign into the system each day. Long term substitutes assigned to a specific site will sign in daily as well unless issued a district ID Badge.

Parent/Guardians of Students at the School/Facility

- All parents/guardians attempting to gain access to the school/facility for the first time will present a valid driver's license from any state, an official state photo identification card from any state and many countries, or military identification card for scanning. Parents/guardians refusing to produce such ID may be asked to remain in the office or leave the school/site as their identity cannot be verified. School principals and site administrators *may* allow limited access based on their personal understanding of the situation and/or knowledge of the person in question.
- School staff members conducting visitor check-in and scan processes will verify scan results and verify the nature of the visit. If the scan is negative and the visit meets school/site criteria, the visitor will be allowed appropriate access after receiving an appropriate visitor's badge.
- The visitor will be requested to return to the office to check out when their visit is completed to be logged out of the system. Each visitor will be asked to surrender the badge. The badge will be thoroughly torn, so that it cannot be reused.

Law Enforcement/Emergency Responders/Government Officials

- Law enforcement and other first responders should bypass the sign-in process if responding to an emergency.
- Law enforcement and other government personnel on official business should be asked to present their identification similar to other visitors, but have the right to withhold personal information as required by state statute. These visitors have an option to show their badge or state-issued identification that can be manually entered, on request.

Vendors/Contractors/Others

- All vendors, contractors and other visitors not assigned to the particular school will be scanned into the system each time they want access to the school.
- School personnel conducting visitor check-in and scan processes will verify scan results and verify the nature of the visit. If the scan is negative and the visit meets school/site criteria, the visitor will be allowed appropriate access.
- **Vendors:** If the scan of the database comes back with a positive match, the vendor will be accompanied by a school administrator or SRO while the delivery is made. The vendor will then be asked to provide contact information for his/her supervisor and asked to leave the site. The accompanying administrator or SRO will then follow up with the supervisor and advise him/her that the particular vendor will not be allowed to make deliveries to that or any other school in this district.
- **Contractors:** If the person is affiliated with Eden Prairie School District as a contractor, contact the site administrator or maintenance operations coordinator (MOC) to speak with the person. If the contractor is only going to be at the school for a short time (less than one hour), follow the procedure listed above for vendors. If the contractor is going to be there for an extended amount of time please have them contact the Facilities and Safety Department at 952-975-7121 to obtain a district badge. It will be the MOC's responsibility to follow up and either stays with the contractor while the work is completed or maintains contact with them throughout the duration of the project.

Match with the Database

The database will show a “match” or “hit” if the visitor has the same name and birth year as that of a registered sex offender. In some cases the match will be the visitor in front of you and at times it may register a false positive.

To determine if this match is a false positive, please do the following:

- Compare the picture from the identification to the picture from the database.
- If the picture is unclear, check the date of birth, middle name, and other identifying information, such as height and eye color.
- The Raptor system will have a screen for you to view and compare the photo of the visitor with the photo of the person on the sex offender registry.
- If the person or identifying characteristics are clearly not the same person, press **NO** on the screen.
- The person will then be issued a badge and general procedures will be followed.

- **Note:** If there is a false positive, the alert will come up the first time the person visits each site. Please make any staff member operation Raptor aware of this false positive result.

5

If it appears that there is a match:

- Compare the ID with the database. If they appear to be the same person, press **YES**. A screen that says, “Are you sure?” will pop up, press **YES** again.
- Remain calm and ask the person to take a seat, as school officials must approve the visit. Do not go into detail or give further explanations.
- The visitor may ask for his/her ID back and want to leave – schools should comply with this request.
- Appropriate parties (the School Resource Officer, Law Enforcement, and district/site administrators) will automatically be notified by e-mail, text message or on their cell phones of the problem and will respond. Stand by for further instructions and assistance from the responding administrator.
- If the individual becomes agitated you fear for your safety, follow your normal emergency procedures for summoning assistance.
- The e-mail notification on the visitor will be sent to the School Resource Officer and listed school administrators.

Special Circumstances

Parents/Legal Guardians Who Are Registered Sex Offenders

In the event an identified parent or legal guardian of a is listed on the database, he/she can still be granted limited access to the site, while being escorted by school district personnel. The site administrator will decide when and where this person can go and who will supervise his/her visit.

- Site administrators or school resource officers will privately notify the parent or guardian that they appear to be matched with a person on Raptor database.
- If the individual indicates that there is a mistake, please encourage them to contact the state listing their name to rectify the matter. Site administrators may choose to give the parent a print out of the alert, if desired.
- The site administrator or school resources officer will send a letter (Attachment A) on the guidelines that the parent or guardian must follow when on site. Administrators may add specific guidelines as appropriate.
- The Law Enforcement representative for that site will be contacted to determine status of this individual and if there are any conditions of their probation or parole that impact their access to the site.
- The parent or guardian will not be permitted to mingle with students or walk through the school unescorted.
- Parents or guardians who require a teacher conference shall be encouraged to do so when other children are not in class and separated from the student population.
- Failure to follow these procedures may result in parents or guardians being banned from the site.

Customized Alerts

There may be situations where certain visitors can be flagged as posing a danger to students or staff. One of the features of the Raptor is the ability to program customized alerts, specific to the students and faculty at the site. These alerts seek to help school personnel identify and avoid dangerous situations.

Examples of persons that can be entered into a Private Alert are:

- Non-custodial parents or family members
- Parents or other family members with restraining orders banning contact with a student or staff member
- Parents with very limited visitation of students
- Expelled students
- Students from rival sites
- Persons who have threatened students or faculty members
- Persons who have committed crime on or near a

The site and district administrators will have the ability to add private alerts. If a private alert is added, please ensure the following:

1. File a copy of the court order, restraining order, legal document or communication from law enforcement/administrators which supports the alert.
2. Notify the office staff and all site leaders via email about the nature of the alert.
3. Review the site emergency procedures that address hostile persons on site.

Volunteers

The Raptor system will provide an electronic database of volunteer hours and duties performed by a site.

- Each volunteer will scan their identification into the system on the first visit. On subsequent visits, the volunteer's name will be located through the quick find screen.
- On the first screen, select volunteer.
- Indicate the job and location.
- Print the badge.
- Check out when the volunteer activity is completed.

Power/Internet Connection Failure

In the event that there is no power or internet service, please use paper logs. The logs should be entered into the system once the power or internet service has been restored.



Comprehensive Annual Financial Report

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

8100 School Road
Eden Prairie, MN 55344

Prepared by
Finance Department

Jason Mutzenberger • Executive Director of Business Services

Ron Meyer • Director of Finance

Julane Meyer • Finance Coordinator

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Table of Contents

	Page
SECTION I – INTRODUCTORY SECTION	
Letter of Transmittal	i–v
Organizational Chart	vi
School Board and Administration	vii
Certificate of Excellence in Financial Reporting – Association of School Business Officials	viii
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	ix
SECTION II – FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4–15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17–18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Food Service Fund	26
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Service Fund	27
Internal Service Funds	
Statement of Net Position	28
Statement of Revenue, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
Fiduciary Funds	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to Basic Financial Statements	33–65

INDEPENDENT SCHOOL DISTRICT NO. 272

Table of Contents (continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	66
Schedule of District Contributions	66
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	67
Schedule of District Contributions	67
Pension Benefits Plan	
Schedule of Changes in the District's Net Pension Liability and Related Ratios	68
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	69
Schedule of Investment Returns	70
SUPPLEMENTAL INFORMATION	
General Fund	
Comparative Balance Sheet	71
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	72–74
Food Service Special Revenue Fund	
Comparative Balance Sheet	75
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	76
Community Service Special Revenue Fund	
Comparative Balance Sheet	77
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	78
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	79
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	80
Debt Service Fund	
Balance Sheet by Account	81
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account – Budget and Actual	82–83
Internal Service Funds	
Combining Statement of Net Position	84
Combining Statement of Revenue, Expenses, and Changes in Net Position	85
Combining Statement of Cash Flows	86

INDEPENDENT SCHOOL DISTRICT NO. 272

Table of Contents (continued)

	Page
SECTION III – STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	87–88
Changes in Net Position	89–90
Governmental Activities Tax Revenues by Source and Levy Type	91
Fund Balances of Governmental Funds	92–93
Changes in Fund Balances of Governmental Funds	94–95
General Governmental Tax Revenues by Source and Levy Type	96
Assessed and Actual Value of Taxable Property	97
Property Tax Rates – Direct and Overlapping Governments	98–99
Principal Property Taxpayers	100
Property Tax Levies, Collections, and Receivables	101–102
Ratios of Outstanding Debt by Type	103
Ratio of Net General Obligation Bonded Debt to Market Value and Net General Obligation Bonded Debt per Capita	104
Direct and Overlapping Debt	105
Legal Debt Margin Information	106–107
Demographic and Economic Statistics	108
Principal Employers	109
Employees by Classification	110–111
Operating Statistics	112
School Building Information	113–114
Food Service – School Lunch Program Data	115
Student Enrollment	116

THIS PAGE INTENTIONALLY LEFT BLANK

SECTION I – INTRODUCTORY SECTION

November 15, 2017

To the Citizens of the School District, Board of Education, and Employees of the School District

PREFACE

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 272, Eden Prairie Public Schools (the District) is submitted for the fiscal year ended June 30, 2017. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

Independent School District No. 272, also known as Eden Prairie Schools, is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

These financial statements incorporate the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This standard, issued in June 1999, creates a reporting model of financial information and disclosure, which is comprehensive and attempts to closely reflect the reporting model required for private industry. The reader will notice that two government-wide basic financial statements created by this standard, the Statement of Net Position and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into statements which tend to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net position should help the reader in answering that question.

Also required as a part of required supplementary information (RSI) by GASB Statement No. 34 is a management's discussion and analysis (MD&A), which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year.

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Uniform Guidance. Information related to the Single Audit is issued separately and is not included in this report.

DISTRICT GOALS

School District Mission: Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world.

The School Board governs under a Policy Governance model, which provides a clear differentiation between governance and management responsibilities in organizations. Within this governance structure, the School Board has set parameters in the areas of Board Management Delegation, Executive Limitations (EL), and Ends Policies. The School Board has overall control of the organization. Through its policies, the Superintendent is the School Board's link to operational achievement and conduct, so that all authority and accountability of staff, as far as the School Board is concerned, is considered the authority and accountability of the Superintendent. The School Board's EL defines the parameters within which the Superintendent works, outlining the expectations and limitations of the organization.

Executive Limitations

The Superintendent shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, unethical, imprudent, or in violation of commonly accepted business and professional practices.

1. Emergency Superintendent Succession
2. Treatment of Students
3. Treatment of Parents
4. Treatment of Staff
5. Financial Management and Operations
6. Financial Condition and Activities
7. Asset Protection
8. Compensation and Benefits
9. Communication and Support to the School Board

Ends Policies

Eden Prairie public schools exist so that each student obtains an outstanding education that prepares them for their next stage of life in a manner that justifies the resources expended.

1. Each student graduates and is academically prepared to progress to multiple opportunities after high school.
2. Each student has the 21st century skills needed to succeed in the global economy.
3. Each student has the knowledge that citizens and residents of the United States need to contribute positively to society.

DISTRICT FISCAL FRAMEWORK

The District has been functioning under financial constraints over the past several years as a result of:

- Flat to slightly declining enrollment
- Insufficient increases in state funding
- Inflationary pressures on key expenditure areas

The District has been proactively planning for conditions affecting school funding considering:

- State economic and political conditions
- Enrollment projections and trends
- Necessary budget adjustments and expenditure reductions

Strong community partnerships have enhanced the success of the District. The Citizen's Financial Advisory Committee continues to function as a key committee guiding the District's financial planning and long-term outlook on investment decisions. This committee's purpose is to assist the District in financial analysis and long-range financial planning. Specifically, the purposes of the committee are as follows:

- To inform members on school district finances
- Engage in discussion of financial goals
- Empower members as ambassadors
- Advise administration on the financial direction to support the mission of Eden Prairie Schools

LOCAL ECONOMIC CONDITION

Eden Prairie is a relatively stable suburban area southwest of the twin cities of Minneapolis and St. Paul that covers 36 square miles with an estimated population of 63,914. Eden Prairie residents enjoy amenities, including transportation, employment opportunities, housing, educational institutions, and a quality school district.

Learners in the District attend eight district sites. The District operates six kindergarten through sixth grade elementary schools with five boundary schools and a Spanish Immersion School. The Eagle Heights Spanish Immersion School is housed in the same building as the Oak Point Elementary School. Eden Prairie's seventh and eighth graders attend Central Middle School, while Eden Prairie High School is home to students in Grades 9 through 12. The District also has a thriving Education Center which houses the Family Center, Early Childhood Special Education, TASSEL Transition Program, and Community Education programs for learners of all ages. In total, district-owned instruction and administrative buildings account for 1,851,588 square feet of space with an average age of 29 years.

As one of the largest employers in the city with over 1,482 staff members, the District plays a dual role in economic development. The highly skilled staff remains focused on the mission: "Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world." The District's commitment to quality and service is among the reasons it operates its own student transportation system and food service program. Buildings and grounds staff members are responsible for maintaining the facilities to ensure a healthy and safe learning environment. A dedicated auxiliary staff, including a wide variety of positions such as lunchroom/playground supervisors, computer assistants, network managers, special education inclusion assistants, secretarial/clerical staff, and health assistants, collaborate in advancing our goals.

The District has a long reputation for fiscal soundness and efficiency. District expenditures per pupil are consistently among the lowest in Hennepin County, while maintaining high achievement standards in both academic and extracurricular activities. A Citizen's Financial Advisory Committee meets bimonthly to review and provide advice on fiscal and budget processes.

DISTRICT ECONOMIC CONDITION

The referendum that was passed in 2014 includes an inflation escalation clause that gives financial stability to protect the District against inflation. The District has built up a strong unassigned fund balance by increasing revenues with the referendum passage, as well as limiting expenditures by finding efficiencies in normal school operations. The District's board policy requires an 8 percent unassigned fund balance to ensure financial health and viability. Each year, the School Board is presented with a 5-year financial forecast that considers enrollment projections, expense increases, efficiencies, and other financial assumptions. Additionally, the District has a finance committee comprised of school board member(s), community members, and staff that review a range of finance related elements several times per year. This ensures that the District is planning for the current reality as well as the future.

In the spring of 2016, the District started a process called “Designing Pathways,” which is designed to support the strategic plan by moving through a process of academic and facilities planning for the next decade to reach each student. This potentially major initiative could have a financial impact based on final decisions by the School Board. A comprehensive financial analysis is being completed to understand the impact of those decisions on the long-term outlook of the District.

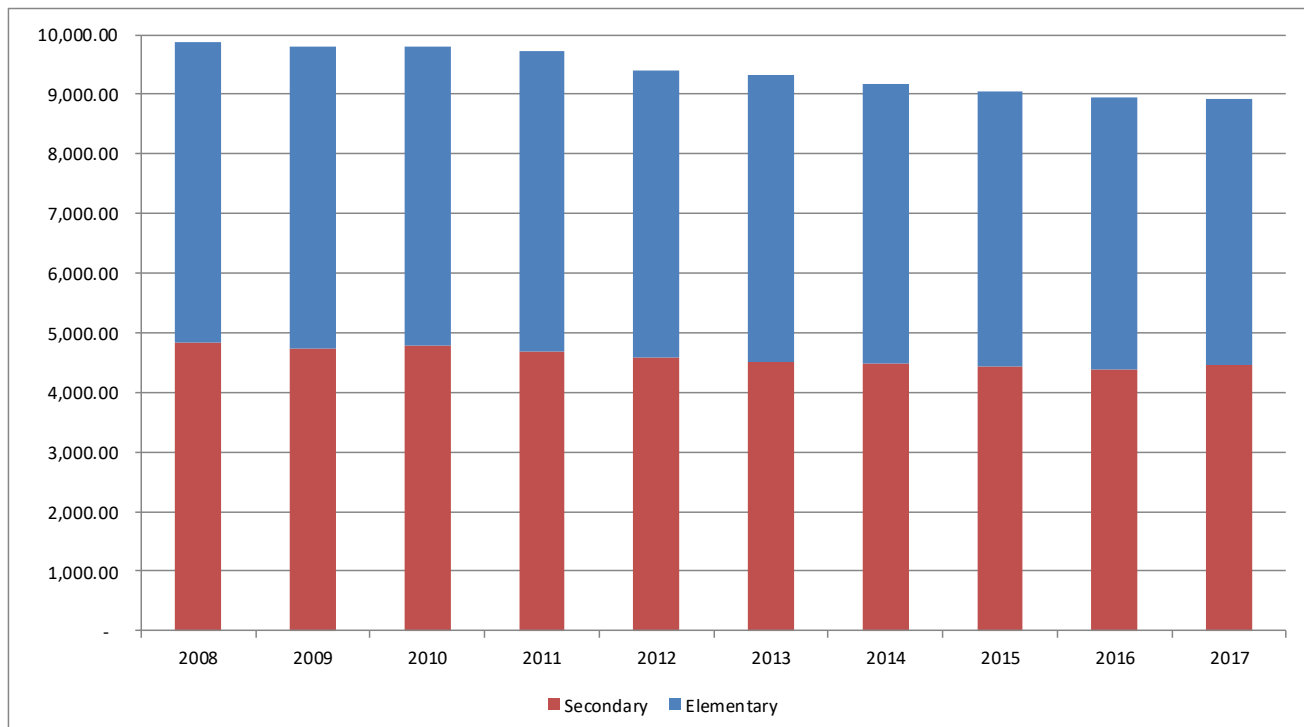
ENROLLMENT

Enrollment is a critical factor in determining funding levels. Approximately 72 percent of the General Fund revenue is enrollment driven. During fiscal year 2017, enrollment declined slightly by just over 18 average daily memberships to 8,931.

Student Enrollment (Average Daily Membership)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Pre-K and HCP-K	84.98	83.90	86.12	85.34	89.25	106.10	104.31	123.38	126.05	112.21
Reg K	656.48	638.42	661.80	663.98	578.66	629.48	560.27	595.08	561.73	560.89
Elementary	4,277.11	4,336.57	4,279.36	4,270.65	4,150.02	4,080.75	4,006.32	3,889.68	3,880.82	3,791.02
Secondary	4,846.91	4,731.13	4,774.44	4,694.38	4,593.11	4,500.90	4,492.37	4,445.20	4,380.66	4,466.76
Total Students for Aid	9,865.48	9,790.02	9,801.72	9,714.35	9,411.04	9,317.23	9,163.27	9,053.34	8,949.26	8,930.88
Percent Change	-0.96%	-0.76%	0.12%	-0.89%	-3.12%	-1.00%	-1.65%	-1.20%	-1.15%	-0.21%

Student Enrollment (Average Daily Membership)



The continued graduation of comparably large student cohorts coupled with smaller incoming kindergarten cohorts in the last three years led to a 2.54 percent decline in enrollment over the past three years. The District projects a 0.87 percent year-over-year decline over the next five years, followed by a leveling off at approximately 8,400 students. The enrollment and demographic changes presented above offer both financial and strategic challenges and opportunities for the District.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

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

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 20,000 accounts have been defined within the District's chart of accounts. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The District's administration receives and reviews monthly financial reports. These reports are also presented to the School Board and are publicly available as part of the School Board's meeting materials.

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally, including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs. The District adopts an annual budget for all governmental funds that is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosovich & Co., P.A. was selected by the District's School Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the ASBO International and the GFOA for their Certificates of Excellence in Financial Reporting Programs. Achieving recognition by these programs provides a clear indication of the District's high standards for financial reporting. The District intends to submit this CAFR to the ASBO International and the GFOA Certificate Programs for consideration. The District has received the ASBO International Certificate of Excellence in Financial Reporting for the CAFR for the last 17 financial years and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past three.

ACKNOWLEDGMENTS

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

Sincerely,



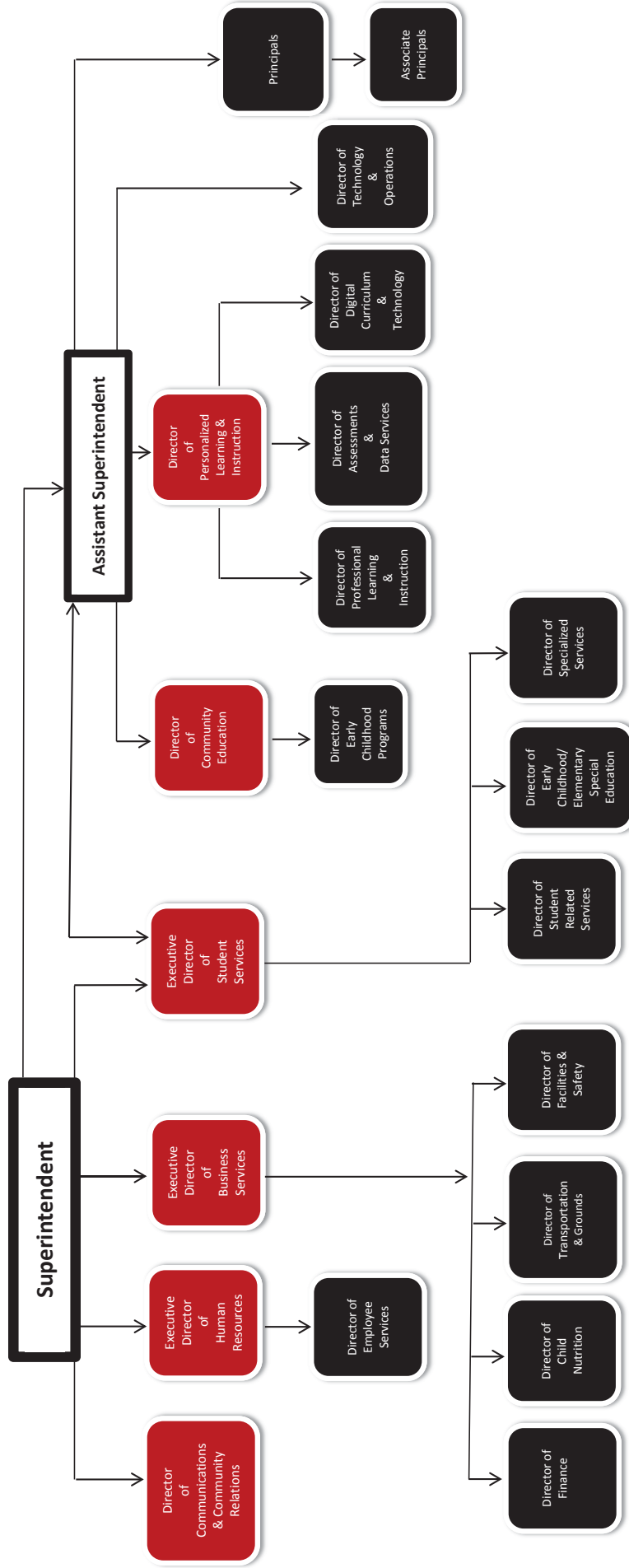
Dr. Josh Swanson
Superintendent



Jason Mutzenberger
Executive Director of Business Services



Ron Meyer
Director of Finance



Red = Superintendent's Cabinet

Updated: June 2016

INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration
Year Ended June 30, 2017

SCHOOL BOARD

	<u>Board Position</u>
Elaine Larabee	Chairperson
David Espe	Vice Chairperson
Holly Link	Treasurer
John Kohner	Clerk
Ranee Jacobus	Director
Greg Lehman	Director
Adam Seidel	Director

ADMINISTRATION

Dr. Curt Tryggestad	Superintendent
Dr. Joshua Swanson	Assistant Superintendent
Jason Mutzenberger	Executive Director of Business Services
Thomas May	Executive Director of Human Resources
Patricia Clair	Executive Director of Student Services
Jaclyn Swords	Director of Communications and Community Relations
Dr. Shawn Hoffman-Bram	Director of Community Education
Randi Anderson	Director of Personalized Learning and Instruction



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Eden Prairie Independent School District #272

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

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



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

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

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Eden Prairie Independent School
District #272, Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK

SECTION II – FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 272
Eden Prairie, 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. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the general and major special revenue funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, during the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 14, 2016. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Management's Discussion and Analysis Year Ended June 30, 2017

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2017 by \$51,768,959 (net position deficit). Government-wide revenues totaled \$140,456,646 for the year and expenses were \$171,973,151. As a result, the District's total net position decreased by \$31,516,505 during the fiscal year ended June 30, 2017, excluding the change in accounting principle reported in the current year as discussed below.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The change reflects new standards established for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures as they relate to certain pensions other post-employment benefit (OPEB) obligations. The implementation of these standards reduced beginning net position in the government-wide financial statements by \$11,316,556.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$2,125,804 from the prior year, compared to a \$1,087,560 increase planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information consisting of individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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, except for the fiduciary funds. 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 financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of 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 all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or major funds, rather than 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. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

Governmental Funds – 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 fund statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – 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 the self-insurance activities of the district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. 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. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

Table 1 Summary Statement of Net Position as of June 30, 2017 and 2016		
	2017	2016
Assets		
Current and other assets	\$ 89,437,377	\$ 90,805,864
Capital assets, net of depreciation	99,258,197	99,194,586
Total assets	<u>\$ 188,695,574</u>	<u>\$ 190,000,450</u>
Deferred outflows of resources		
Pension plan deferments	<u>\$ 170,881,609</u>	<u>\$ 15,349,006</u>
Liabilities		
Current and other liabilities	\$ 15,327,835	\$ 12,227,825
Long-term liabilities, including due within one year	350,791,438	150,706,650
Total liabilities	<u>\$ 366,119,273</u>	<u>\$ 162,934,475</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 39,285,766	\$ 38,728,689
Pension plan deferments	5,369,651	12,622,190
OPEB plan deferments	571,452	—
Total deferred inflows of resources	<u>\$ 45,226,869</u>	<u>\$ 51,350,879</u>
Net position		
Net investment in capital assets	\$ 43,813,793	\$ 46,495,778
Restricted	4,598,772	4,148,442
Unrestricted	(100,181,524)	(59,580,118)
Total net position	<u>\$ (51,768,959)</u>	<u>\$ (8,935,898)</u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances is the long-term liabilities for compensated absences, pensions, and OPEB, which primarily impact the unrestricted portion of net position.

Total net position decreased by \$42,833,061 in 2017, which reflects a decrease of \$31,516,505 from current year operating results, along with a decrease of \$11,316,556 from the change in accounting principles. Much of the decrease from current year operating results is attributable to increases in the District's share of unfunded pension liabilities related to the state-wide Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans.

Table 2 presents a summarized version of the District's Statement of Activities:

Table 2 Summary Statement of Activities for the Years Ended June 30, 2017 and 2016		
	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 8,317,981	\$ 8,161,763
Operating grants and contributions	20,243,863	19,955,518
Capital grants and contributions	744,095	869,776
General revenues		
Property taxes	42,504,491	41,969,607
General grants and aids	65,912,935	61,289,944
Other	2,733,281	2,763,861
Total revenues	<u>140,456,646</u>	<u>135,010,469</u>
Expenses		
Administration	4,736,758	3,827,612
District support services	5,682,115	5,337,689
Elementary and secondary regular instruction	82,848,774	59,627,119
Vocational education instruction	2,875,255	1,929,401
Special education instruction	27,120,384	19,886,753
Instructional support services	9,535,521	7,722,877
Pupil support services	10,719,258	8,897,020
Sites and buildings	14,574,619	13,696,744
Fiscal and other fixed cost programs	312,351	252,593
Food service	5,084,197	4,893,018
Community service	6,168,308	4,492,095
Interest and fiscal charges	2,315,611	2,442,183
Total expenses	<u>171,973,151</u>	<u>133,005,104</u>
Change in net position	(31,516,505)	2,005,365
Net position – beginning, as previously reported	(8,935,898)	(10,941,263)
Change in accounting principle	<u>(11,316,556)</u>	–
Net position – beginning, as restated	<u>(20,252,454)</u>	<u>(10,941,263)</u>
Net position – ending	<u>\$ (51,768,959)</u>	<u>\$ (8,935,898)</u>

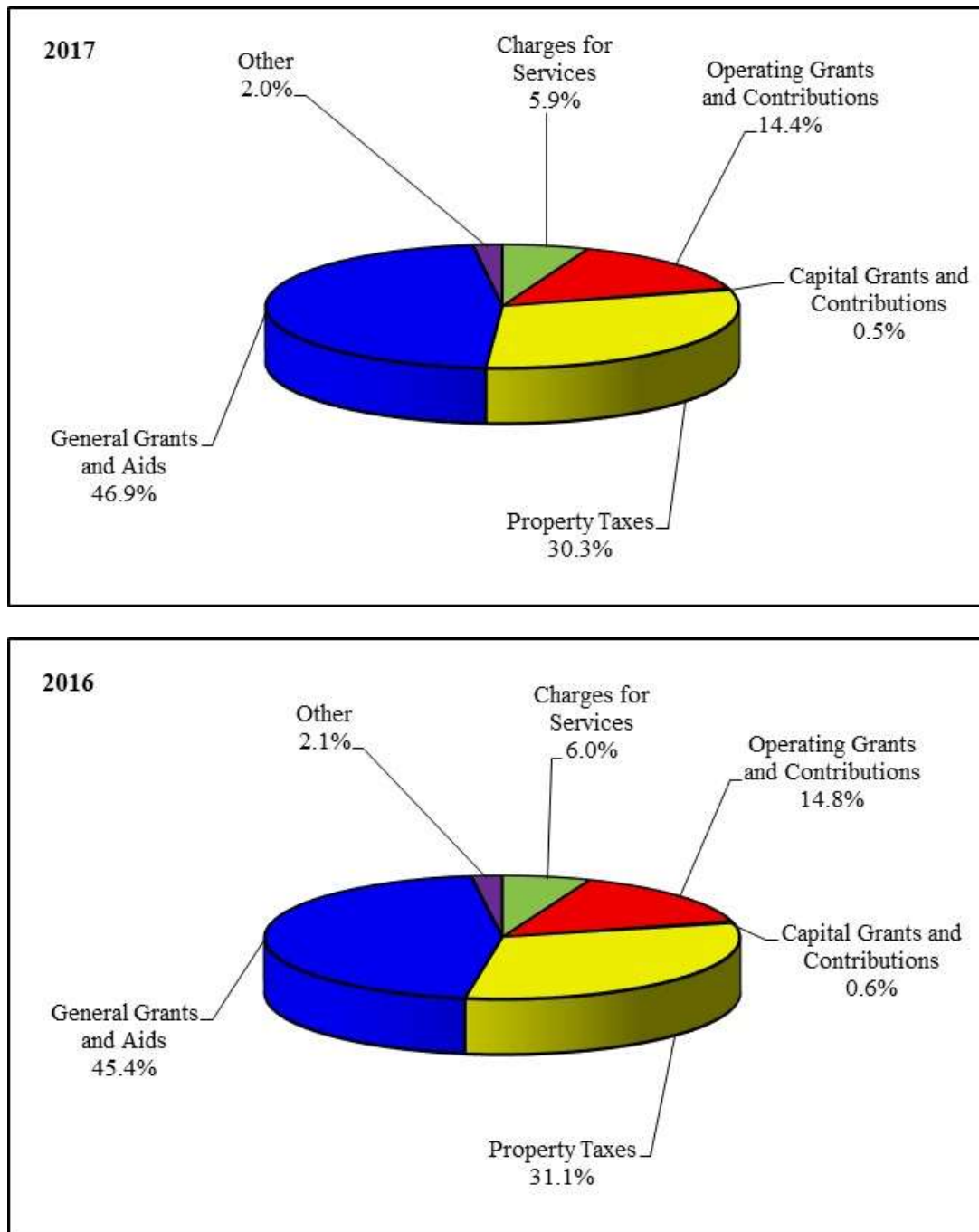
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$5,446,177 (4.0 percent) from the previous year, primarily attributable to improvements in the general education funding formula and an increase in special education aid.

Governmental activity expenses increased \$38,968,047 (29.3 percent) from last year, mainly due to inflationary increases, along with the change in the PERA and the TRA multi-employer defined benefit pension plans mentioned earlier.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2017 and 2016

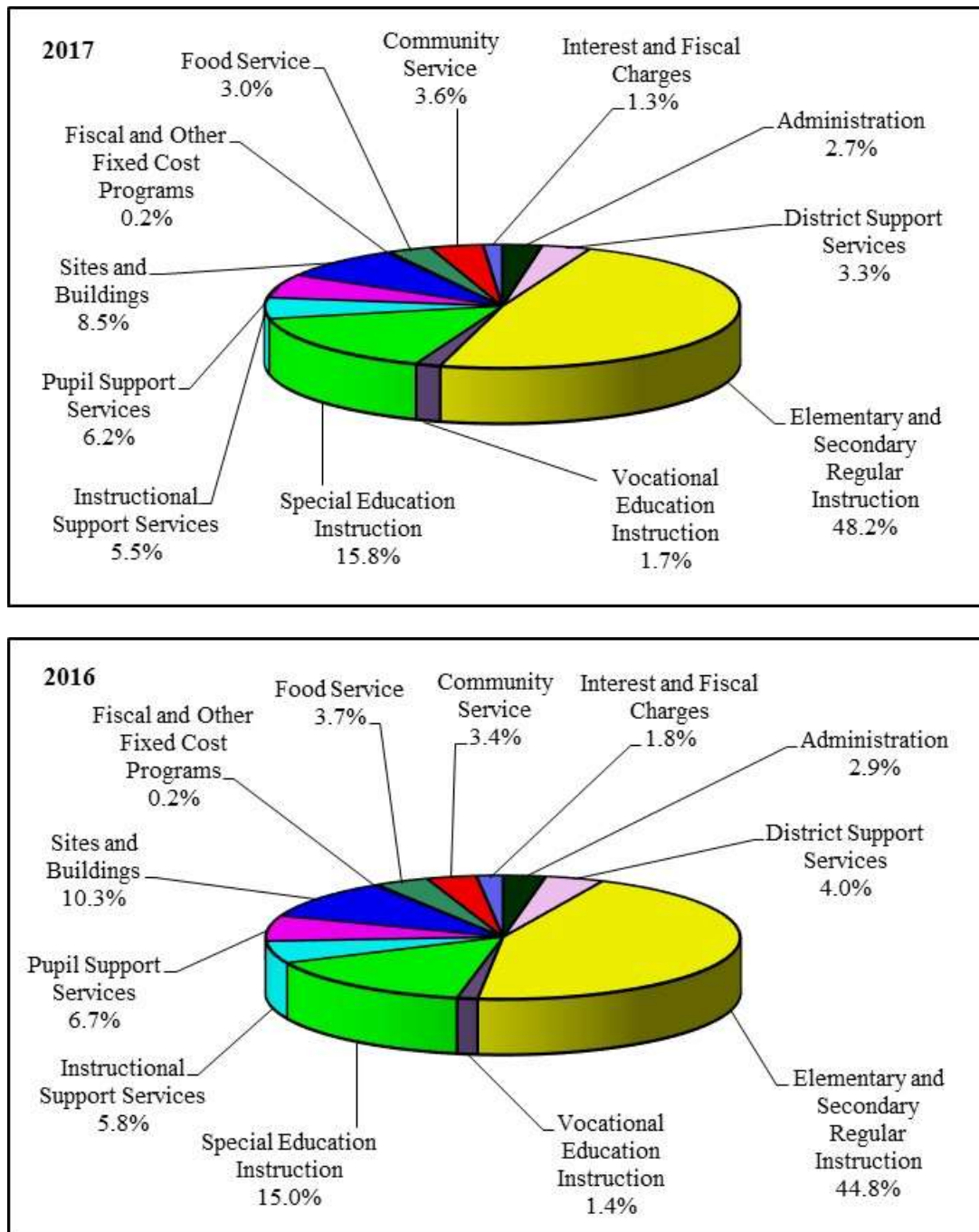


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2017 and 2016



The District's expenses are predominately related to educating students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

Table 3 Governmental Fund Balances as of June 30, 2017 and 2016			
	2017	2016	Increase (Decrease)
Major funds			
General	\$ 19,634,643	\$ 17,508,839	\$ 2,125,804
Food Service	712,332	794,950	(82,618)
Community Service	888,231	1,291,373	(403,142)
Capital Projects – Building			
Construction	9,786,197	5,558,128	4,228,069
Debt Service	1,762,208	1,475,305	286,903
Total governmental funds	<u>\$ 32,783,611</u>	<u>\$ 26,628,595</u>	<u>\$ 6,155,016</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2017, the District's governmental funds reported combined fund balances of \$32,783,611, an increase of \$6,155,016 in comparison with the prior year. Approximately 43.7 percent of this amount (\$14,314,465) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$903,617), 2) restricted for particular purposes (\$15,156,272), or 3) assigned for particular purposes (\$2,409,257).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 120,509,800</u>	<u>\$ 120,822,997</u>	<u>\$ 313,197</u>	<u>0.3%</u>
Expenditures and other financing uses	<u>\$ 119,303,867</u>	<u>\$ 119,735,437</u>	<u>\$ 431,570</u>	<u>0.4%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2017 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 123,526,019	\$ 2,703,022	2.2%	\$ 2,036,486	1.7%
Expenditures and other financing uses	<u>121,400,215</u>	<u>1,664,778</u>	1.4%	<u>2,422,510</u>	2.0%
Net change in fund balances	<u>\$ 2,125,804</u>	<u>\$ 1,038,244</u>		<u>\$ (386,024)</u>	

The fund balance of the General Fund increased \$2,125,804 compared to a planned increase of \$1,087,560 approved in the final budget.

General Fund revenues and other financing sources for 2017 increased \$2,036,486 (1.7 percent) compared to the prior year. This was \$2,703,022 (2.2 percent) more than budget. The largest revenue variance occurred in other financing sources (capital lease issued), which was \$2,620,690 more than projected in the budget.

The increase from the prior year was mainly due to improvements in the general education funding formula and additional special education revenue.

Total General Fund expenditures and other financing uses for 2017 increased \$2,422,510 (2.0 percent) over the prior year. Current year expenditures and other financing uses of \$121,400,215 were \$1,664,778 (1.4 percent) over budget. The expenditure variance was spread across several programs and object categories of the General Fund with the largest variance due to the capital lease previously mentioned not included in the budget.

The increase from the previous year was mainly due to contractual salary and benefit increases.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Food Service Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, reducing total fund balance by \$82,618, mainly due to the planned use of fund balance for rising food and staffing costs as reflected in the budgeted fund balance reduction of \$140,260.

Community Service Fund

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, reducing total fund balance by \$403,142, compared to a budgeted fund balance increase of \$303,118. Most of this variance was the result of salaries and benefits expenditures exceeding budget by \$461,824. This was due in large part to staffing requirements for the expansion of full day preschool.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. At June 30, 2017, the District had a fund balance of \$9,786,197, all of which is restricted for long-term facilities maintenance. Fund balance increased \$4,228,069 during the year due to the issuance of bonds to finance long-term facilities maintenance projects.

Debt Service Fund

The Debt Service Fund revenues and other financing sources exceeded expenditures by \$286,903 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$1,762,208 at June 30, 2017 is restricted for meeting future debt service obligations.

COMMENTS ON OTHER FUNDS

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2017 was a deficit of \$525,923, which represents a \$751,284 decrease from the prior year. This was due to the change to self-funded health insurance in the current year and the benefit claims coming in higher than premium charges.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2017 and 2016:

Table 6			
Capital Assets			
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$ 6,798,693	\$ 6,798,693	\$ —
Construction in progress	1,688,127	1,134,126	554,001
Land improvements	9,052,675	8,497,348	555,327
Buildings and improvements	202,046,063	197,753,283	4,292,780
Equipment	20,915,944	19,771,324	1,144,620
Capital leased equipment	6,443,694	9,257,554	(2,813,860)
Less accumulated depreciation	<u>(147,686,999)</u>	<u>(144,017,742)</u>	<u>(3,669,257)</u>
Total	<u>\$ 99,258,197</u>	<u>\$ 99,194,586</u>	<u>\$ 63,611</u>
Depreciation expense	<u>\$ 8,734,019</u>	<u>\$ 9,480,536</u>	<u>\$ (746,517)</u>

By the end of 2017, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2017, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in Note 3 in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

Table 7 Outstanding Long-Term Liabilities			
	2017	2016	Change
General obligation bonds payable	\$ 66,540,000	\$ 60,970,000	\$ 5,570,000
Unamortized premiums	1,390,803	1,341,892	48,911
Capital improvement loans payable	—	243,044	(243,044)
Capital lease payable	4,489,798	6,047,000	(1,557,202)
Net pension liability	277,022,965	80,481,875	196,541,090
Compensated absences payable	1,347,872	1,622,839	(274,967)
Total	<u>\$ 350,791,438</u>	<u>\$ 150,706,650</u>	<u>\$ 200,084,788</u>

The change in general obligation bonds payable is due to the scheduled principal payments offset by the sale of facilities maintenance bonds in the current year.

The change in capital lease payable is due to the scheduled principal payments offset by a new capital lease issued in the current year.

The difference in the net pension liability reflects the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with the implementation of GASB Statement No. 73 in the current year.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

Table 8 Limitations on Debt	
District's market value	\$ 9,255,347,675
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,388,302,151</u>

Additional details of the District's long-term debt activity can be found in Note 4 in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$121, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2018 and an additional \$124, or 2 percent, per pupil to the formula for fiscal year 2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR 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 Business Services Department, Independent School District No. 272, 8100 School Road, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
as of June 30, 2017
(With Partial Comparative Information as of June 30, 2016)

	Governmental Activities	
	2017	2016
Assets		
Cash and temporary investments	\$ 53,206,788	\$ 46,198,539
Receivables		
Current taxes	21,645,902	21,195,855
Delinquent taxes	325,515	334,254
Accounts and interest	196,795	63,439
Due from other governmental units	9,156,054	7,662,361
Due from post-employment benefit trust	714,186	989,951
Inventory	121,961	149,597
Prepaid items	781,656	512,504
Net pension asset	—	369,344
Net other post-employment benefit asset	3,288,520	13,330,020
Capital assets		
Not depreciated	8,486,820	7,932,819
Depreciated, net of accumulated depreciation	90,771,377	91,261,767
Total capital assets, net of accumulated depreciation	99,258,197	99,194,586
Total assets	188,695,574	190,000,450
Deferred outflows of resources		
Pension plan deferments	170,881,609	15,349,006
Total assets and deferred outflows of resources	\$ 359,577,183	\$ 205,349,456
Liabilities		
Salaries payable	\$ 5,202,631	\$ 4,878,724
Accounts and contracts payable	5,708,222	5,301,808
Accrued interest payable	1,047,947	1,038,224
Due to other governmental units	274,005	253,982
Claims payable	1,178,927	23,164
Unearned revenue	1,916,103	731,923
Long-term liabilities		
Due within one year	8,221,088	8,812,380
Due in more than one year	342,570,350	141,894,270
Total long-term liabilities	350,791,438	150,706,650
Total liabilities	366,119,273	162,934,475
Deferred inflows of resources		
Property taxes levied for subsequent year	39,285,766	38,728,689
Pension plan deferments	5,369,651	12,622,190
OPEB plan deferments	571,452	—
Total deferred inflows of resources	45,226,869	51,350,879
Net position		
Net investment in capital assets	43,813,793	46,495,778
Restricted for		
Capital asset acquisition	743,562	1,207,446
Food service	712,332	794,950
Community service	1,218,863	1,623,149
Debt service	795,792	522,897
Other purposes (state and other funding restrictions)	1,128,223	—
Unrestricted	(100,181,524)	(59,580,118)
Total net position	(51,768,959)	(8,935,898)
Total liabilities, deferred inflows of resources, and net position	\$ 359,577,183	\$ 205,349,456

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Activities
Year Ended June 30, 2017
(With Partial Comparative Information for the Year Ended June 30, 2016)

		2017		
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 4,736,758	\$ —	\$ —	\$ —
District support services	5,682,115	—	—	—
Elementary and secondary regular instruction	82,848,774	1,086,487	4,072,250	—
Vocational education instruction	2,875,255	—	48,722	—
Special education instruction	27,120,384	843,310	12,548,224	—
Instructional support services	9,535,521	—	—	—
Pupil support services	10,719,258	120,717	938,615	—
Sites and buildings	14,574,619	38,813	—	744,095
Fiscal and other fixed cost programs	312,351	—	—	—
Food service	5,084,197	3,282,523	1,628,497	—
Community service	6,168,308	2,946,131	1,007,555	—
Interest and fiscal charges	2,315,611	—	—	—
Total governmental activities	<u>\$ 171,973,151</u>	<u>\$ 8,317,981</u>	<u>\$ 20,243,863</u>	<u>\$ 744,095</u>

General revenue

Taxes

Property taxes, levied for general purposes

Property taxes, levied for community service

Property taxes, levied for debt service

General grants and aids

Other general revenues

Investment earnings

Total general revenues

Change in net position

Net position – beginning, as previously reported

Change in accounting principle

Net position – beginning, as restated

Net position – ending

	2016
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (4,736,758)	\$ (3,827,612)
(5,682,115)	(5,337,689)
(77,690,037)	(52,770,563)
(2,826,533)	(1,881,532)
(13,728,850)	(8,001,659)
(9,535,521)	(7,722,877)
(9,659,926)	(7,763,663)
(13,791,711)	(12,743,775)
(312,351)	(252,593)
(173,177)	(121,705)
(2,214,622)	(1,152,196)
(2,315,611)	(2,442,183)
(142,667,212)	(104,018,047)
33,659,448	33,216,511
1,011,306	1,006,495
7,833,737	7,746,601
65,912,935	61,289,944
2,492,689	2,665,055
240,592	98,806
111,150,707	106,023,412
(31,516,505)	2,005,365
(8,935,898)	(10,941,263)
(11,316,556)	—
(20,252,454)	(10,941,263)
\$ (51,768,959)	\$ (8,935,898)

INDEPENDENT SCHOOL DISTRICT NO. 272

Balance Sheet
Governmental Funds
as of June 30, 2017
(With Partial Comparative Information as of June 30, 2016)

	General Fund	Food Service Fund	Community Service Fund
Assets			
Cash and temporary investments	\$ 32,255,902	\$ 729,227	\$ 1,731,896
Receivables			
Current taxes	17,241,155	—	424,119
Delinquent taxes	235,212	—	8,772
Accounts and interest	144,014	1,344	19,185
Due from other governmental units	9,016,518	45,379	94,147
Due from other funds	714,186	—	—
Inventory	—	121,961	—
Prepaid items	717,276	3,248	61,132
Total assets	<u>\$ 60,324,263</u>	<u>\$ 901,159</u>	<u>\$ 2,339,251</u>
Liabilities			
Salaries payable	\$ 5,115,007	\$ 24,543	\$ 63,081
Accounts and contracts payable	4,297,225	15,953	172,020
Due to other governmental units	267,413	160	6,432
Unearned revenue	338,962	148,171	348,557
Total liabilities	<u>10,018,607</u>	<u>188,827</u>	<u>590,090</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	30,435,801	—	852,158
Unavailable revenue – delinquent taxes	235,212	—	8,772
Total deferred inflows of resources	<u>30,671,013</u>	<u>—</u>	<u>860,930</u>
Fund balances (deficit)			
Nonspendable	717,276	125,209	61,132
Restricted	1,871,785	587,123	1,148,959
Assigned	2,409,257	—	—
Unassigned	14,636,325	—	(321,860)
Total fund balances	<u>19,634,643</u>	<u>712,332</u>	<u>888,231</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,324,263</u>	<u>\$ 901,159</u>	<u>\$ 2,339,251</u>

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2017	2016
\$ 10,984,818	\$ 5,771,528	\$ 51,473,371	\$ 45,950,014
–	3,980,628	21,645,902	21,195,855
–	81,531	325,515	334,254
24,403	7,849	196,795	63,439
–	10	9,156,054	7,662,361
–	–	714,186	989,951
–	–	121,961	149,597
–	–	781,656	512,504
<u>\$ 11,009,221</u>	<u>\$ 9,841,546</u>	<u>\$ 84,415,440</u>	<u>\$ 76,857,975</u>
\$ –	\$ –	\$ 5,202,631	\$ 4,878,724
1,223,024	–	5,708,222	5,301,808
–	–	274,005	253,982
–	–	835,690	731,923
<u>1,223,024</u>	<u>–</u>	<u>12,020,548</u>	<u>11,166,437</u>
–	7,997,807	39,285,766	38,728,689
–	81,531	325,515	334,254
<u>–</u>	<u>8,079,338</u>	<u>39,611,281</u>	<u>39,062,943</u>
–	–	903,617	662,101
9,786,197	1,762,208	15,156,272	10,449,159
–	–	2,409,257	2,727,888
–	–	14,314,465	12,789,447
<u>9,786,197</u>	<u>1,762,208</u>	<u>32,783,611</u>	<u>26,628,595</u>
<u>\$ 11,009,221</u>	<u>\$ 9,841,546</u>	<u>\$ 84,415,440</u>	<u>\$ 76,857,975</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2017
(With Partial Comparative Information as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
Total fund balances – governmental funds	\$ 32,783,611	\$ 26,628,595
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	246,945,196	243,212,328
Accumulated depreciation	(147,686,999)	(144,017,742)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(66,540,000)	(60,970,000)
Unamortized premiums	(1,390,803)	(1,341,892)
Capital improvement loans payable	–	(243,044)
Capital lease payable	(4,489,798)	(6,047,000)
Net pension liability	(277,022,965)	(80,112,531)
Compensated absences payable	(1,347,872)	(1,622,839)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.		
	3,288,520	13,330,020
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	(525,923)	225,361
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,047,947)	(1,038,224)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	170,881,609	15,349,006
Deferred inflows – pension plan deferments	(5,369,651)	(12,622,190)
Deferred inflows – OPEB plan deferments	(571,452)	–
Deferred inflows – delinquent property taxes	325,515	334,254
Total net position – governmental activities	<u>\$ (51,768,959)</u>	<u>\$ (8,935,898)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017
(With Partial Comparative Information for the Year Ended June 30, 2016)

	General Fund	Food Service Fund	Community Service Fund
Revenue			
Local sources			
Property taxes	\$ 33,662,761	\$ —	\$ 1,012,447
Investment earnings	171,298	3,430	9,303
Other	4,595,704	3,282,523	3,313,097
State sources	78,184,860	166,010	646,998
Federal sources	2,901,606	1,464,431	—
Total revenue	<u>119,516,229</u>	<u>4,916,394</u>	<u>4,981,845</u>
Expenditures			
Current			
Administration	3,685,730	—	—
District support services	5,420,285	—	—
Elementary and secondary regular instruction	57,571,373	—	—
Vocational education instruction	2,198,932	—	—
Special education instruction	19,933,386	—	—
Instructional support services	7,470,572	—	—
Pupil support services	9,574,415	—	—
Sites and buildings	10,607,283	—	—
Fiscal and other fixed cost programs	312,351	—	—
Food service	—	4,903,381	—
Community service	—	—	5,547,410
Capital outlay	—	95,631	—
Debt service			
Principal	4,420,936	—	—
Interest and fiscal charges	42,529	—	—
Total expenditures	<u>121,237,792</u>	<u>4,999,012</u>	<u>5,547,410</u>
Excess (deficiency) of revenue over expenditures	(1,721,563)	(82,618)	(565,565)
Other financing sources (uses)			
Debt issued	—	—	—
Premium on debt issued	—	—	—
Capital lease issued	2,620,690	—	—
Sale of capital assets	1,389,100	—	—
Transfers in	—	—	162,423
Transfers (out)	(162,423)	—	—
Total other financing sources (uses)	<u>3,847,367</u>	<u>—</u>	<u>162,423</u>
Net change in fund balances	2,125,804	(82,618)	(403,142)
Fund balances			
Beginning of year	<u>17,508,839</u>	<u>794,950</u>	<u>1,291,373</u>
End of year	<u>\$ 19,634,643</u>	<u>\$ 712,332</u>	<u>\$ 888,231</u>

See notes to basic financial statements

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2017	2016
\$ –	\$ 7,838,022	\$ 42,513,230	\$ 42,043,669
29,294	22,223	235,548	98,544
4,700	–	11,196,024	11,199,258
–	96	78,997,964	77,667,614
–	–	4,366,037	4,075,184
<u>33,994</u>	<u>7,860,341</u>	<u>137,308,803</u>	<u>135,084,269</u>
–	–	3,685,730	3,584,683
–	–	5,420,285	5,494,082
–	–	57,571,373	57,391,706
–	–	2,198,932	1,946,168
–	–	19,933,386	19,999,874
–	–	7,470,572	7,755,337
–	–	9,574,415	9,002,606
–	–	10,607,283	11,225,225
–	–	312,351	252,593
–	–	4,903,381	4,834,354
–	–	5,547,410	4,469,778
6,734,915	–	6,830,546	5,738,416
–	5,370,000	9,790,936	7,424,957
–	2,540,919	2,583,448	2,760,168
<u>6,734,915</u>	<u>7,910,919</u>	<u>146,430,048</u>	<u>141,879,947</u>
(6,700,921)	(50,578)	(9,121,245)	(6,795,678)
10,602,519	337,481	10,940,000	–
326,471	–	326,471	–
–	–	2,620,690	3,321,304
–	–	1,389,100	70,551
–	–	162,423	187,683
–	–	(162,423)	(187,683)
<u>10,928,990</u>	<u>337,481</u>	<u>15,276,261</u>	<u>3,391,855</u>
4,228,069	286,903	6,155,016	(3,403,823)
<u>5,558,128</u>	<u>1,475,305</u>	<u>26,628,595</u>	<u>30,032,418</u>
<u>\$ 9,786,197</u>	<u>\$ 1,762,208</u>	<u>\$ 32,783,611</u>	<u>\$ 26,628,595</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2017
(With Partial Comparative Information for the Year Ended June 30, 2016)

	2017	2016
Total net change in fund balances – governmental funds	\$ 6,155,016	\$ (3,403,823)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	9,606,118	10,232,449
Depreciation expense	(8,734,019)	(9,480,536)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(808,488)	(554,554)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(10,940,000)	–
Capital lease payable	(2,620,690)	(3,321,304)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,370,000	5,345,000
Capital lease payable	4,177,892	1,847,650
Capital improvement loans payable	243,044	232,307
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(9,723)	48,587
Debt issuance premiums are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(48,911)	269,398
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(196,103,961)	(10,835,688)
Net OPEB asset	468,583	(321,662)
Compensated absences payable	274,967	104,821
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	(751,284)	32,870
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	155,532,603	3,413,599
Deferred inflows – pension plan deferments	7,252,539	8,470,313
Deferred inflows – OPEB plan deferments	(571,452)	–
Deferred inflows – delinquent property taxes	(8,739)	(74,062)
Change in net position – governmental activities	<u>\$ (31,516,505)</u>	<u>\$ 2,005,365</u>

See notes to basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 33,980,135	\$ 33,980,135	\$ 33,662,761	\$ (317,374)
Investment earnings	30,000	30,000	171,298	141,298
Other	5,427,235	4,807,920	4,595,704	(212,216)
State sources	76,860,230	77,253,773	78,184,860	931,087
Federal sources	2,945,000	2,901,606	2,901,606	—
Total revenue	119,242,600	118,973,434	119,516,229	542,795
Expenditures				
Current				
Administration	3,694,170	3,714,919	3,685,730	(29,189)
District support services	6,772,736	5,805,885	5,420,285	(385,600)
Elementary and secondary regular instruction	55,003,892	55,056,749	57,571,373	2,514,624
Vocational education instruction	1,782,213	2,045,446	2,198,932	153,486
Special education instruction	20,488,049	20,253,517	19,933,386	(320,131)
Instructional support services	7,082,050	7,519,781	7,470,572	(49,209)
Pupil support services	9,538,944	9,939,881	9,574,415	(365,466)
Sites and buildings	10,638,115	10,877,865	10,607,283	(270,582)
Fiscal and other fixed cost programs	863,520	(115,116)	312,351	427,467
Debt service				
Principal	3,150,761	4,420,992	4,420,936	(56)
Interest and fiscal charges	39,417	42,567	42,529	(38)
Total expenditures	119,053,867	119,562,486	121,237,792	1,675,306
Excess (deficiency) of revenue over expenditures	188,733	(589,052)	(1,721,563)	(1,132,511)
Other financing sources (uses)				
Capital lease issued	—	—	2,620,690	2,620,690
Sale of capital assets	1,267,200	1,849,563	1,389,100	(460,463)
Transfers (out)	(250,000)	(172,951)	(162,423)	10,528
Total other financing sources (uses)	1,017,200	1,676,612	3,847,367	2,170,755
Net change in fund balances	\$ 1,205,933	\$ 1,087,560	2,125,804	\$ 1,038,244
Fund balances				
Beginning of year			17,508,839	
End of year			\$ 19,634,643	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Food Service Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Investment earnings	\$ —	\$ —	\$ 3,430	\$ 3,430
Other – primarily meal sales	3,285,000	3,185,000	3,282,523	97,523
State sources	160,000	160,000	166,010	6,010
Federal sources	1,355,000	1,380,000	1,464,431	84,431
Total revenue	4,800,000	4,725,000	4,916,394	191,394
Expenditures				
Current				
Salaries	2,014,515	1,916,518	1,953,506	36,988
Employee benefits	791,810	751,242	764,553	13,311
Purchased services	133,000	182,500	184,453	1,953
Supplies and materials	1,915,000	1,920,000	1,994,616	74,616
Other expenditures	10,000	5,000	6,253	1,253
Capital outlay	90,000	90,000	95,631	5,631
Total expenditures	4,954,325	4,865,260	4,999,012	133,752
Net change in fund balances	\$ (154,325)	\$ (140,260)	(82,618)	\$ 57,642
Fund balances				
Beginning of year			794,950	
End of year			\$ 712,332	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Community Service Fund
Year Ended June 30, 2017

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	\$ 1,019,666	\$ 1,019,666	\$ 1,012,447	\$ (7,219)
Investment earnings	2,000	2,000	9,303	7,303
Other – primarily tuition and fees	3,210,250	3,500,964	3,313,097	(187,867)
State sources	640,661	638,161	646,998	8,837
Total revenue	4,872,577	5,160,791	4,981,845	(178,946)
Expenditures				
Current				
Salaries	2,855,534	2,960,056	3,221,673	261,617
Employee benefits	779,778	800,085	1,000,292	200,207
Purchased services	884,520	1,068,982	1,104,555	35,573
Supplies and materials	128,000	175,350	212,921	37,571
Other expenditures	2,300	2,200	7,969	5,769
Capital outlay	1,000	1,000	–	(1,000)
Total expenditures	4,651,132	5,007,673	5,547,410	539,737
Excess (deficiency) of revenue over expenditures	221,445	153,118	(565,565)	(718,683)
Other financing sources				
Transfers in	150,000	150,000	162,423	12,423
Net change in fund balances	\$ 371,445	\$ 303,118	(403,142)	\$ (706,260)
Fund balances				
Beginning of year			1,291,373	
End of year			\$ 888,231	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
Internal Service Fund
as of June 30, 2017
(With Partial Comparative Information as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and temporary investments	\$ 1,733,417	\$ 248,525
Liabilities		
Current liabilities		
Unearned revenue	1,080,413	—
Claims payable	<u>1,178,927</u>	<u>23,164</u>
Total current liabilities	<u>2,259,340</u>	<u>23,164</u>
Net position		
Unrestricted	<u>\$ (525,923)</u>	<u>\$ 225,361</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2017
(With Partial Comparative Information for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 12,335,413	\$ 1,204,920
Operating expenses		
Health benefit claims	11,945,983	—
Dental benefit claims	<u>1,145,758</u>	<u>1,172,312</u>
Total operating expenses	<u>13,091,741</u>	<u>1,172,312</u>
Operating income (loss)	(756,328)	32,608
Nonoperating revenue		
Investment earnings	<u>5,044</u>	<u>262</u>
Change in net position	(751,284)	32,870
Net position		
Beginning of year	<u>225,361</u>	<u>192,491</u>
End of year	<u><u>\$ (525,923)</u></u>	<u><u>\$ 225,361</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2017
(With Partial Comparative Information for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 13,415,826	\$ 1,204,920
Payment for health claims	(10,795,638)	—
Payment for dental claims	(1,140,340)	(1,181,808)
Net cash flows from operating activities	<u>1,479,848</u>	<u>23,112</u>
Cash flows from investing activities		
Investment income received	<u>5,044</u>	<u>262</u>
Net change in cash and cash equivalents	1,484,892	23,374
Cash and cash equivalents		
Beginning of year	<u>248,525</u>	<u>225,151</u>
End of year	<u><u>\$ 1,733,417</u></u>	<u><u>\$ 248,525</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (756,328)	\$ 32,608
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Unearned revenue	1,080,413	—
Claims payable	<u>1,155,763</u>	<u>(9,496)</u>
Net cash flows from operating activities	<u><u>\$ 1,479,848</u></u>	<u><u>\$ 23,112</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position
as of June 30, 2017

	Private-Purpose Trust Fund	Employee Benefits Trust Fund	Post-Employment Benefits Trust Fund
Assets			
Cash and temporary investments	\$ 50,442	\$ 941,657	\$ —
Receivables			
Accounts and interest	100	2,344	32,478
Investments, at fair value			
Agency securities	—	—	100,674
Treasury securities	—	—	184,906
Mortgage-backed securities	—	—	50,410
Corporate obligations	—	—	3,362,880
Equities	—	—	4,285,423
Real estate investment trusts	—	—	59,598
Mutual funds	—	—	8,834,221
Total assets	<u>50,542</u>	<u>944,001</u>	<u>16,910,590</u>
Liabilities			
Accounts and contracts payable	—	60,333	—
Due to governmental funds	<u>—</u>	<u>—</u>	<u>714,186</u>
Total liabilities	<u>—</u>	<u>60,333</u>	<u>714,186</u>
Net position			
Held in trust for scholarships	50,542	—	—
Held in trust for employee benefits	—	883,668	—
Held in trust for OPEB	<u>—</u>	<u>—</u>	<u>16,196,404</u>
Total net position	<u>\$ 50,542</u>	<u>\$ 883,668</u>	<u>\$ 16,196,404</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2017

	Private-Purpose Trust Fund	Employee Benefits Trust Fund	Post-Employment Benefits Trust Fund
Additions			
Contributions			
Plan participants	\$ —	\$ 684,233	\$ —
Gifts and donations	11,500	—	—
Investment earnings			
Total investment earnings	298	5,975	1,770,917
Less investment expense	—	—	125,430
Net investment earnings	<u>298</u>	<u>5,975</u>	<u>1,645,487</u>
Total additions	<u>11,798</u>	<u>690,208</u>	<u>1,645,487</u>
Deductions			
Scholarships	8,000	—	—
Employee benefits	—	1,304,385	—
OPEB	<u>—</u>	<u>—</u>	<u>714,186</u>
Total deductions	<u>8,000</u>	<u>1,304,385</u>	<u>714,186</u>
Change in net position	3,798	(614,177)	931,301
Net position			
Beginning of year	<u>46,744</u>	<u>1,497,845</u>	<u>15,265,103</u>
End of year	<u>\$ 50,542</u>	<u>\$ 883,668</u>	<u>\$ 16,196,404</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 7

Notes to Basic Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 272 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, 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. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

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 depended 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 of school hours. In accordance with Minnesota Statutes, district school boards can elect to either control or not control extracurricular student activities. The District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in the District's basic financial statements.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and 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. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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 internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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. Aggregated information for any nonmajor governmental funds is reported in a single column in the fund financial statements.

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. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. 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.

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 internal service funds are consolidated into the governmental activities 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 are charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose 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 financial statements.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are 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.

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program, which is financed through revenue from meal sales, state aids, and federal grants.

Community Service Special Revenue Fund – The Community Service Special Revenue 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. These activities are financed by program fees and tuition, property tax levies, and state aids.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the 2009 taxable OPEB bond issue.

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as self-insured plans.

Fiduciary Funds

Trust Funds – Trust funds are used to administer resources received and held by the District as a custodian or trustee for others. The District maintains a Private-Purpose Trust Fund to account for resources held to award scholarships to former students; an Employee Benefits Trust Fund to account for resources held for employee cafeteria plan benefits; and a Post-Employment Benefits Trust Fund to account for resources held in an irrevocable trust to fund post-employment insurance benefits for eligible employees and retirees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. 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. For the year ended June 30, 2017, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess
General	\$ 119,562,486	\$ 121,237,792	\$ 1,675,306
Food Service Special Revenue	\$ 4,865,260	\$ 4,999,012	\$ 133,752
Community Service Special Revenue	\$ 5,007,673	\$ 5,547,410	\$ 539,737
Capital Projects – Building Construction	\$ 5,049,678	\$ 6,734,915	\$ 1,685,237
Debt Service	\$ 7,856,006	\$ 7,910,919	\$ 54,913

The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources (bond or capital lease proceeds), or available fund balances.

F. Cash and Temporary 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. Bond proceeds recorded in the Capital Projects – Building Construction Fund or held in the trust funds are not pooled, and earnings on those investments are allocated directly to the respective funds.

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 Fund's 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 certain 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 accounting principles generally accepted in the United States of America. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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.

At June 30, 2017, the District reported the following receivables due from other governmental units:

Due from the Minnesota Department of Education	\$ 8,996,307
Due from other Minnesota school districts	35,947
Due from Hennepin County	117,397
Due from other governmental units	<u>6,403</u>
Total due from other governmental units	<u>\$ 9,156,054</u>

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. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

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 \$3,870,860 of the property tax levy collectible in 2017 as revenue to the District in fiscal year 2016–2017. The remaining portion of the taxes collectible in 2017 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$3,000 or more for assets acquired through June 30, 2015 and \$5,000 or more for assets acquired thereafter, 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. 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.

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

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. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. 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 or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Employee Benefits

- 1. Compensated Absences** – Under the terms of certain collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates. Vacation and sick pay are accrued in the governmental funds to the extent they have been used or otherwise matured prior to year-end. Because teachers are not eligible for vacation pay and amounts accrued to other employees are forfeited if not taken by January 1 of the following year, no long-term vacation liabilities are recorded in the financial statements. Some employee bargaining groups are eligible to be compensated for unused sick leave upon termination subject to certain conditions. Convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.
- 2. Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. Benefits are accrued in the governmental funds as they become due and payable. See the Defined Benefit Pension Plan – District note for further information.
- 3. Post-Employment Healthcare Benefits** – The District provides post-employment health insurance benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. For eligible retirees, the District pays health insurance premiums until the retiree reaches age 65 in an amount equal to active employee health insurance premiums. See the Other Post-Employment Benefits (OPEB) Plan note for further information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the OPEB liability (asset), deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

4. **State-Wide Pension Plans** – District employees participate in cost-sharing, multi-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the TRA and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

The 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 the PERA on January 1, 2015.

N. Risk Management and Self-Insurance

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 the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no reductions in the District's insurance coverage in fiscal year 2017.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured 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 plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus stop-loss health and dental insurance premium costs and administrative service charges. Any excess of the premiums above claims remaining is used to establish a reserve for future claims.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District claim liabilities are reported when it is probable a loss has occurred and the amount 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:

Year Ended June 30,	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2016	\$ 32,660	\$ 1,172,312	\$ 1,181,808	\$ 23,164
2017	\$ 23,164	\$ 1,145,758	\$ 1,140,340	\$ 28,582

Changes in the balance of health claim liabilities for the first year of self-insurance was as follows:

Year Ended June 30,	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2017	\$ –	\$ 11,945,983	\$ 10,795,638	\$ 1,150,345

O. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

In the government-wide and internal service funds financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Q. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose 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. Pursuant to School Board resolution, the District’s superintendent and executive director of business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, and then use unrestricted resources as needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

S. Prior Period Comparative Financial Information/Reclassification

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

T. Change in Accounting Principle

During the year ended June 30, 2017, the District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. These statements included major changes in how plans and employers account for certain pension and OPEB benefit obligations. These statements establish new standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Certain amounts necessary to fully restate fiscal year 2016 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of new GASB statements in the current year resulted in the restatement of net position as of June 30, 2016. The details of the restatement are as follows:

	Governmental Activities
Net position – beginning, as previously reported	\$ (8,935,898)
Change in accounting principle	
Net pension asset, under previous reporting standards	(369,344)
Net pension liability, under current reporting standards	(437,129)
Net OPEB asset, under previous reporting standards	(13,330,020)
Net OPEB asset, under current reporting standards	2,819,937
Total change in accounting principle	<u>(11,316,556)</u>
Net position – beginning, as restated	<u>\$ (20,252,454)</u>

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 15,730,708
Investments	55,339,340
Cash on hand	<u>6,951</u>
Total	<u>\$ 71,076,999</u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 53,206,788
Statement of Fiduciary Net Position	
Cash and temporary investments	
Private-Purpose Trust Fund	50,442
Employee Benefit Trust Fund	941,657
Investments	
Post-Employment Benefits Trust Fund	<u>16,878,112</u>
Total	<u>\$ 71,076,999</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount and bank balance of the District’s deposits were both \$15,730,708. At June 30, 2017, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value	No Maturity	Interest Risk –			Total
	Rating	Agency	Measurements		Maturity Duration in Years			
			Using	Date	Less Than 1	1 to 5	6 to 10	
District investments								
U.S. agency securities	AAA	S&P	Level 2	\$ –	\$ –	\$ 1,000,000	\$ –	\$ 1,000,000
Negotiable certificates of deposit	Not rated		Level 2	\$ –	\$ 1,241,000	\$ 989,000	\$ –	2,230,000
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 16,164,288	\$ –	\$ –	\$ –	16,164,288
MNTrust Term Series	AAA	S&P	N/A	\$ –	\$ 16,000,000	\$ –	\$ –	16,000,000
MNTrust Limited Term Duration	AAA	S&P	N/A	\$ 500,000	\$ –	\$ –	\$ –	500,000
MSDLAF Liquid Class	AAA	S&P	N/A	\$ 2,566,940	\$ –	\$ –	\$ –	2,566,940
OPEB trust investments								
U.S. treasury securities	AAA	Moody's	Level 1	\$ –	\$ –	\$ 184,906	\$ –	184,906
U.S. agency securities	AA	S&P	Level 1	\$ –	\$ –	\$ 100,674	\$ –	100,674
Mortgage-backed securities	AAA	S&P	Level 1	\$ –	\$ –	\$ –	\$ 50,410	50,410
Corporate obligations	AA	S&P	Level 1	\$ –	\$ –	\$ 579,142	\$ –	579,142
Corporate obligations	A	S&P	Level 1	\$ –	\$ 489,267	\$ 1,298,256	\$ –	1,787,523
Corporate obligations	A	Moody's	Level 1	\$ –	\$ 99,937	\$ 261,434	\$ –	361,371
Corporate obligations	BAA	Moody's	Level 1	\$ –	\$ –	\$ 105,297	\$ –	105,297
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 102,235	\$ 427,312	\$ –	529,547
Equities	Not rated		Level 1	\$ 4,285,423	\$ –	\$ –	\$ –	4,285,423
Real estate investment trusts	Not rated		Level 2	\$ 59,598	\$ –	\$ –	\$ –	59,598
Investment pools/mutual funds	Not rated		Level 1	\$ 7,207,617	\$ –	\$ –	\$ –	7,207,617
Real asset mutual funds	Not rated		Level 2	\$ 1,626,604	\$ –	\$ –	\$ –	1,626,604
Total investments								\$ 55,339,340

N/A – Not Applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Term Series, MNTrust Limited Term Duration, and the Minnesota School District Liquid Asset Fund (MSDLAF) Liquid Class are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investment in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to 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 that receive the highest credit rating, are 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 rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less;

Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). 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.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 6,798,693	\$ –	\$ –	\$ –	\$ 6,798,693
Construction in progress	1,134,126	4,382,548	–	(3,828,547)	1,688,127
Total capital assets, not depreciated	7,932,819	4,382,548	–	(3,828,547)	8,486,820
Capital assets, depreciated					
Land improvements	8,497,348	555,327	–	–	9,052,675
Buildings and improvements	197,753,283	464,233	–	3,828,547	202,046,063
Equipment	19,771,324	1,583,320	(438,700)	–	20,915,944
Capital leased equipment	9,257,554	2,620,690	(5,434,550)	–	6,443,694
Total capital assets, depreciated	235,279,509	5,223,570	(5,873,250)	3,828,547	238,458,376
Less accumulated depreciation for					
Land improvements	(4,986,427)	(309,878)	–	–	(5,296,305)
Buildings and improvements	(117,836,593)	(5,185,265)	–	–	(123,021,858)
Equipment	(15,155,545)	(1,120,087)	438,044	–	(15,837,588)
Capital leased equipment	(6,039,177)	(2,118,789)	4,626,718	–	(3,531,248)
Total accumulated depreciation	(144,017,742)	(8,734,019)	5,064,762	–	(147,686,999)
Net capital assets, depreciated	91,261,767	(3,510,449)	(808,488)	3,828,547	90,771,377
Total capital assets, net	<u>\$ 99,194,586</u>	<u>\$ 872,099</u>	<u>\$ (808,488)</u>	<u>\$ –</u>	<u>\$ 99,258,197</u>

Depreciation expense for the year was charged to the following governmental functions:

Administration	\$ 14,099
District support services	70,828
Elementary and secondary regular instruction	5,048,949
Special education instruction	4,852
Instructional support services	1,103
Pupil support services	723,810
Sites and buildings	2,734,044
Food service	83,774
Community service	52,560
Total depreciation expense	<u>\$ 8,734,019</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
Alternative facilities bonds	01/14/2009	4.000–5.000%	\$ 10,985,000	02/01/2022	\$ 10,005,000
Taxable OPEB bonds	01/14/2009	5.250–5.750%	15,000,000	02/01/2019	7,190,000
Alternative facilities bonds	01/25/2011	4.000–4.375%	11,000,000	02/01/2027	10,800,000
Capital facilities bond	01/25/2011	2.000–4.000%	1,070,000	02/01/2021	425,000
School building refunding bonds	09/27/2011	3.000–5.000%	11,520,000	02/01/2020	6,020,000
Alternative facilities bonds	02/27/2013	2.000–2.250%	11,000,000	02/01/2024	10,850,000
Alternative facilities bonds	04/07/2015	3.000%	10,310,000	02/01/2028	10,310,000
Facilities maintenance bonds	02/22/2017	3.000–4.000%	10,940,000	02/01/2032	10,940,000
Total general obligation bonds payable					<u>\$ 66,540,000</u>

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

B. Capital Improvement Loans Payable

On February 27, 2007, the District entered into a lease purchase agreement for the installation of artificial turf. Repayment of principal is made in 20 equal semiannual payments beginning on February 27, 2007, at 4.57 percent from the General Fund. This loan was fully repaid in the current fiscal year.

C. Capital Leases Payable

On September 17, 2012, the District entered a master lease purchase agreement with Apple, Inc. for iPads and MacBooks. The District acquires equipment from time to time under this master agreement as needed. Each lease “schedule” added under this master lease agreement adds equipment to the lease and carries its own lease term and payment schedule. Upon payment in full of all scheduled lease payments, the lessor’s (Apple, Inc.) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability.

During fiscal year 2017, the District entered into additional iPad and MacBook lease schedules with total future minimum lease payments of \$2,620,690. At June 30, 2017, the total cost of the leased equipment capitalized through this agreement is \$6,443,694, with accumulated depreciation of \$3,531,248.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, pensions, and OPEB; the details of which are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund or a Trust Fund established by the District to finance OPEB obligations.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multi-employer plans administered by the PERA and the TRA, and one single employer plan administered by the District. The net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2017 are as follows:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multi-employer – PERA	\$ 29,481,919	\$ 11,940,515	\$ 3,463,849	\$ 3,456,417
State-wide, multi-employer – TRA	247,206,129	158,941,094	1,905,802	39,421,892
Single employer – district	334,917	–	–	43,007
Total	<u>\$ 277,022,965</u>	<u>\$ 170,881,609</u>	<u>\$ 5,369,651</u>	<u>\$ 42,921,316</u>

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle*	Balance – Beginning of Year Restated	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 60,970,000	\$ –	\$ 60,970,000	\$ 10,940,000	\$ 5,370,000	\$ 66,540,000	\$ 5,895,000
Unamortized premiums	1,341,892	–	1,341,892	326,471	277,560	1,390,803	–
Capital improvement loans payable	243,044	–	243,044	–	243,044	–	–
Capital lease payable	6,047,000	–	6,047,000	2,620,690	4,177,892	4,489,798	1,872,985
Net pension liability	80,481,875	437,129	80,919,004	204,334,532	8,230,571	277,022,965	–
Compensated absences payable	1,622,839	–	1,622,839	90,439	365,406	1,347,872	453,103
	<u>\$ 150,706,650</u>	<u>\$ 437,129</u>	<u>\$ 151,143,779</u>	<u>\$ 218,312,132</u>	<u>\$ 18,664,473</u>	<u>\$ 350,791,438</u>	<u>\$ 8,221,088</u>

*The amounts in this column reflect only a portion of the change in accounting principle described earlier in these notes.

F. Minimum Debt Payments

Minimum principal and interest payments for general obligation bonds and capital leases are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 5,895,000	\$ 2,549,550	\$ 1,872,985	\$ 24,162
2019	6,460,000	2,263,369	1,857,027	12,449
2020	5,875,000	1,917,256	759,786	870
2021	6,240,000	1,687,706	–	–
2022	5,690,000	1,441,606	–	–
2023–2027	23,200,000	4,593,294	–	–
2028–2032	13,180,000	1,168,188	–	–
	<u>\$ 66,540,000</u>	<u>\$ 15,620,969</u>	<u>\$ 4,489,798</u>	<u>\$ 37,481</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. When applicable, certain restrictions which have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At June 30, 2017, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
Nonspendable						
Inventory	\$ –	\$ 121,961	\$ –	\$ –	\$ –	\$ 121,961
Prepaid items	717,276	3,248	61,132	–	–	781,656
Total nonspendable	717,276	125,209	61,132	–	–	903,617
Restricted						
Capital projects levy	48,183	–	–	–	–	48,183
Operating capital	695,379	–	–	–	–	695,379
Medical assistance	1,128,223	–	–	–	–	1,128,223
Food service	–	587,123	–	–	–	587,123
Community education programs	–	–	409,004	–	–	409,004
Early childhood family education programs	–	–	739,955	–	–	739,955
Long-term facilities maintenance	–	–	–	9,786,197	–	9,786,197
Debt service	–	–	–	–	1,762,208	1,762,208
Total restricted	1,871,785	587,123	1,148,959	9,786,197	1,762,208	15,156,272
Assigned						
Site carryover	653,945	–	–	–	–	653,945
Activity accounts	622,895	–	–	–	–	622,895
Construction	782,417	–	–	–	–	782,417
Curriculum adoption	350,000	–	–	–	–	350,000
Total assigned	2,409,257	–	–	–	–	2,409,257
Unassigned						
Long-term facilities maintenance restricted deficit	(18,882)	–	–	–	–	(18,882)
School readiness restricted deficit	–	–	(321,860)	–	–	(321,860)
Unassigned	14,655,207	–	–	–	–	14,655,207
Total unassigned	14,636,325	–	(321,860)	–	–	14,314,465
Total	<u>\$ 19,634,643</u>	<u>\$ 712,332</u>	<u>\$ 888,231</u>	<u>\$ 9,786,197</u>	<u>\$ 1,762,208</u>	<u>\$ 32,783,611</u>

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures. At June 30, 2017, the unassigned fund balance of the General Fund was 14.9 percent of fiscal 2017 unassigned expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.
- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January and are assumed to remain level at 2.0 percent annually.

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

2. TRA Benefits

The 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 Statutes 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 the 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

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

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) Three percent 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).

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

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan 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.

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2017; the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2017 were \$1,778,675. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,			
	2016		2017	
	Employee	Employer	Employee	Employer
Basic Plan	11.0 %	11.5 %	11.0 %	11.5 %
Coordinated Plan	7.5 %	7.5 %	7.5 %	7.5 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2017, were \$4,085,938. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 354,961,140
Add employer contributions not related to future contribution efforts	26,356
Deduct the TRA's contributions not included in allocation	<u>(442,978)</u>
Total employer contributions	354,544,518
Total nonemployer contributions	<u>35,587,410</u>
Total contributions reported in Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 390,131,928</u>

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

D. Pension Costs

1. GERS Pension Costs

At June 30, 2017, the District reported a liability of \$29,481,919 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3631 percent at the end of the measurement period and 0.3524 percent for the beginning of the period.

The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund in 2017. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$ 29,481,919
State's proportionate share of the net pension liability associated with the District	\$ 385,105

For the year ended June 30, 2017, the District recognized pension expense of \$3,341,620 for its proportionate share of the GERS's pension expense. In addition, the District recognized an additional \$114,797 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$6 million to the GERS.

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

At June 30, 2017, the District reported its proportionate share of the GERF'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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 84,684	\$ 2,376,330
Changes in actuarial assumptions	6,341,270	–
Difference between projected and actual investment earnings	3,319,989	–
Changes in proportion	415,897	1,087,519
District's contributions to the GERF subsequent to the measurement date	1,778,675	–
Total	<u>\$ 11,940,515</u>	<u>\$ 3,463,849</u>

A total of \$1,778,675 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2018	\$ 1,656,962
2019	\$ 1,003,593
2020	\$ 2,972,496
2021	\$ 1,064,940

2. TRA Pension Costs

At June 30, 2017, the District reported a liability of \$247,206,129 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.0364 percent at the end of the measurement period and 1.0058 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$ 247,206,129
State's proportionate share of the net pension liability associated with the District	\$ 24,812,446

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

For the year ended June 30, 2017, the District recognized pension expense of \$35,957,244. It also recognized \$3,464,648 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,590,926	\$ 6,892
Changes in actuarial assumptions	140,667,050	–
Difference between projected and actual investment earnings	10,005,930	–
Changes in proportion	1,591,250	1,898,910
District's contributions to the TRA subsequent to the measurement date	4,085,938	–
Total	<u>\$ 158,941,094</u>	<u>\$ 1,905,802</u>

A total of \$4,085,938 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2018	\$ 30,098,739
2019	\$ 30,098,739
2020	\$ 33,933,364
2021	\$ 31,088,439
2022	\$ 27,730,073

E. Actuarial Assumptions

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

Assumptions	GERF	TRA
Inflation	2.50% per year	
Price inflation		2.75%
Wage growth rate		3.50%
Active member payroll	3.25% per year	3.50–9.50% based on years of service
Investment rate of return	7.50%	4.66%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1 percent per year for all future years for the GERF and 2 percent per year for all future years for the TRA.

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

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

The following changes in actuarial assumptions for the GERF occurred in 2016:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

There was a change in actuarial assumptions that affected the measurement of the total liability for the TRA since the prior measurement date. Post-retirement benefit adjustments are now assumed to remain level at 2.00 percent annually, while in the previous measurement the cost of living adjustment increased to 2.50 percent in 2034.

The long-term expected rate of return on pension plan investments is 7.50 percent for the GERF and 4.66 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of 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 stocks	45 %	5.50 %
International stocks	15	6.00 %
Bonds	18	1.45 %
Alternative assets	20	6.40 %
Cash	2	0.50 %
Total	100 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2016 was 7.5 percent, a reduction from the 7.9 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the fiscal 2017 contribution rates. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

2. TRA

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

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 41,873,062	\$ 29,481,919	\$ 19,274,989
TRA discount rate	3.66%	4.66%	5.66%
District's proportionate share of the TRA net pension liability	\$ 318,463,282	\$ 247,206,129	\$ 189,169,501

H. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Administrative Supervisory Technical Employees (AST) Pension Benefits – AST employees hired before July 1, 1998 are eligible to receive an additional retirement incentive benefit. AST employees accumulate four days of credit for each full year of service to the District. The benefit is based on an employee's rate of pay less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum of 60 percent to a voluntary employees' beneficiary association account (OPEB) and 40 percent to 403(b) account (pension).

Principal Pension Benefits – Principals hired before July 1, 2016 are eligible to receive an additional retirement incentive benefit. Principals accumulate four days of credit for each full year of service to the District. The benefit is based on an employee's rate of pay less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum to a 403(b) account.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Active plan members	19
---------------------	----

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2016 and a measurement date as of June 30, 2017, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.90%
20-year municipal bond yield	2.90%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

E. Discount Rate

The discount rate used to measure the total pension liability was 2.90 percent. The District discount rate used in the prior measurement date was 4.00 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Net Pension Liability

Beginning balance – July 1, 2016	\$	437,129
Changes for the year		
Service cost		31,507
Interest		11,500
Benefit payments		(145,219)
Total net changes		<u>(102,212)</u>
Ending balance – June 30, 2017	\$	<u>334,917</u>

Assumption changes since the prior measurement date include the following:

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

G. Net Pension Liability Sensitivity to Discount Rate Changes

The following presents the net pension liability of the District, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	1.90%	2.90%	3.90%
Net pension liability	\$ 354,955	\$ 334,917	\$ 315,395

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

For the current year ended, the District recognized pension expense of \$43,007. As of year-end, the District reported no deferred outflows of resources or deferred inflows of resources related to this pension plan.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical insurance from the time of retirement until the employee reaches age 65. 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 for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, 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.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributes 100 percent of the cost of the negotiated current year premiums for specified coverage levels of eligible retired plan members and their spouses. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The Post-Employment Benefits Trust Fund reimbursed the General Fund for the actual cost of medical insurance premiums paid for retirees and the implicit rate subsidy for the year ended June 30, 2017.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	97
Active plan members	<u>1,317</u>
Total members	<u><u>1,414</u></u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

The District's net OPEB (asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of that date. The components of the net OPEB (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 12,907,884
Plan fiduciary net position	<u>(16,196,404)</u>
District's net OPEB liability (asset)	<u>\$ (3,288,520)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>125.5%</u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.10%
Expected long-term investment return	6.10% (net of investment expenses)
20-year municipal bond yield	2.90%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.75% grading to 5.00% over 7 years

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	30.00 %	3.40 %
Domestic equity	32.00	7.70 %
International equity	18.00	7.50 %
Real estate	6.50	7.40 %
Other (commodities and hedge funds)	<u>13.50</u>	5.50 %
Total	<u>100.00 %</u>	6.10 %

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 10.78 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.10 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been taken into account. The District discount rate used in the prior measurement date was 5.50 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2016	\$ 12,445,166	\$ 15,265,103	\$ (2,819,937)
Changes for the year			
Service cost	542,422	–	542,422
Interest	766,806	–	766,806
Contributions – paid by governmental funds	–	132,324	(132,324)
Net investment income	–	1,645,487	(1,645,487)
Benefit payments – paid by trust	(714,186)	(714,186)	–
Benefit payments – paid by governmental funds	(132,324)	(132,324)	–
Total net changes	462,718	931,301	(468,583)
Ending balance – June 30, 2017	\$ 12,907,884	\$ 16,196,404	\$ (3,288,520)

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.50 percent to 6.10 percent.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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 that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	5.10%	6.10%	7.10%
Net OPEB liability (asset)	\$ (2,657,736)	\$ (3,288,520)	\$ (3,885,993)

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 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
OPEB medical trend rate	5.75% decreasing to 4.00% over 7 years	6.75% decreasing to 5.00% over 7 years	7.75% decreasing to 6.00% over 7 years
Net OPEB liability (asset)	\$ (4,141,626)	\$ (3,288,520)	\$ (2,317,340)

K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of \$235,193. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment earnings	\$ —	\$ 571,452

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

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2018	\$ (142,864)
2019	\$ (142,864)
2020	\$ (142,864)
2021	\$ (142,860)

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. 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 for healthcare and dependent care benefits. 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 January 1 to December 31, 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 total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in a separate bank account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers and are accounted for primarily in the District's General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the Employee Benefits Trust Fund.

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 10 – INTERFUND BALANCES AND TRANSACTIONS

The General Fund had a receivable of \$714,186 due from the Post-Employment Benefits Trust Fund at June 30, 2017 to reimburse OPEB payments the General Fund made during the year. Because fiduciary fund activity is not included in the government-wide financial statements, this receivable is included as due from post-employment benefit trust in the governmental activities on the Statement of Net Position.

The District transferred \$162,423 from the General Fund to the Community Service Special Revenue Fund to help finance various program costs. Such transfers are eliminated in the government-wide financial statements.

NOTE 11 – DEFICIT NET POSITION

At June 30, 2017, the District's Health Benefits Self-Insurance Internal Service Fund reported a deficit net position of \$837,916. This deficit will be eliminated through future contributions from the governmental funds.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. 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. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Education Center Lease

The District has a lease agreement with the City of Eden Prairie for use of 51,315 square feet of space housing the District's Education Center. This site houses nearly all of the District's programs and administration for the following programs: Community Education, Family Education, and Early Childhood Special Education. In June 2014, the District signed an extension of this lease commencing on June 1, 2014 and extending through May 31, 2024. Annual lease payments are due on September 1st of each year. The District may cancel this lease at any time with 12 months' notice if the School Board does not appropriate or budget moneys sufficient to pay the lease payments coming due after the current levy appropriation.

If not cancelled, future minimum lease payments for the initial lease term are as follows:

Year Ending June 30,	Base Rent	Improvement Rent	Total
2018	\$ 359,205	\$ 97,632	\$ 456,837
2019	359,205	97,632	456,837
2020	368,442	—	368,442
2021	377,165	—	377,165
2022	386,915	—	386,915
2023–2024	803,080	—	803,080
	<u>\$ 2,654,012</u>	<u>\$ 195,264</u>	<u>\$ 2,849,276</u>

D. Construction Contracts

At June 30, 2017, the District had commitments totaling approximately \$1,846,562 under various construction contracts for which the work was not yet completed.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2017

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3926%	\$ 18,442,381	\$ —	\$ 18,442,381	\$ 20,638,451	89.36%	78.70%
06/30/2016	06/30/2015	0.3524%	\$ 18,263,198	\$ —	\$ 18,263,198	\$ 20,684,774	88.29%	78.20%
06/30/2017	06/30/2016	0.3631%	\$ 29,481,919	\$ 385,105	\$ 29,867,024	\$ 22,396,905	131.63%	68.90%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2017

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,527,411	\$ 1,527,411	\$ —	\$ 20,684,774	7.38%
06/30/2016	\$ 1,679,027	\$ 1,679,027	\$ —	\$ 22,396,905	7.50%
06/30/2017	\$ 1,778,675	\$ 1,778,675	\$ —	\$ 23,755,883	7.49%

Note 1: **Changes of Benefit Terms** – On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the GERF, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Note 2: **Changes in Actuarial Assumptions** – (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Note 3: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 272

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2017

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.1120%	\$ 51,240,159	\$ 3,604,593	\$ 54,844,752	\$ 50,758,363	100.95%	81.50%
06/30/2016	06/30/2015	1.0058%	\$ 62,218,677	\$ 7,631,910	\$ 69,850,587	\$ 51,428,891	120.98%	76.80%
06/30/2017	06/30/2016	1.0364%	\$247,206,129	\$ 24,812,446	\$272,018,575	\$ 54,216,148	455.96%	44.88%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2017

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 3,828,390	\$ 3,828,390	\$ —	\$ 51,428,891	7.44%
06/30/2016	\$ 4,043,043	\$ 4,043,043	\$ —	\$ 54,216,148	7.46%
06/30/2017	\$ 4,085,938	\$ 4,085,938	\$ —	\$ 54,659,806	7.48%

Note 1: **Changes of Benefit Terms** – The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

Note 2: **Changes in Actuarial Assumptions** – (1) 2015 Changes – The annual cost of living adjustment for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent with an increase to 2.50 percent commencing in 2034. The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent. (2) 2016 Changes – The discount rate used to measure the total pension liability was 4.66 percent. Details, if necessary, can be obtained from the TRA's CAFR.

Note 3: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 272

Pension Benefits Plan
Schedule of Changes in the District's Net
Pension Liability and Related Ratios
Year Ended June 30, 2017

	<u>2017</u>
Total pension liability	
Service cost	\$ 31,507
Interest	11,500
Benefit payments	<u>(145,219)</u>
Net change in total pension liability	(102,212)
Total pension liability – beginning of year	<u>437,129</u>
Total pension liability – end of year	<u><u>\$ 334,917</u></u>
Covered-employee payroll	<u><u>\$ 2,478,561</u></u>
Total pension liability as a percentage of covered-employee payroll	<u><u>13.51%</u></u>

Note 1: **Change of Assumptions** – The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated. The discount rate was changed from 4.00 percent to 2.90 percent.

Note 2: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 3: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2017

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 542,422
Interest	766,806
Benefit payments	<u>(846,510)</u>
Net change in total OPEB liability	462,718
Total OPEB liability – beginning of year	<u>12,445,166</u>
Total OPEB liability – end of year	<u>12,907,884</u>
Plan fiduciary net position	
Contributions – employer	132,324
Investment earnings	1,645,487
Benefit payments	<u>(846,510)</u>
Net change in plan fiduciary net position	<u>931,301</u>
Plan fiduciary net position – beginning of year	<u>15,265,103</u>
Plan fiduciary net position – end of year	<u>16,196,404</u>
Net OPEB liability (asset)	<u>\$ (3,288,520)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>125.48%</u>
Covered-employee payroll	<u>\$ 72,889,181</u>
Net OPEB (asset) as a percentage of covered-employee payroll	<u>(4.51%)</u>

Note 1: **Change of Assumptions** – The healthcare trend rates were changed to better anticipate short-term and long-term medical increases. The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated. The discount rate was changed from 5.50 percent to 6.10 percent.

Note 2: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2017

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	10.78%

Note: The District implemented GASB Statement Nos. 74 and No. 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Comparative Balance Sheet
as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and temporary investments	\$ 32,255,902	\$ 31,759,833
Receivables		
Current taxes	17,241,155	16,703,664
Delinquent taxes	235,212	238,525
Accounts and interest	144,014	43,827
Due from other governmental units	9,016,518	7,545,294
Due from other funds	714,186	989,951
Prepaid items	<u>717,276</u>	<u>462,195</u>
Total assets	<u>\$ 60,324,263</u>	<u>\$ 57,743,289</u>
Liabilities		
Salaries payable	\$ 5,115,007	\$ 4,813,107
Accounts and contracts payable	4,297,225	4,947,623
Due to other governmental units	267,413	253,982
Unearned revenue	<u>338,962</u>	<u>282,011</u>
Total liabilities	<u>10,018,607</u>	<u>10,296,723</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	30,435,801	29,699,202
Unavailable revenue – delinquent taxes	<u>235,212</u>	<u>238,525</u>
Total deferred inflows of resources	<u>30,671,013</u>	<u>29,937,727</u>
Fund balances (deficits)		
Nonspendable for prepaid items	717,276	462,195
Restricted for health and safety	–	46,962
Restricted for capital projects levy	48,183	333,645
Restricted for operating capital	695,379	826,839
Restricted for Medical Assistance	1,128,223	–
Assigned for site carryover	653,945	702,581
Assigned for Medical Assistance	–	1,058,248
Assigned for activity accounts	622,895	725,336
Assigned for construction	782,417	241,723
Assigned for curriculum adoption	350,000	–
Unassigned – long-term facilities maintenance		
restricted account deficit	(18,882)	–
Unassigned	<u>14,655,207</u>	<u>13,111,310</u>
Total fund balances	<u>19,634,643</u>	<u>17,508,839</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,324,263</u>	<u>\$ 57,743,289</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 33,980,135	\$ 33,662,761	\$ (317,374)	\$ 33,239,697
Investment earnings	30,000	171,298	141,298	63,712
Other	4,807,920	4,595,704	(212,216)	5,206,764
State sources	77,253,773	78,184,860	931,087	76,939,434
Federal sources	2,901,606	2,901,606	—	2,648,071
Total revenue	118,973,434	119,516,229	542,795	118,097,678
Expenditures				
Current				
Administration				
Salaries	2,724,071	2,730,276	6,205	2,666,247
Employee benefits	849,198	838,453	(10,745)	826,119
Purchased services	74,700	47,540	(27,160)	33,200
Supplies and materials	4,850	8,278	3,428	3,776
Other expenditures	62,100	61,183	(917)	55,341
Total administration	3,714,919	3,685,730	(29,189)	3,584,683
District support services				
Salaries	2,231,436	2,217,079	(14,357)	2,225,582
Employee benefits	775,151	760,446	(14,705)	794,117
Purchased services	1,844,852	1,614,567	(230,285)	1,499,911
Supplies and materials	904,889	687,382	(217,507)	503,468
Capital expenditures	29,957	120,315	90,358	421,999
Other expenditures	19,600	20,496	896	49,005
Total district support services	5,805,885	5,420,285	(385,600)	5,494,082
Elementary and secondary regular instruction				
Salaries	39,124,496	39,469,634	345,138	38,337,001
Employee benefits	11,114,271	10,878,888	(235,383)	11,395,271
Purchased services	3,080,526	2,009,493	(1,071,033)	2,126,405
Supplies and materials	1,607,857	2,134,687	526,830	1,918,491
Capital expenditures	82,500	2,727,382	2,644,882	3,540,721
Other expenditures	47,099	351,289	304,190	73,817
Total elementary and secondary regular instruction	55,056,749	57,571,373	2,514,624	57,391,706

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,091,635	1,141,556	49,921	1,084,916
Employee benefits	317,382	323,397	6,015	317,178
Purchased services	618,897	640,304	21,407	477,463
Supplies and materials	16,818	69,504	52,686	64,947
Other expenditures	714	24,171	23,457	1,664
Total vocational education instruction	2,045,446	2,198,932	153,486	1,946,168
Special education instruction				
Salaries	13,917,033	13,610,437	(306,596)	13,977,171
Employee benefits	4,448,500	4,238,297	(210,203)	4,462,348
Purchased services	1,763,247	1,709,389	(53,858)	1,427,656
Supplies and materials	104,530	58,668	(45,862)	117,463
Capital expenditures	—	211,162	211,162	2,145
Other expenditures	20,207	105,433	85,226	13,091
Total special education instruction	20,253,517	19,933,386	(320,131)	19,999,874
Instructional support services				
Salaries	5,111,988	5,047,638	(64,350)	4,881,849
Employee benefits	1,459,283	1,458,605	(678)	1,398,620
Purchased services	761,058	758,389	(2,669)	961,249
Supplies and materials	165,952	165,748	(204)	302,625
Capital expenditures	—	192	192	196,607
Other expenditures	21,500	40,000	18,500	14,387
Total instructional support services	7,519,781	7,470,572	(49,209)	7,755,337
Pupil support services				
Salaries	5,465,801	5,545,203	79,402	5,137,497
Employee benefits	2,381,805	2,309,861	(71,944)	2,112,735
Purchased services	278,750	231,806	(46,944)	169,322
Supplies and materials	886,250	746,222	(140,028)	799,347
Capital expenditures	923,000	722,367	(200,633)	778,330
Other expenditures	4,275	18,956	14,681	5,375
Total pupil support services	9,939,881	9,574,415	(365,466)	9,002,606

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,378,286	4,287,839	(90,447)	4,323,747
Employee benefits	1,396,726	1,371,943	(24,783)	1,371,594
Purchased services	2,964,583	2,953,435	(11,148)	2,718,658
Supplies and materials	1,001,795	955,361	(46,434)	858,102
Capital expenditures	1,127,360	1,024,355	(103,005)	1,936,977
Other expenditures	9,115	14,350	5,235	16,147
Total sites and buildings	10,877,865	10,607,283	(270,582)	11,225,225
Fiscal and other fixed cost programs				
Purchased services	(115,116)	312,351	427,467	252,593
Debt service				
Principal	4,420,992	4,420,936	(56)	2,079,957
Interest and fiscal charges	42,567	42,529	(38)	57,791
Total debt service	4,463,559	4,463,465	(94)	2,137,748
Total expenditures	119,562,486	121,237,792	1,675,306	118,790,022
Excess (deficiency) of revenue over expenditures	(589,052)	(1,721,563)	(1,132,511)	(692,344)
Other financing sources (uses)				
Capital lease issued	—	2,620,690	2,620,690	3,321,304
Sale of capital assets	1,849,563	1,389,100	(460,463)	70,551
Transfers (out)	(172,951)	(162,423)	10,528	(187,683)
Total other financing sources (uses)	1,676,612	3,847,367	2,170,755	3,204,172
Net change in fund balances	\$ 1,087,560	2,125,804	\$ 1,038,244	2,511,828
Fund balances				
Beginning of year		17,508,839		14,997,011
End of year		\$ 19,634,643		\$ 17,508,839

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and temporary investments	\$ 729,227	\$ 772,335
Receivables		
Accounts and interest	1,344	1,402
Due from other governmental units	45,379	46,228
Inventory	121,961	149,597
Prepaid items	<u>3,248</u>	<u>1,950</u>
Total assets	<u>\$ 901,159</u>	<u>\$ 971,512</u>
Liabilities		
Salaries payable	\$ 24,543	\$ 21,366
Accounts and contracts payable	15,953	10,311
Due to other governmental units	160	—
Unearned revenue	<u>148,171</u>	<u>144,885</u>
Total liabilities	<u>188,827</u>	<u>176,562</u>
Fund balances		
Nonspendable for inventory	121,961	149,597
Nonspendable for prepaid items	3,248	1,950
Restricted for food service	<u>587,123</u>	<u>643,403</u>
Total fund balances	<u>712,332</u>	<u>794,950</u>
Total liabilities and fund balances	<u>\$ 901,159</u>	<u>\$ 971,512</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ —	\$ 3,430	\$ 3,430	\$ 2,340
Other – primarily meal sales	3,185,000	3,282,523	97,523	3,183,516
State sources	160,000	166,010	6,010	160,684
Federal sources	1,380,000	1,464,431	84,431	1,427,113
Total revenue	<u>4,725,000</u>	<u>4,916,394</u>	<u>191,394</u>	<u>4,773,653</u>
Expenditures				
Current				
Salaries	1,916,518	1,953,506	36,988	2,004,040
Employee benefits	751,242	764,553	13,311	748,398
Purchased services	182,500	184,453	1,953	171,254
Supplies and materials	1,920,000	1,994,616	74,616	1,906,618
Other expenditures	5,000	6,253	1,253	4,044
Capital outlay	90,000	95,631	5,631	106,112
Total expenditures	<u>4,865,260</u>	<u>4,999,012</u>	<u>133,752</u>	<u>4,940,466</u>
Net change in fund balances	<u>\$ (140,260)</u>	<u>(82,618)</u>	<u>\$ 57,642</u>	<u>(166,813)</u>
Fund balances				
Beginning of year		<u>794,950</u>		<u>961,763</u>
End of year		<u>\$ 712,332</u>		<u>\$ 794,950</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and temporary investments	\$ 1,731,896	\$ 2,114,976
Receivables		
Current taxes	424,119	512,530
Delinquent taxes	8,772	9,913
Accounts and interest	19,185	4,809
Due from other governmental units	94,147	70,829
Prepaid items	<u>61,132</u>	<u>48,359</u>
Total assets	<u><u>\$ 2,339,251</u></u>	<u><u>\$ 2,761,416</u></u>
Liabilities		
Salaries payable	\$ 63,081	\$ 44,251
Accounts and contracts payable	172,020	80,640
Due to other governmental units	6,432	—
Unearned revenue	<u>348,557</u>	<u>305,027</u>
Total liabilities	590,090	429,918
Deferred inflows of resources		
Property taxes levied for subsequent year	852,158	1,030,212
Unavailable revenue – delinquent taxes	<u>8,772</u>	<u>9,913</u>
Total deferred inflows of resources	860,930	1,040,125
Fund balances (deficits)		
Nonspendable for prepaid items	61,132	48,359
Restricted for community education programs	409,004	883,725
Restricted for early childhood family education programs	739,955	681,152
Unassigned – school readiness restricted account deficit	<u>(321,860)</u>	<u>(321,863)</u>
Total fund balances	<u><u>888,231</u></u>	<u><u>1,291,373</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,339,251</u></u>	<u><u>\$ 2,761,416</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,019,666	\$ 1,012,447	\$ (7,219)	\$ 1,010,283
Investment earnings	2,000	9,303	7,303	4,728
Other – primarily tuition and fees	3,500,964	3,313,097	(187,867)	2,772,501
State sources	638,161	646,998	8,837	567,398
Total revenue	5,160,791	4,981,845	(178,946)	4,354,910
Expenditures				
Current				
Salaries	2,960,056	3,221,673	261,617	2,612,502
Employee benefits	800,085	1,000,292	200,207	788,671
Purchased services	1,068,982	1,104,555	35,573	928,893
Supplies and materials	175,350	212,921	37,571	137,857
Other expenditures	2,200	7,969	5,769	1,855
Capital outlay	1,000	–	(1,000)	–
Total expenditures	5,007,673	5,547,410	539,737	4,469,778
Excess (deficiency) of revenue over expenditures	153,118	(565,565)	(718,683)	(114,868)
Other financing sources				
Transfers in	150,000	162,423	12,423	187,683
Net change in fund balances	\$ 303,118	(403,142)	\$ (706,260)	72,815
Fund balances				
Beginning of year		1,291,373		1,218,558
End of year		\$ 888,231		\$ 1,291,373

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and temporary investments	\$ 10,984,818	\$ 5,813,960
Receivables		
Accounts and interest	<u>24,403</u>	<u>7,402</u>
Total assets	<u><u>\$ 11,009,221</u></u>	<u><u>\$ 5,821,362</u></u>
Liabilities		
Accounts and contracts payable	\$ 1,223,024	\$ 263,234
Fund balances		
Restricted for alternative facilities program	–	5,558,128
Restricted for long-term facilities maintenance	<u>9,786,197</u>	<u>–</u>
Total fund balances	<u><u>9,786,197</u></u>	<u><u>5,558,128</u></u>
Total liabilities and fund balances	<u><u>\$ 11,009,221</u></u>	<u><u>\$ 5,821,362</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	2017		Over (Under)	2016
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ —	\$ 29,294	\$ 29,294	\$ 17,711
Other	—	4,700	4,700	36,477
Total revenue	—	33,994	33,994	54,188
Expenditures				
Capital outlay				
Purchased services	5,049,678	6,734,915	1,685,237	5,193,905
Capital expenditures	—	—	—	438,399
Total expenditures	5,049,678	6,734,915	1,685,237	5,632,304
Excess (deficiency) of revenue over expenditures	(5,049,678)	(6,700,921)	(1,651,243)	(5,578,116)
Other financing sources				
Debt issued	10,800,000	10,602,519	(197,481)	—
Premium on debt issued	—	326,471	326,471	—
Total other financing sources	10,800,000	10,928,990	128,990	—
Net change in fund balances	\$ 5,750,322	4,228,069	\$ (1,522,253)	(5,578,116)
Fund balances				
Beginning of year		5,558,128		11,136,244
End of year		\$ 9,786,197		\$ 5,558,128

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
Balance Sheet by Account
as of June 30, 2017
(With Comparative Totals as of June 30, 2016)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2017	2016
Assets				
Cash and temporary investments	\$ 3,227,356	\$ 2,544,172	\$ 5,771,528	\$ 5,488,910
Receivables				
Current taxes	1,974,974	2,005,654	3,980,628	3,979,661
Delinquent taxes	62,537	18,994	81,531	85,816
Accounts and interest	4,313	3,536	7,849	5,999
Due from other governmental units	5	5	10	10
Total assets	<u>\$ 5,269,185</u>	<u>\$ 4,572,361</u>	<u>\$ 9,841,546</u>	<u>\$ 9,560,396</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 3,968,095	\$ 4,029,712	\$ 7,997,807	\$ 7,999,275
Unavailable revenue – delinquent taxes	62,537	18,994	81,531	85,816
Total deferred inflows of resources	<u>4,030,632</u>	<u>4,048,706</u>	<u>8,079,338</u>	<u>8,085,091</u>
Fund balances				
Restricted for debt service	<u>1,238,553</u>	<u>523,655</u>	<u>1,762,208</u>	<u>1,475,305</u>
Total deferred inflows of resources and fund balances	<u>\$ 5,269,185</u>	<u>\$ 4,572,361</u>	<u>\$ 9,841,546</u>	<u>\$ 9,560,396</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Budget and Actual
Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

		2017	
		Actual	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 7,918,024	\$ 3,964,301	\$ 3,873,721
Investment earnings	—	11,291	10,932
State sources	—	49	47
Total revenue	7,918,024	3,975,641	3,884,700
Expenditures			
Debt service			
Principal	5,370,000	2,215,000	3,155,000
Interest	2,482,856	1,904,493	578,363
Fiscal charges and other	3,150	57,613	450
Total expenditures	7,856,006	4,177,106	3,733,813
Excess (deficiency) of revenue over expenditures	62,018	(201,465)	150,887
Other financing sources			
Debt issued	—	337,481	—
Net change in fund balances	\$ 62,018	136,016	150,887
Fund balances			
Beginning of year		1,102,537	372,768
End of year		\$ 1,238,553	\$ 523,655

		2016
Total	Over (Under) Budget	Actual
\$ 7,838,022	\$ (80,002)	\$ 7,793,689
22,223	22,223	10,053
96	96	98
7,860,341	(57,683)	7,803,840
5,370,000	—	5,345,000
2,482,856	—	2,699,227
58,063	54,913	3,150
7,910,919	54,913	8,047,377
(50,578)	(112,596)	(243,537)
337,481	337,481	—
286,903	\$ 224,885	(243,537)
1,475,305		1,718,842
\$ 1,762,208		\$ 1,475,305

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2017
(With Comparative Totals as of June 30, 2016)

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2017	2016
Assets				
Current assets				
Cash and temporary investments	\$ 1,302,896	\$ 430,521	\$ 1,733,417	\$ 248,525
Liabilities				
Current liabilities				
Unearned revenue	990,467	89,946	1,080,413	—
Claims payable	1,150,345	28,582	1,178,927	23,164
Total current liabilities	<u>2,140,812</u>	<u>118,528</u>	<u>2,259,340</u>	<u>23,164</u>
Net position				
Unrestricted	<u>\$ (837,916)</u>	<u>\$ 311,993</u>	<u>\$ (525,923)</u>	<u>\$ 225,361</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2017	2016
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 11,104,567	\$ 1,230,846	\$ 12,335,413	\$ 1,204,920
Operating expenses				
Health benefit claims	11,945,983	—	11,945,983	—
Dental benefit claims	—	1,145,758	1,145,758	1,172,312
Total operating expenses	<u>11,945,983</u>	<u>1,145,758</u>	<u>13,091,741</u>	<u>1,172,312</u>
Operating income (loss)	(841,416)	85,088	(756,328)	32,608
Nonoperating revenue				
Investment earnings	<u>3,500</u>	<u>1,544</u>	<u>5,044</u>	<u>262</u>
Change in net position	(837,916)	86,632	(751,284)	32,870
Net position				
Beginning of year	<u>—</u>	<u>225,361</u>	<u>225,361</u>	<u>192,491</u>
End of year	<u>\$ (837,916)</u>	<u>\$ 311,993</u>	<u>\$ (525,923)</u>	<u>\$ 225,361</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2017	2016
Cash flows from operating activities				
Contributions from governmental funds	\$ 12,095,034	\$ 1,320,792	\$ 13,415,826	\$ 1,204,920
Payment for health claims	(10,795,638)	—	(10,795,638)	—
Payment for dental claims	—	(1,140,340)	(1,140,340)	(1,181,808)
Net cash flows from operating activities	1,299,396	180,452	1,479,848	23,112
Cash flows from investing activities				
Investment income received	3,500	1,544	5,044	262
Net change in cash and cash equivalents	1,302,896	181,996	1,484,892	23,374
Cash and cash equivalents				
Beginning of year	—	248,525	248,525	225,151
End of year	\$ 1,302,896	\$ 430,521	\$ 1,733,417	\$ 248,525
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (841,416)	\$ 85,088	\$ (756,328)	\$ 32,608
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Unearned revenue	990,467	89,946	1,080,413	—
Claims payable	1,150,345	5,418	1,155,763	(9,496)
Net cash flows from operating activities	\$ 1,299,396	\$ 180,452	\$ 1,479,848	\$ 23,112

SECTION III – STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) 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

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.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

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.

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.

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District's CAFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District's CAFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 272

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

				Fiscal Year
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 20,592,824	\$ 24,743,020	\$ 28,961,979	\$ 31,238,048
Restricted	1,850,359	3,954,771	4,496,085	4,458,122
Unrestricted	5,721,736	10,864,172	10,950,127	14,590,499
Total governmental activities net position	<u>\$ 28,164,919</u>	<u>\$ 39,561,963</u>	<u>\$ 44,408,191</u>	<u>\$ 50,286,669</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$80.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$11.3 million. Prior years were not restated.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 37,922,925	\$ 41,721,166	\$ 46,150,573	\$ 49,968,770	\$ 46,495,778	\$ 43,813,793
3,827,113	4,933,513	5,314,896	4,820,097	4,148,442	4,598,772
<u>14,591,609</u>	<u>13,424,028</u>	<u>12,945,749</u>	<u>(65,730,130)</u>	<u>(59,580,118)</u>	<u>(100,181,524)</u>
<u><u>\$ 56,341,647</u></u>	<u><u>\$ 60,078,707</u></u>	<u><u>\$ 64,411,218</u></u>	<u><u>\$ (10,941,263)</u></u>	<u><u>\$ (8,935,898)</u></u>	<u><u>\$ (51,768,959)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Expenses				
Administration	\$ 4,023,698	\$ 3,502,692	\$ 4,143,352	\$ 3,995,200
District support services	3,367,374	3,126,085	3,894,235	3,054,468
Elementary and secondary regular instruction	50,014,002	46,625,626	52,116,355	50,112,864
Vocational education instruction	2,345,674	2,278,841	2,058,781	1,832,713
Special education instruction	16,709,331	16,816,062	17,379,807	17,219,661
Instructional support services	6,498,513	5,748,701	5,872,358	5,308,108
Pupil support services	7,719,763	7,737,865	8,374,135	8,436,663
Sites and buildings	16,561,563	13,813,150	14,845,097	16,928,520
Fiscal and other fixed cost programs	307,579	295,504	285,524	271,816
Food service	4,302,913	4,669,235	4,279,727	4,284,420
Community service	4,727,121	5,448,067	4,859,368	4,868,967
Interest and fiscal charges	5,057,706	3,827,797	3,836,347	3,562,030
Total governmental activities expenses	121,635,237	113,889,625	121,945,086	119,875,430
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,242,556	1,304,278	1,204,157	1,262,449
Special education instruction	—	—	—	—
Instructional support services	4,176	15,618	2,656	—
Pupil support services	243,850	224,762	206,265	189,926
Sites and buildings	326,934	49,942	30,683	36,313
Food service	3,734,952	3,774,715	3,701,874	3,394,632
Community service	2,085,393	2,148,758	2,346,409	2,277,723
Operating grants and contributions	16,540,894	15,228,119	23,013,592	16,624,548
Capital grants and contributions	2,677,854	841,229	2,375,195	3,176,925
Total governmental activities program revenues	26,856,609	23,587,421	32,880,831	26,962,516
Net (expense) revenue	(94,778,628)	(90,302,204)	(89,064,255)	(92,912,914)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	25,642,122	27,213,756	26,165,030	37,366,027
Property taxes, levied for community service	1,294,102	1,289,673	1,469,042	1,838,319
Property taxes, levied for building construction	—	—	—	—
Property taxes, levied for debt service	11,684,928	11,278,858	13,477,263	12,004,142
General grants and aids	57,374,860	60,465,477	51,934,801	46,802,152
Unrestricted investment earnings	2,048,007	801,558	262,057	90,399
Gain on sale of capital assets	10,819	—	—	—
Miscellaneous	994,684	649,926	602,290	690,353
Total general revenues and other changes in net position	99,049,522	101,699,248	93,910,483	98,791,392
Change in net position	\$ 4,270,894	\$ 11,397,044	\$ 4,846,228	\$ 5,878,478

2012	2013	2014	2015	2016	2017
\$ 4,138,483	\$ 4,453,035	\$ 3,659,478	\$ 3,318,266	\$ 3,827,612	\$ 4,736,758
3,237,176	3,223,136	6,767,218	6,168,708	5,337,689	5,682,115
49,895,524	53,349,424	53,878,287	53,765,254	59,627,119	82,848,774
1,869,260	1,746,242	1,698,280	1,845,940	1,929,401	2,875,255
17,253,839	17,062,035	17,107,046	18,620,390	19,886,753	27,120,384
6,096,063	5,583,066	7,971,692	7,201,154	7,722,877	9,535,521
8,905,444	8,630,429	9,376,195	9,119,888	8,897,020	10,719,258
15,980,936	14,734,120	11,067,099	11,811,681	13,696,744	14,574,619
281,021	290,451	368,206	329,667	252,593	312,351
4,511,845	4,633,990	4,908,136	4,919,568	4,893,018	5,084,197
5,042,537	5,439,220	5,811,208	4,156,097	4,492,095	6,168,308
3,164,787	3,211,059	2,743,155	2,034,145	2,442,183	2,315,611
120,376,915	122,356,207	125,356,000	123,290,758	133,005,104	171,973,151
1,469,962	1,359,191	4,084,921	1,385,244	1,455,096	1,086,487
—	—	433,841	463,135	883,511	843,310
—	—	—	—	—	—
165,634	173,782	148,748	127,424	128,862	120,717
61,642	80,293	71,671	38,760	83,193	38,813
3,166,996	3,118,787	3,090,246	3,046,821	3,183,516	3,282,523
2,788,349	3,324,895	3,462,217	2,131,108	2,427,585	2,946,131
17,088,039	17,795,374	18,304,009	17,531,443	19,955,518	20,243,863
3,446,645	1,040,292	383,805	886,495	869,776	744,095
28,187,267	26,892,614	29,979,458	25,610,430	28,987,057	29,305,939
(92,189,648)	(95,463,593)	(95,376,542)	(97,680,328)	(104,018,047)	(142,667,212)
23,222,475	25,272,782	16,665,577	25,962,472	33,216,511	33,659,448
1,203,912	1,332,721	721,453	1,171,597	1,006,495	1,011,306
—	499,999	—	—	—	—
13,271,401	13,328,797	12,206,366	12,320,333	7,746,601	7,833,737
59,604,896	58,089,586	68,326,914	60,176,831	61,289,944	65,912,935
29,272	40,833	238,990	35,877	98,806	240,592
—	—	22,966	—	—	—
912,670	635,935	1,526,787	2,749,324	2,665,055	2,492,689
98,244,626	99,200,653	99,709,053	102,416,434	106,023,412	111,150,707
\$ 6,054,978	\$ 3,737,060	\$ 4,332,511	\$ 4,736,106	\$ 2,005,365	\$ (31,516,505)

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Governmental Activities Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax					Total
	General Purposes	Community Service	Capital Projects – Building Construction	Debt Service		
2008	\$ 25,642,122	\$ 1,294,102	\$ –	\$ 11,684,928	\$ 38,621,152	
2009	27,213,756	1,289,673	–	11,278,858	39,782,287	
2010	26,165,030	1,469,042	–	13,477,263	41,111,335	
2011	37,366,027	1,838,319	–	12,004,142	51,208,488	
2012	23,222,475	1,203,912	–	13,271,401	37,697,788	
2013	25,272,782	1,332,721	499,999	13,328,797	40,434,299	
2014	16,665,577	721,453	–	12,206,366	29,593,396	
2015	25,962,472	1,171,597	–	12,320,333	39,454,402	
2016	33,216,511	1,006,495	–	7,746,601	41,969,607	
2017	33,659,448	1,011,306	–	7,833,737	42,504,491	

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 272

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

				Fiscal Year
	2008	2009	2010	2011
General Fund				
Reserved	\$ 1,314,383	\$ 2,783,651	\$ —	\$ —
Unreserved	15,262,051	14,637,947	—	—
Nonspendable	—	—	259,349	278,350
Restricted	—	—	1,920,583	2,514,651
Assigned	—	—	2,509,358	2,830,859
Unassigned	—	—	10,672,253	12,132,508
Total General Fund	<u>\$ 16,576,434</u>	<u>\$ 17,421,598</u>	<u>\$ 15,361,543</u>	<u>\$ 17,756,368</u>
All other governmental funds				
Reserved				
Community Service Fund	\$ 249,821	\$ 254,720	\$ —	\$ —
Capital project funds	3,434,322	10,372,666	—	—
Debt service funds	—	—	—	—
Unreserved, reported in			—	—
Special revenue funds	997,622	1,577,125	—	—
Debt service funds	2,257,141	2,290,994	—	—
Nonspendable	—	—	104,048	118,730
Restricted	—	—	9,267,346	15,507,318
Unassigned, reported in				
Special revenue funds	—	—	—	—
Total all other governmental funds	<u>\$ 6,938,906</u>	<u>\$ 14,495,505</u>	<u>\$ 9,371,394</u>	<u>\$ 15,626,048</u>
Total all governmental funds	<u>\$ 23,515,340</u>	<u>\$ 31,917,103</u>	<u>\$ 24,732,937</u>	<u>\$ 33,382,416</u>

Note: The District implemented GASB Statement No. 54 in fiscal 2011. The new fund balance classifications under GASB Statement No. 54 are not available for previous fiscal years.

2012	2013	2014	2015	2016	2017
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
337,027	244,799	952,663	422,808	462,195	717,276
1,880,684	684,054	810,854	1,256,917	1,207,446	1,871,785
804,305	708,318	1,834,953	3,036,146	2,727,888	2,409,257
13,936,928	13,722,291	11,824,573	10,281,140	13,111,310	14,636,325
<u>\$ 16,958,944</u>	<u>\$ 15,359,462</u>	<u>\$ 15,423,043</u>	<u>\$ 14,997,011</u>	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
13,545,008	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
113,711	145,478	111,767	154,926	199,906	186,341
8,980,899	15,744,487	10,746,472	15,064,990	9,241,713	13,284,487
—	—	—	(184,509)	(321,863)	(321,860)
<u>\$ 22,639,618</u>	<u>\$ 15,889,965</u>	<u>\$ 10,858,239</u>	<u>\$ 15,035,407</u>	<u>\$ 9,119,756</u>	<u>\$ 13,148,968</u>
<u>\$ 39,598,562</u>	<u>\$ 31,249,427</u>	<u>\$ 26,281,282</u>	<u>\$ 30,032,418</u>	<u>\$ 26,628,595</u>	<u>\$ 32,783,611</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Local sources				
Property taxes	\$ 38,566,529	\$ 39,616,286	\$ 41,031,054	\$ 51,404,212
Investment earnings	2,345,415	841,719	405,512	90,399
Other	8,345,956	8,127,838	7,950,879	7,851,396
State sources	73,441,184	72,795,282	66,602,464	62,158,520
Federal sources	3,152,424	3,639,608	10,721,124	4,445,105
Total revenues	125,851,508	125,020,733	126,711,033	125,949,632
Expenditures				
Current				
Administration	3,934,031	4,687,670	4,077,932	3,968,529
District support services	3,287,753	3,719,405	3,838,206	3,366,929
Elementary and secondary regular instruction	44,938,359	55,351,574	48,095,266	45,677,557
Vocational education instruction	2,345,674	2,177,905	2,058,781	1,832,713
Special education instruction	16,704,084	19,743,834	17,342,047	17,024,148
Instructional support services	6,379,891	6,330,018	5,998,444	5,713,290
Pupil support services	7,267,831	8,062,132	7,522,119	8,089,888
Sites and buildings	12,888,585	12,877,556	12,233,537	12,576,180
Fiscal and other fixed cost programs	307,579	295,504	285,524	271,816
Food service	4,217,002	4,615,213	4,217,195	4,237,186
Community service	4,672,737	5,393,373	4,806,808	4,816,407
Capital outlay	10,197,967	7,316,264	9,303,142	9,001,838
Debt service				
Principal	7,905,677	8,774,919	9,677,141	8,850,329
Interest and fiscal charges	5,372,894	3,363,063	4,439,057	4,042,152
Total expenditures	130,420,064	142,708,430	133,895,199	129,468,962
Excess of revenues over (under) expenditures	(4,568,556)	(17,687,697)	(7,184,166)	(3,519,330)
Other financing sources (uses)				
Sale of capital assets	—	—	—	—
Insurance recovery proceeds	—	—	—	—
Capital lease issued	—	—	—	—
Debt issued	—	39,094,460	—	12,070,000
Premium on debt issued	—	—	—	98,809
Payment to refunded bond escrow agent	(34,950,000)	(13,005,000)	—	—
Transfer in	343,463	478,811	461,382	608,124
Transfer (out)	(343,463)	(478,811)	(461,382)	(608,124)
Total other financing sources (uses)	(34,950,000)	26,089,460	—	12,168,809
Net change in fund balances	\$ (39,518,556)	\$ 8,401,763	\$ (7,184,166)	\$ 8,649,479
Debt service as a percentage of noncapital expenditures	10.7%	8.8%	11.1%	10.5%

2012	2013	2014	2015	2016	2017
\$ 40,992,041	\$ 40,508,045	\$ 29,522,943	\$ 39,380,714	\$ 42,043,669	\$ 42,513,230
29,272	40,807	238,771	35,818	98,544	235,548
8,799,079	9,315,124	12,469,887	10,254,894	11,199,258	11,196,024
71,410,243	72,240,750	82,458,725	74,137,366	77,667,614	78,997,964
5,313,914	4,062,261	4,032,872	3,987,082	4,075,184	4,366,037
126,544,549	126,166,987	128,723,198	127,795,874	135,084,269	137,308,803
4,126,012	4,544,080	3,721,836	3,339,290	3,584,683	3,685,730
3,203,924	3,221,560	6,578,632	6,252,752	5,494,082	5,420,285
46,664,877	52,948,572	52,490,337	52,144,459	57,391,706	57,571,373
1,869,260	1,746,242	1,855,742	1,868,424	1,946,168	2,198,932
17,263,273	17,046,948	17,512,064	18,874,537	19,999,874	19,933,386
6,116,035	5,575,141	7,803,481	7,278,407	7,755,337	7,470,572
8,244,509	8,322,069	8,983,572	9,048,612	9,002,606	9,574,415
12,692,387	13,580,178	8,831,002	8,953,223	11,225,225	10,607,283
281,021	290,451	368,206	329,667	252,593	312,351
4,448,639	4,695,697	5,080,318	4,806,685	4,834,354	4,903,381
4,989,977	5,386,661	5,758,648	4,052,806	4,469,778	5,547,410
10,217,981	5,459,202	4,945,754	6,069,185	5,738,416	6,830,546
9,813,895	9,632,857	11,313,922	13,544,547	7,424,957	9,790,936
3,993,854	4,391,302	3,291,854	2,915,695	2,760,168	2,583,448
133,925,644	136,840,960	138,535,368	139,478,289	141,879,947	146,430,048
(7,381,095)	(10,673,973)	(9,812,170)	(11,682,415)	(6,795,678)	(9,121,245)
—	—	22,966	1,935,052	70,551	1,389,100
—	—	871,675	—	—	—
—	3,865,771	3,949,384	2,925,198	3,321,304	2,620,690
11,520,000	25,170,000	—	10,310,000	—	10,940,000
2,077,241	684,067	—	263,301	—	326,471
—	(27,695,000)	—	—	—	—
509,805	513,349	345,710	213,684	187,683	162,423
(509,805)	(513,349)	(345,710)	(213,684)	(187,683)	(162,423)
13,597,241	2,024,838	4,844,025	15,433,551	3,391,855	15,276,261
\$ 6,216,146	\$ (8,649,135)	\$ (4,968,145)	\$ 3,751,136	\$ (3,403,823)	\$ 6,155,016
11.0%	11.0%	11.3%	12.6%	7.7%	9.0%

INDEPENDENT SCHOOL DISTRICT NO. 272

General Governmental Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				
	General Fund	Community Service Fund	Capital Projects – Building Construction	Debt Service Fund	Total
2008	\$ 25,605,855	\$ 1,292,272	\$ –	\$ 11,668,402	\$ 38,566,529
2009	27,100,200	1,284,292	–	11,231,794	39,616,286
2010	26,113,936	1,466,173	–	13,450,945	41,031,054
2011	37,508,844	1,845,345	–	12,050,023	51,404,212
2012	26,516,728	1,203,912	–	13,271,401	40,992,041
2013	25,323,714	1,334,894	499,999	13,349,438	40,508,045
2014	16,618,372	719,110	–	12,185,461	29,522,943
2015	25,919,031	1,168,409	–	12,293,274	39,380,714
2016	33,239,697	1,010,283	–	7,793,689	42,043,669
2017	33,662,761	1,012,447	–	7,838,022	42,513,230

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 272

Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

Payable Year	(1) Residential Property	(1) Commercial Property	(1) Total Assessed Value	(2) Estimated Actual Taxable Value	Total Direct Tax Rate
2008	\$7,572,490,000	\$1,774,750,300	\$9,347,240,300	\$9,598,925,000	23.43 %
2009	7,918,714,900	2,100,859,900	10,019,574,800	9,661,447,000	24.69
2010	7,157,914,400	1,840,890,500	8,998,804,900	9,235,410,000	25.96
2011	6,673,993,300	1,691,119,900	8,365,113,200	8,595,831,400	28.42
2012	6,207,699,397	1,717,671,300	7,925,370,697	8,166,688,156	29.29
2013	6,311,618,573	1,860,094,000	8,171,712,573	7,909,976,999	29.07
2014	6,402,140,621	1,914,628,600	8,316,769,221	8,004,131,794	27.82
2015	6,585,945,500	2,041,177,200	8,627,122,700	8,402,678,939	22.03
2016	6,412,304,300	2,666,034,900	9,078,339,200	8,898,122,781	20.95
2017	6,839,600,000	2,793,643,700	9,633,243,700	9,129,810,474	21.87

(1) Source: City of Eden Prairie assessor. Includes all properties within the city boundaries. This breakdown is not available for property within school district boundaries. Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property, and railroad property. Commercial property above includes both commercial and industrial property.

(2) Source: Hennepin County. Includes all properties within the school district boundaries.

INDEPENDENT SCHOOL DISTRICT NO. 272

Property Tax Rates – Direct and Overlapping Governments Last Ten Fiscal Years

Tax Collection Calendar Year	ISD No. 272 Direct Rate (1)				Overlapping Rates	
	General Fund	Community Service	General Obligation Debt Service	Total Direct School Tax Rate	City of Bloomington	City of Chanhassen
2008	11.553%	1.216%	10.656%	23.425%	33.257%	23.713%
2009	10.444%	1.399%	12.848%	24.691%	35.855%	22.993%
2010	12.601%	1.289%	12.069%	25.959%	39.771%	25.185%
2011	12.642%	1.248%	14.530%	28.420%	43.088%	26.604%
2012	13.365%	1.423%	14.504%	29.292%	44.776%	28.532%
2013	12.911%	1.623%	14.533%	29.067%	47.207%	28.429%
2014	12.514%	1.329%	13.974%	27.817%	50.545%	27.817%
2015	12.349%	1.109%	8.572%	22.030%	47.336%	24.634%
2016	11.824%	1.041%	8.083%	20.948%	45.909%	24.253%
2017	13.100%	0.844%	7.921%	21.865%	42.484%	23.856%

(1) Tax capacity rate method.

(2) Special districts includes Metro Mosquito, Metro Council, and Metro Transit.

Sources: Overlapping rate data provided by the District's financial advisor, Ehlers & Associates and the School Tax Report from the County Auditor's Office.

City of Eden Prairie	City of Edina	Special Districts (2)	Hennepin County	Hennepin Parks	Other	Total Direct and Overlapping Tax Rate
27.177%	21.197%	3.460%	38.571%	3.137%	3.137%	177.074%
27.271%	22.447%	2.579%	40.413%	3.334%	3.334%	182.917%
28.742%	22.972%	2.620%	42.056%	3.499%	3.499%	194.303%
31.239%	24.660%	2.949%	45.840%	3.765%	3.765%	210.330%
33.250%	26.247%	3.084%	48.231%	3.943%	2.941%	220.296%
34.617%	27.216%	3.242%	49.461%	4.054%	4.187%	227.480%
34.709%	27.920%	3.335%	49.959%	4.169%	4.547%	230.818%
33.954%	26.605%	3.006%	46.398%	3.789%	2.990%	210.742%
32.327%	27.137%	2.899%	45.356%	3.601%	4.263%	206.693%
32.667%	28.271%	2.821%	44.087%	3.365%	4.390%	203.806%

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 3,333,400	1	2.81 %	\$ 670,109	6	0.58 %
CAPREF Eden Prairie, LLC (Eden Prairie Mall)	2,046,250	2	1.73	2,186,660	2	1.89
WPT Land 2 LP	1,085,040	3	0.92	—	—	—
Liberty Property Limited Partnership	909,810	4	0.77	2,548,370	1	2.20
AGNL Health	833,070	5	0.70	—	—	—
PRIT Core Realty Holdings, LLC	826,801	6	0.70	—	—	—
OSWX Property, LLC	673,570	7	0.57	—	—	—
Lifetouch, Inc.	621,302	8	0.52	786,940	5	0.68
Gelco Corporation	555,700	9	0.47	567,090	8	0.49
Windsor Plaza, LLC	536,298	10	0.45	—	—	—
ADC Telecommunications, Inc.	—	—	—	1,066,450	3	0.92
First Industrial LP	—	—	—	999,245	4	0.86
Kraus-Anderson, Inc.	—	—	—	616,540	7	0.53
IRET Properties	—	—	—	527,446	9	0.46
Well-Prop (Multi) LLC	—	—	—	525,420	10	0.45
Total Principal Taxpayers	11,421,241		9.64	10,494,270		9.07
All Other Taxpayers	107,084,234		90.36	105,225,930		90.93
Total	<u>\$ 118,505,475</u>		<u>100.00 %</u>	<u>\$ 115,720,200</u>		<u>100.00 %</u>

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Taxes Levied for the Fiscal Year					Collected Within the First Year of Levy	
	General Fund Basic Levy	Community Service Levy	Debt Service Levy	OPEB/Pension Levy (1)	Total Tax Levy	Current Tax Collection	Percentage of Levy
2008	\$ 27,069,403	\$ 1,307,026	\$ 11,452,886	\$ —	\$ 39,829,315	\$ 19,579,898	49.2 %
2009	25,966,291	1,500,420	11,798,430	1,981,324	41,246,465	19,865,349	48.2
2010	28,093,064	1,309,775	11,232,990	1,036,573	41,672,402	20,510,475	49.2
2011	26,602,500	1,168,806	12,814,385	798,972	41,384,663	20,380,373	49.2
2012	25,975,642	1,281,184	12,593,426	472,886	40,323,138	20,152,524	50.0
2013	25,444,223	1,419,490	11,189,819	1,521,684	39,575,216	19,897,572	50.3
2014	25,529,344	1,175,946	11,573,877	1,175,946	39,455,113	19,796,741	50.2
2015	33,319,644	1,022,125	4,092,167	3,808,316	42,242,252	20,739,473	49.1
2016	33,574,885	1,030,212	4,079,271	3,920,004	42,604,372	21,408,517	50.2
2017	34,640,296	852,158	3,968,095	4,029,712	43,490,261	21,844,359	50.2

(1) Fiscal Year 2009 was the first year that OPEB/Pension Fund Levy was applicable.

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent
	Total Tax Collection	Percentage of Levy		
\$ 20,249,417	\$ 39,829,315	100.0 %	\$ —	— %
21,381,116	41,246,465	100.0	—	—
21,245,234	41,755,709	100.2	(83,307)	(0.2)
20,868,638	41,249,011	99.7	135,652	0.3
20,158,502	40,311,026	100.0	12,112	0.0
19,663,771	39,561,343	100.0	13,873	0.0
19,583,632	39,380,373	99.8	74,740	0.2
21,462,558	42,202,031	99.9	40,221	0.1
21,063,631	42,472,148	99.7	132,224	0.3
—	21,844,359	50.2	—	—
			<u>\$ 325,515</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Improvement Loans	Capital Leases	Special Assessments Payable	Total Primary Government		
2008	\$ 75,240,200	\$ 1,983,769	\$ —	\$ 268,182	\$ 77,492,151	— %	\$ 1,248
2009	92,694,897	1,668,850	—	202,772	94,566,519	—	1,525
2010	83,001,078	1,491,709	—	137,362	84,630,149	—	1,352
2011	86,307,559	1,306,380	—	80,547	87,694,486	—	1,442
2012	89,894,608	1,112,485	—	32,325	91,039,418	—	1,477
2013	77,926,451	909,628	2,812,956	4,105	81,653,140	—	1,317
2014	67,533,863	697,395	5,365,651	—	73,596,909	—	1,187
2015	67,926,290	475,351	4,573,346	—	72,974,987	—	1,163
2016	62,311,892	243,044	6,047,000	—	68,601,936	—	1,096
2017	67,930,803	—	4,489,798	—	72,420,601	—	1,133

(1) Presented net of issuance premiums and discounts.

(2) Personal income information for residents living within the District is not available.

(3) See Demographics and Economic Statistics table for source of estimated population.

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (2)	Net Bonded Debt	Estimated Actual Taxable Value (3)	Percent of Net Debt to Estimated Actual Taxable Value	Estimated Population (4)	Net Bonded Debt per Capita
2008	\$ 75,240,200	\$ 2,257,141	\$ 72,983,059	\$9,598,925,000	0.76 %	62,090	\$ 1,175
2009	92,694,897	2,290,994	90,403,903	9,661,447,000	0.94	61,993	1,458
2010	83,001,078	2,080,062	80,921,016	9,235,410,000	0.88	62,604	1,293
2011	86,307,559	1,920,513	84,387,046	8,595,831,400	0.98	60,797	1,388
2012	89,894,608	15,477,778	74,416,830	8,166,688,156	0.91	61,657	1,207
2013	77,926,451	1,859,579	76,066,872	7,909,976,999	0.96	62,004	1,227
2014	67,533,863	1,079,474	66,454,389	8,004,131,794	0.83	62,004	1,072
2015	67,926,290	1,718,842	66,207,448	8,402,678,939	0.79	62,729	1,055
2016	62,311,892	1,475,305	60,836,587	8,898,122,781	0.68	62,593	972
2017	67,930,803	1,762,208	66,168,595	9,129,810,474	0.72	63,914	1,035

(1) Presented net of issuance premiums and discounts.

(2) Includes all restricted fund balances in the Debt Service Fund. We believe this is the most accurate and consistent representation of the resources restricted for debt service as it includes crossover refunding bond proceeds held in escrow when applicable, which are not included in the governmental activities net position restricted for debt service due to the conversion for full accrual accounting.

(3) See Assessed and Actual Value of Taxable Property table for estimated actual taxable value.

(4) See Demographics and Economic Statistics table for source of estimated population.

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

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Direct and Overlapping Debt as of June 30, 2017

Governmental Unit	2016-2017 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 100,972,870	\$ 72,420,601	100.00 %	\$ 72,420,601
Overlapping debt				
Hennepin County	1,718,948,808	743,205,000	5.87	43,626,134
City of Bloomington	135,860,233	59,660,000	0.35	208,810
City of Chanhassen	43,368,032	7,130,000	1.99	141,887
City of Eden Prairie	107,314,235	46,170,000	89.93	41,520,681
City of Edina	119,756,387	23,470,000	0.73	171,331
Metropolitan Council	3,696,732,996	146,405,000	2.84	4,157,902
Total overlapping debt				<u>89,826,745</u>
Total direct and overlapping debt				<u><u>\$ 162,247,346</u></u>

Note: The percentage of overlapping debt applicable is estimated using taxable net tax capacity values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable net tax capacity value that is within the District's boundaries and dividing it by the overlapping government's total taxable net tax capacity value.

Source: Taxable value data used to estimate applicable percentages and debt outstanding data provided by the District's financial advisor, Ehlers & Associates.

INDEPENDENT SCHOOL DISTRICT NO. 272

Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year			
	2008	2009	2010	2011
Debt limit	\$ 1,356,856	\$ 1,438,263	\$ 1,446,763	\$ 1,260,243
Total debt applicable to limit	74,180	91,465	81,965	85,370
Legal debt margin	<u>\$ 1,282,676</u>	<u>\$ 1,346,798</u>	<u>\$ 1,364,798</u>	<u>\$ 1,174,873</u>
Total debt applicable to the limit as a percentage of debt limit	5.47%	6.36%	5.67%	6.77%

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

Source: State of Minnesota School Tax Report

2012	2013	2014	2015	2016	2017
\$ 1,188,806	\$ 1,174,647	\$ 1,247,515	\$ 1,285,487	\$ 1,354,606	\$ 1,388,302
87,270	75,315	65,610	66,315	60,970	66,540
<u>\$ 1,101,536</u>	<u>\$ 1,099,332</u>	<u>\$ 1,181,905</u>	<u>\$ 1,219,172</u>	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>
7.34%	6.41%	5.26%	5.16%	4.50%	4.79%

Legal Debt Margin Calculation for Fiscal Year 2017	
Market value	\$ 9,255,348
Debt limit (15% of market value)	1,388,302
Debt applicable to limit General obligation bonds	<u>66,540</u>
Legal debt margin	<u>\$ 1,321,762</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Eden Prairie		Per Capita Personal Income (1)		School Enrollment	Unemployment Rate (3)
	Population	Personal Income (1)	Personal Income (1)			
2008	62,090	\$ —	\$ —	9,683	3.9 %	
2009	61,993	—	—	9,593	4.1	
2010	62,604 (2)	—	—	9,596	5.8	
2011	60,797	—	—	9,487	5.2	
2012	61,657	—	—	9,162	5.2	
2013	62,004	—	—	9,046	4.7	
2014	62,004	—	—	9,011	4.0	
2015	62,729	—	—	8,941	2.4	
2016	62,593	—	—	8,844	2.3	
2017	63,914 (2)	—	—	8,835	2.6	

(1) Personal income information for residents living within the District is not available.

(2) Information from the U.S. Census Bureau.

(3) Official Metropolitan Council estimate.

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Optum	6,375	1	32.88 %	—	—	— %
Eden Prairie Mall LLC/Homart Development	2,424	2	12.50	2,424	1	18.86
C.H. Robinson Worldwide, Inc.	1,706	3	8.80	1,373	4	10.68
Starkey Labs	1,700	4	8.77	1,400	3	10.89
Emerson Process Management	1,500	5	7.74	—	—	—
ISD No. 272 (Eden Prairie)	1,482	6	7.64	1,758	2	13.68
Element Fleet Management	1,200	7	6.19	—	—	—
Super Valu Stores, Inc.	1,100	8	5.67	1,313	5	10.22
MTS Systems Corporation	1,000	9	5.16	858	8	6.68
CIGNA Behavioral Health, Inc.	900	10	4.64	—	—	—
Kroll Ontrack, inc.	—	—	—	1,200	6	9.34
Ingenix, Inc.	—	—	—	900	7	7.00
City of Eden Prairie	—	—	—	827	9	6.43
GE Commercial Fleet Services	—	—	—	800	10	6.22
Total	<u>19,387</u>		<u>100.00 %</u>	<u>12,853</u>		<u>100.00 %</u>
Total ISD No. 272 population (see the Demographic and Economic Statistics)	<u>63,914</u>			<u>62,090</u>		
Percent of principal employers to total ISD No. 272 population	<u>30.3%</u>			<u>20.7%</u>		

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Employees by Classification
Last Ten Fiscal Years

Licensed Employees	Fiscal Year			
	2008	2009	2010	2011
Administrative staff	24.0	25.0	20.0	19.8
Support service staff	57.2	55.0	60.3	56.4
Classroom teachers	558.9	587.4	583.7	561.6
Special education teachers	37.6	28.8	48.2	40.4
Total	677.7	696.2	712.2	678.2

Source: Minnesota Department of Education STARS report (October 1)

2012	2013	2014	2015	2016	2017
19.8	20.8	23.7	24.5	24.5	20.8
57.7	55.8	56.6	51.0	53.0	51.9
553.7	540.5	548.9	544.9	570.7	558.2
54.0	43.1	21.7	19.0	20.7	25.5
685.2	660.2	650.9	639.4	668.9	656.4

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Total Governmental Activities Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2008	9,683	\$130,420,064	\$ 13,469	8.6 %	558.9	17.3
2009	9,593	142,708,430	14,876	10.4	587.4	16.3
2010	9,596	133,895,199	13,953	(6.2)	583.7	16.4
2011	9,487	129,468,962	13,647	(2.2)	561.6	16.9
2012	9,162	133,925,644	14,618	7.1	553.7	16.5
2013	9,046	136,840,960	15,127	3.5	540.5	16.7
2014	9,011	138,535,368	15,374	1.6	548.9	16.4
2015	8,941	139,478,289	15,600	1.5	544.9	16.4
2016	8,844	141,879,947	16,043	2.8	570.7	15.5
2017	8,835	146,430,048	16,574	3.3	558.2	15.8

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Elementary Schools				
Eden Lake (1987)				
Enrollment (1)	908.68	908.68	893.45	853.94
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	635.48	607.20	586.24	582.25
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	675.97	678.05	645.83	559.10
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	916.35	875.29	868.36	904.32
Square feet	115,599	115,599	115,599	115,599
Oak Point Facility (1990)				
Square feet	278,887	278,887	278,887	278,887
Oak Point Elementary				
Enrollment (1)	1,452.75	1,438.12	1,378.78	1,336.08
Eagle Heights Spanish Immersion (2)				
Enrollment (1)	357.59	466.86	565.51	692.48
Middle School				
Central Middle School (1960)				
Enrollment (1)	1,539.75	1,473.91	1,456.77	1,450.82
Square feet	242,699	242,699	242,699	242,699
High School				
Eden Prairie High School (1981)				
Enrollment (1)	3,196.51	3,145.38	3,201.26	3,107.86
Square feet	689,771	689,771	689,771	689,771
Total enrollment	9,683.08	9,593.49	9,596.20	9,486.85
Total square feet	1,625,488	1,625,488	1,625,488	1,625,488
Athletics				
Football fields	2	2	2	2
Soccer fields	5	5	5	5
Running tracks	2	2	2	2
Baseball/softball	2	2	2	2
Swimming pools	1	1	1	1
Playgrounds	6	6	6	6

- (1) Enrollment reflects average daily membership (ADM) served by site. Resident students served under tuition agreements are excluded from this enrollment data.
- (2) Eagle Heights Spanish Immersion School was housed in the west wing of the Administrative Service Center between 2005 and 2007, partially at the Oak Point facility from 2008 to 2012.

Source: Square footage, capacity, and athletic statistics are derived from district records. Enrollment was obtained from a combination of district records and school ADM reports available on the Minnesota Department of Education website.

2012	2013	2014	2015	2016	2017
812.58	940.20	900.91	881.27	727.95	803.15
110,469	110,469	110,469	110,469	110,469	110,469
548.82	654.51	724.90	752.10	773.48	636.19
93,000	93,000	93,000	93,000	93,000	93,000
542.05	651.84	658.30	657.17	682.87	709.83
95,063	95,063	95,063	95,063	95,063	95,063
707.59	842.69	776.56	750.92	723.29	673.38
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
1,305.10	795.10	782.16	757.16	757.58	738.30
806.28	830.92	814.63	808.76	814.13	824.38
1,416.84	1,396.94	1,424.11	1,415.40	1,377.65	1,368.09
242,699	242,699	242,699	242,699	242,699	242,699
3,022.32	2,934.10	2,929.31	3,026.64	2,893.37	2,989.96
689,771	689,771	689,771	689,771	689,771	689,771
9,161.58	9,046.30	9,010.88	9,049.42	8,750.32	8,743.28
1,625,488	1,625,488	1,625,488	1,625,488	1,625,488	1,625,488
2	2	2	2	2	2
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
6	6	6	6	6	6

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,	Program Adult Meals	Meals Served Students	Full Price Meals Served	Free Meals Served	Reduced Price Meals Served
2008	19,538	968,089	785,193	147,852	35,044
2009	30,126	970,570	763,774	165,686	41,110
2010	26,207	971,678	724,201	205,915	41,562
2011	29,850	959,409	695,428	220,201	43,780
2012	26,234	896,075	643,794	210,399	41,882
2013	23,978	833,667	577,623	218,766	37,278
2014	7,789	797,641	534,096	224,999	38,546
2015	5,633	845,853	578,949	222,388	44,516
2016	3,707	811,294	546,690	219,430	45,174
2017	4,083	798,449	543,414	210,444	44,591

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School (1)
2008	\$ 2.25	\$ 2.50	\$ 2.50
2009	2.35	2.60	2.60
2010	2.35	2.60	2.60
2011	2.40	2.65	2.65
2012	2.40	2.65	2.65
2013	2.40	2.65	2.65
2014	2.50	2.75	2.75
2015	2.60	2.85	2.85
2016	2.70	3.05	3.05
2017	2.70	3.05	3.05

(1) Includes new generation and ethnic food options.

INDEPENDENT SCHOOL DISTRICT NO. 272

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2008	84.98	656.48	4,277.11	4,846.91	9,865.48	11,453.00
2009	83.90	638.42	4,336.57	4,731.13	9,790.02	11,356.36
2010	86.12	661.80	4,279.36	4,774.44	9,801.72	11,367.79
2011	85.34	663.98	4,270.65	4,694.38	9,714.35	11,251.77
2012	89.25	578.66	4,150.02	4,593.11	9,411.04	10,941.60
2013	106.10	629.48	4,080.75	4,500.90	9,317.23	10,794.31
2014	104.31	560.27	4,006.32	4,492.37	9,163.27	10,662.17
2015	123.38	595.08	3,889.68	4,445.20	9,053.34	9,942.38
2016	126.05	561.73	3,880.82	4,380.66	8,949.26	9,825.39
2017	112.21	560.89	3,791.02	4,466.76	8,930.88	9,824.23

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

Note 2: Beginning in fiscal 2015, changes in ADM weightings as noted below reduced the calculated pupil units.

Note 3: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2008 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2017	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

THIS PAGE INTENTIONALLY LEFT BLANK

Management Report
for
Independent School District No. 272
Eden Prairie, Minnesota
June 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 272's (the District) financial statements for the year ended June 30, 2017. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
Minneapolis, Minnesota
November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS* (UNIFORM GUIDANCE)

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2017, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2017:

- We have issued an unmodified opinion on the District's basic financial statements. The opinion included a paragraph emphasizing the District's implementation of new Governmental Accounting Standards Board (GASB) guidance for reporting certain pension plans and other post-employment benefits (OPEB), which reduced District's beginning government-wide net position by \$11,316,556. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses. It should be understood that internal controls are never perfected, and those controls which protect the District's funds from such things as fraud and accounting errors need to be continually reviewed by management and modified as necessary.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests noted instances of noncompliance with requirements that could have a direct and material effect on each of its major federal programs:
 1. We noted instances of noncompliance with procurement requirements applicable to the child nutrition cluster program for bids and/or quotations that were not obtained and retained on file.
 2. We noted instances of noncompliance with federal allowable costs requirements applicable to the special education cluster program for time and effort documentation to support salary costs charged to federal programs.

- We reported two matters involving the internal controls over compliance and its operation that we consider to be significant deficiencies in our testing of major federal programs:
 1. For the child nutrition cluster federal program, the District did not have adequate controls in place to assure compliance with procurement requirements for bids and/or quotations for contracts.
 2. For the special education cluster federal program, the District did not have sufficient controls to ensure adequate and timely documentation of time and effort was created and retained to support salary costs charged to federal programs.
- We reported three findings based on our testing of the District's compliance with Minnesota laws and regulations:
 1. For two of twenty-six disbursements tested, the District was not in compliance with Minnesota Statutes requiring payment of invoices within 35 days from the receipt of goods or services, or the invoice for goods or services, for districts with governing boards that meet at least once a month.
 2. For one of two contracts selected for testing that were completed during the 2017 fiscal year, the statutory requirement to obtain a Form IC134 or Contractor's Withholding Affidavit prior to making the final payment to a contractor, was not met.
 3. For three vendors tested, the District was not in compliance with Minnesota Statutes requiring a contract awarded based on sealed bids or quotations.

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

In accordance with Minnesota Statutes, the District's School Board has elected not to exercise control over the transactions of the extracurricular student activity accounts maintained at various district sites. Consequently, the cash receipts and disbursements of the District's extracurricular student activity accounts are reported in a separate set of financial statements, rather than being reported within the District's General Fund. We have issued an opinion on these separate financial statements, stating that they fairly present the cash balances and cash receipts and disbursements of these accounts as of and for the year ended June 30, 2017, on the cash basis of accounting. Our opinion was qualified for a limitation related to the completeness of cash receipts reported.

We reported one deficiency involving internal control over financial reporting for the District's extracurricular student activities that we consider to be a material weakness:

- The District reports student activities on a cash basis, and has not established procedures to assure that all cash collections are recorded in the accounting records. Procedures such as the use and reconciliation of prenumbered receipts, prenumbered admission tickets for events, and inventory controls over items sold for fundraisers would help strengthen the controls in this area.

We also issued a report on compliance with the Minnesota Department of Education's (MDE) *Manual for Activity Fund Accounting*, in which we reported one finding:

- We identified three of twelve student activity receipts tested that were not deposited in a timely manner as defined in the *Manual Activity for Fund Accounting*.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of the audit of the District's financial statements for the year ended June 30, 2017, we performed procedures to follow-up on any findings and recommendations that resulted from the prior year audit. We reported the following finding that was corrected by the District in the current year:

- During our audit of the year ended June 30, 2016, we noted that the District did not have documented written controls to ensure compliance with the U.S. Office of Management and Budget's Uniform Guidance cash management, allowable costs, and financial management standards. Based on our testing in the current year, the District implemented adequate procedures to correct this prior year finding.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2017. However, the District implemented the following governmental accounting standards during the fiscal year ended June 30, 2017:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which extended the accounting and financial reporting approach established in GASB Statement No. 68 to all pensions, including those not administered through a trust.
- GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Benefits*, which established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.
- GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which established new accounting and financial reporting requirements for governments whose employees are provided with OPEB.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which enhanced disclosures regarding investments.
- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements, No. 67, No. 68, and No. 73*, which addressed certain issues related to pension reporting and disclosures.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for compensated absences for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for OPEB and pension benefits. These obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68, 73, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated November 15, 2017.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information accompanying the financial statements and the separately issued Schedule of Expenditures of Federal Awards and Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections which accompany the financial statements but are not RSI. Such information has 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 it.

FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. A summary of legislative changes affecting school districts and charter schools included later in this report gives an indication of how complicated the funding system is. This section provides some state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

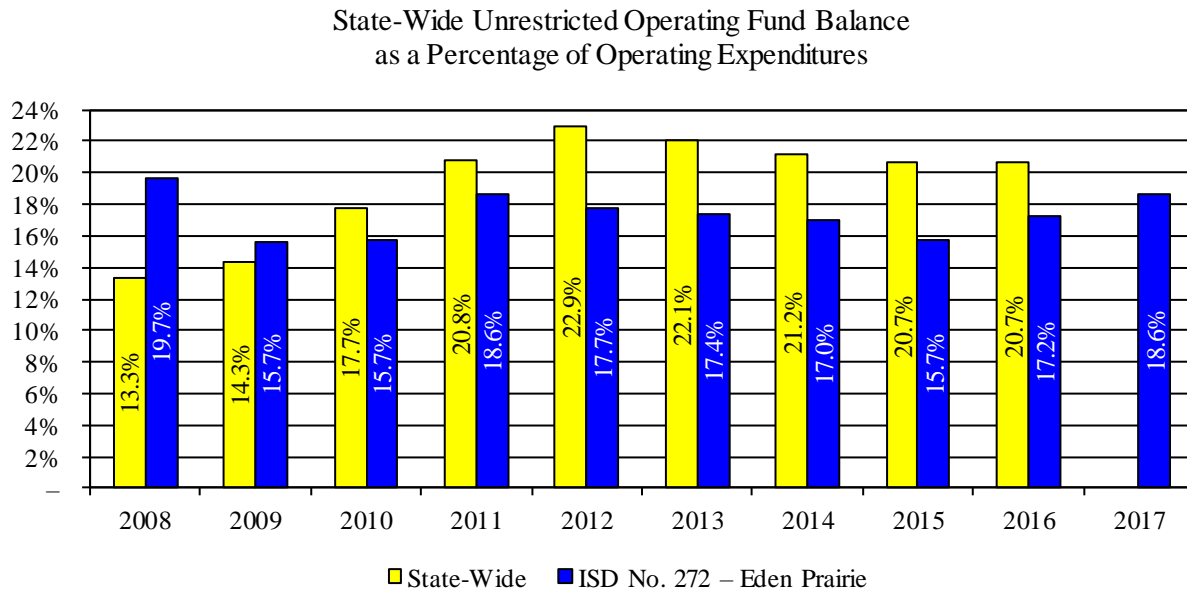
The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the 2018 and 2019 fiscal years. The amount of the formula allowance and the percentage change from year to year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.0 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 %
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %
2018	\$ 6,188	2.0 %
2019	\$ 6,312	2.0 %

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.



Note: State-wide information is not available for fiscal 2017.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

During the economic downturn that began in 2008, the average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts increased, peaking at 22.9 percent at the end of fiscal 2012. This trend reflected districts' efforts to limit budget cuts, retain educational programs, and maintain adequate operating cash flow during a period of uncertain funding. As the state's economic condition improved in subsequent years, this ratio has gradually decreased, stabilizing at 20.7 percent for fiscal 2015 and fiscal 2016.

As of June 30, 2017, this ratio was 18.6 percent for the District, as compared to 17.2 percent at the end of the previous year.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction Fund and Post-Employment Benefits Debt Service Fund. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Seven-County Metro Area		ISD No. 272 – Eden Prairie			
	2015	2016	2015	2016	2015	2016	2017	
General Fund								
Property taxes	\$ 1,657	\$ 1,777	\$ 2,187	\$ 2,342	\$ 2,840	\$ 3,677	\$ 3,729	
Other local sources	489	495	387	392	525	583	528	
State	8,967	9,271	9,030	9,357	8,062	8,510	8,661	
Federal	441	432	447	447	295	293	321	
Total General Fund	11,554	11,975	12,051	12,538	11,722	13,063	13,239	
Special revenue funds								
Food Service	522	548	516	545	492	528	545	
Community Service	551	591	651	692	436	482	552	
Debt Service Fund	1,061	1,053	1,127	1,084	1,260	444	440	
Total revenue	<u>\$ 13,688</u>	<u>\$ 14,167</u>	<u>\$ 14,345</u>	<u>\$ 14,859</u>	<u>\$ 13,910</u>	<u>\$ 14,517</u>	<u>\$ 14,776</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>9,128</u>	<u>9,041</u>	<u>9,027</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and seven-county metro area data: School District Profiles Report published by the MDE								

ADM used in the table above and on the next page are based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables.

The mix of local and state revenues vary from year to year primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District earned \$133,390,109 in the governmental funds reflected above in fiscal 2017, an increase of \$2,150,936 (1.6 percent) from the prior year, or an increase of \$259 per ADM served. Total General Fund revenue increased \$176 per ADM. General Fund state revenue increased \$151 per ADM resulting from the increase in the basic general education formula allowance discussed earlier and improved special education funding. Property tax revenues in the General Fund increased \$52 per ADM, due to an increase in the voter-approved capital projects referendum levy and lease levy adjustments. Community Service Special Revenue Fund revenues increased \$70 per ADM, due to the expansion of full day preschool programming in the current year.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction Fund and Post-Employment Benefits Debt Service Fund. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served								
	State-Wide		Seven-County Metro Area		ISD No. 272 – Eden Prairie			
	2015	2016	2015	2016	2015	2016	2017	
General Fund								
District and school administration	\$ 941	\$ 960	\$ 951	\$ 958	\$ 1,023	\$ 958	\$ 995	
Elementary and secondary regular instruction	5,301	5,466	5,635	5,849	5,374	5,956	6,076	
Vocational education instruction	147	158	136	146	205	215	244	
Special education instruction	2,058	2,182	2,196	2,330	2,065	2,212	2,185	
Instructional support services	586	622	689	725	788	836	828	
Pupil support services	992	1,019	1,072	1,104	911	910	981	
Sites and buildings and other	881	890	832	847	1,404	1,292	1,591	
Total General Fund – noncapital	10,906	11,297	11,511	11,959	11,770	12,379	12,900	
General Fund capital expenditures	581	600	493	532	508	761	532	
Total General Fund	11,487	11,897	12,004	12,491	12,278	13,140	13,432	
Special revenue funds								
Food Service	528	542	523	539	550	546	554	
Community Service	546	577	642	676	444	494	615	
Debt Service Fund	1,489	1,522	1,701	1,453	1,287	489	463	
Total expenditures	<u>\$ 14,050</u>	<u>\$ 14,538</u>	<u>\$ 14,870</u>	<u>\$ 15,159</u>	<u>\$ 14,559</u>	<u>\$ 14,669</u>	<u>\$ 15,064</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>9,128</u>	<u>9,041</u>	<u>9,027</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and seven-county metro area data: School District Profiles Report published by the MDE								

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs. The differences from program to program reflect the District's particular character, such as its community service programs, as well as the fluctuations from year to year for such things as capital expenditures.

The District spent \$135,961,320 in the governmental funds reflected above in fiscal 2017, an increase of \$3,336,165 (2.5 percent) from the prior year, or an increase of \$395 per ADM served. General Fund total expenditures increased \$292 per ADM, with higher expenditures for regular instruction and site operations offset by a decrease in General Fund capital expenditures. Community Service Special Revenue Fund expenditures increased \$121 per ADM, consistent with the expansion of full day preschool programming previously discussed.

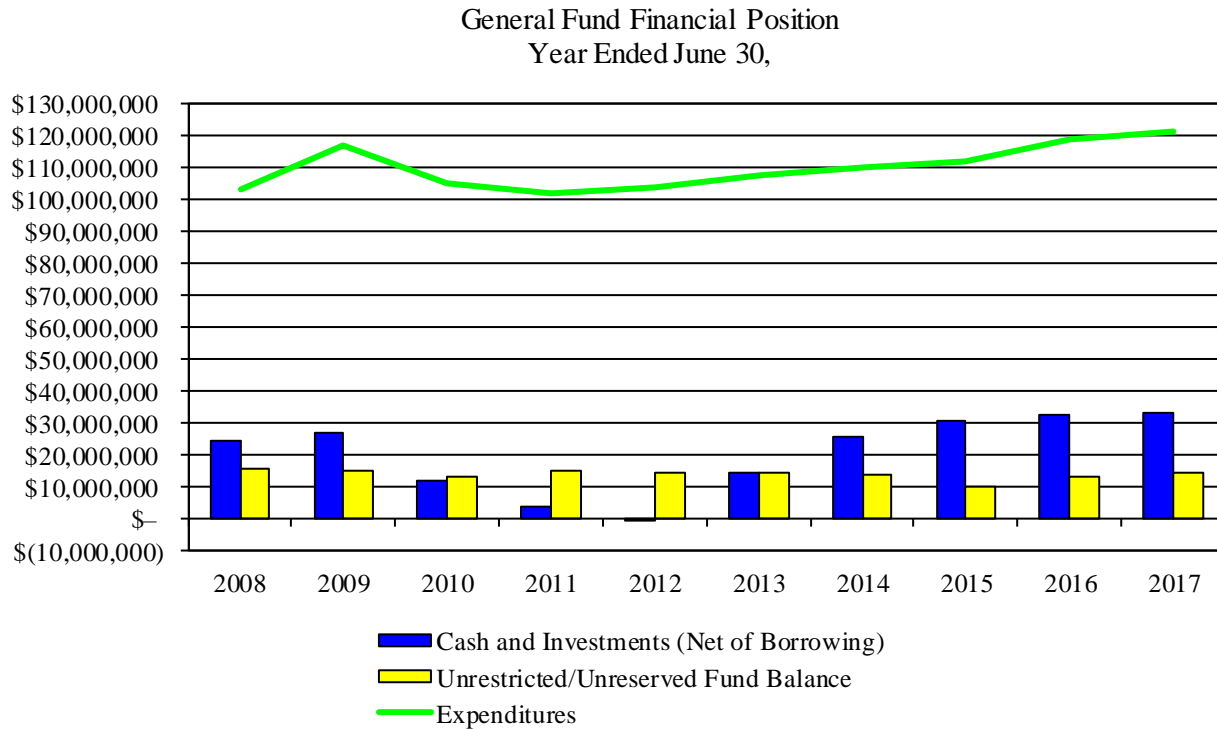
SUMMARY

The funding for and financial position of Minnesota school districts has fluctuated significantly over the past several years due to a number of factors, including those discussed above. This situation continues to present a challenge for school boards, administrators, and management of these districts in providing the best education with the limited resources available in a climate of unknown future funding levels.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health or equity, while annual expenditures are often used to measure the size of the operation.



The General Fund cash balance (adjusted for interfund borrowing) at the end of fiscal year 2017 was \$32,970,088, an increase of \$220,304 from the prior year.

Total fund balance at year-end was \$19,634,643, an increase of \$2,125,804, as compared to a budgeted increase of \$1,087,560. The year-end unassigned fund balance, excluding restricted account deficits, was \$14,655,207.

Changes in the metering of state aid payments to school districts and in the tax shift, as legislatively-approved, has significantly impacted cash and investment balances in the years presented in the above graph.

The following table presents the components of the General Fund balance for the past five years:

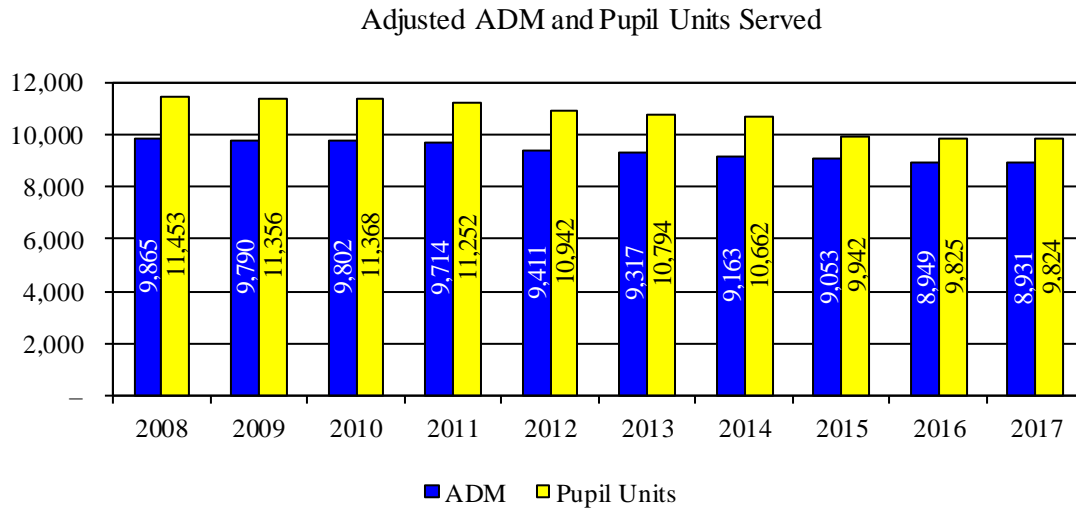
	June 30,				
	2013	2014	2015	2016	2017
Nonspendable fund balances	\$ 244,799	\$ 952,663	\$ 422,808	\$ 462,195	\$ 717,276
Restricted fund balances (1)	684,054	810,854	1,236,064	1,207,446	1,852,903
Unrestricted fund balances					
Assigned	708,318	1,834,953	3,036,146	2,727,888	2,409,257
Unassigned	13,722,291	11,824,573	10,301,993	13,111,310	14,655,207
Total fund balance	<u>\$ 15,359,462</u>	<u>\$ 15,423,043</u>	<u>\$ 14,997,011</u>	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>
Total expenditures	<u>\$ 107,526,647</u>	<u>\$ 109,823,763</u>	<u>\$ 112,060,646</u>	<u>\$ 118,790,022</u>	<u>\$ 121,237,792</u>
Unrestricted fund balances as a percentage of expenditures	<u>13.4%</u>	<u>12.4%</u>	<u>11.9%</u>	<u>13.3%</u>	<u>14.1%</u>
Unassigned fund balances as a percentage of expenditures	<u>12.8%</u>	<u>10.8%</u>	<u>9.2%</u>	<u>11.0%</u>	<u>12.1%</u>
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.					

The table above reflects unrestricted and unassigned balances as a percentage of total General Fund expenditures, which differs from those in the previous discussion of state-wide fund balances, which are based on a state formula.

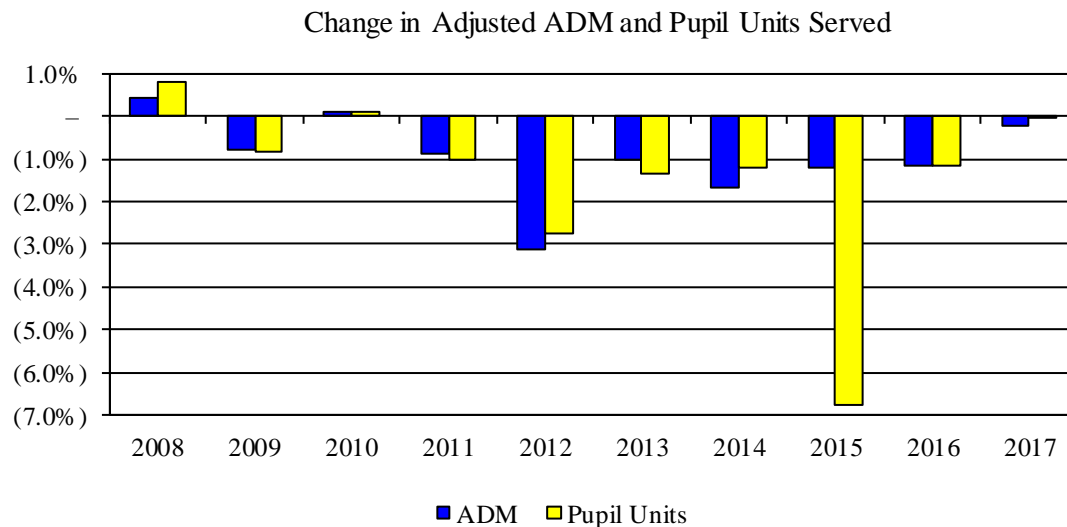
The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls. At June 30, 2017, unrestricted fund balances in the General Fund represented 14.1 percent of annual expenditures, or about seven weeks operations assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The following graph presents the District's adjusted ADM and pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year to year, along with the change in the resulting pupil units:



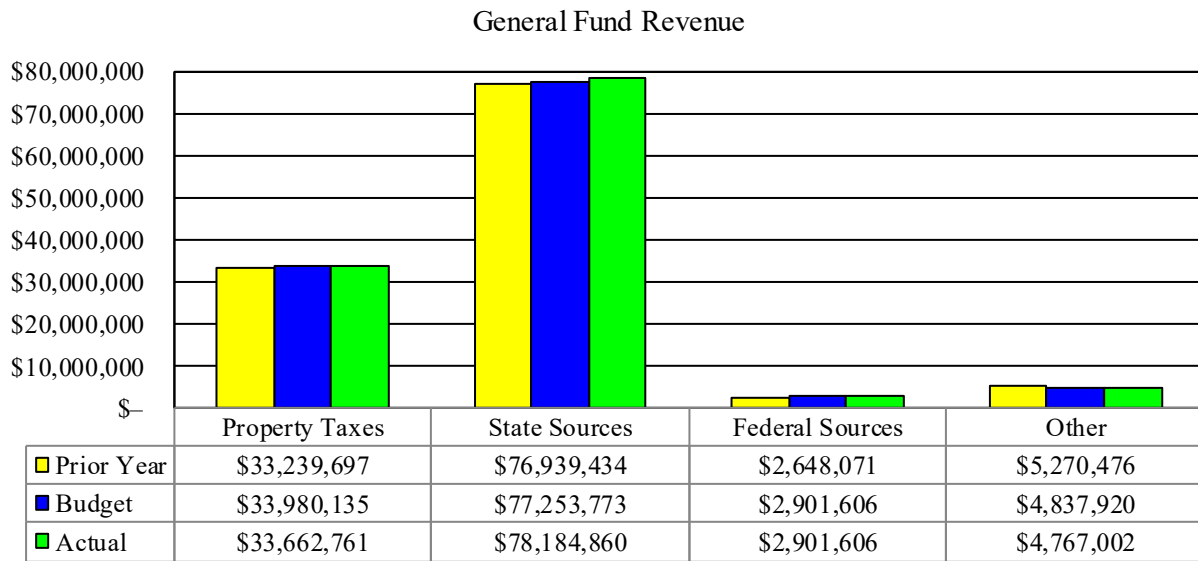
Note: The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 8,931 in 2017, a decrease of 18 (0.2 percent) from the previous year. The resulting pupil units served by the District decreased by 1 to 9,824.

GENERAL FUND REVENUES

The following graph summarizes the District's General Fund revenue for 2017:

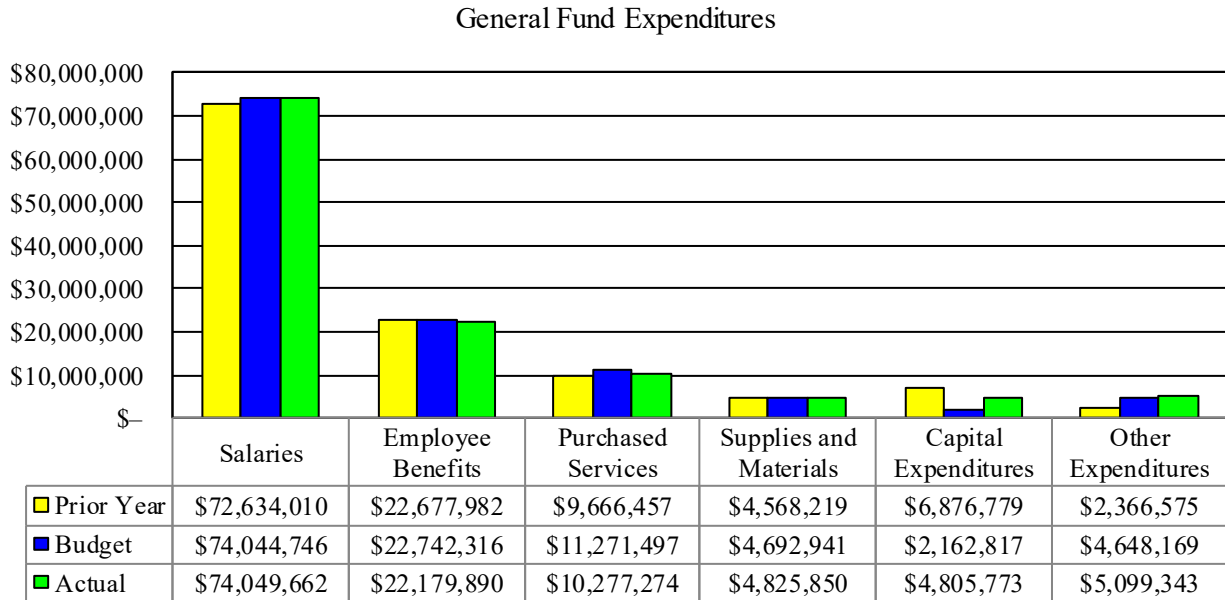


Total General Fund revenues were \$119,516,229 for the year ended June 30, 2017, which was \$542,795 (0.5 percent) over the final budget. The variance to budget was primarily in state sources and property taxes. State sources were \$931,087 over budget, mainly due to the General Fund portion (\$419,554) of the state contribution to the Teachers Retirement Association and the Public Employees Retirement Association on behalf of the District, for which neither the revenue nor the offsetting expenditures were included in the budget. Additionally, state special education and general education aid revenues exceeded projections. Property tax revenue was \$317,374 under budget due to higher cancellations and abatements than anticipated.

General Fund total revenues were \$1,418,551 (1.2 percent) more than the previous year. Revenue from state sources was \$1,245,426 higher than the prior year, due primarily to additional special education state aid.

GENERAL FUND EXPENDITURES

The following graph summarizes the District's General Fund expenditures for 2017:

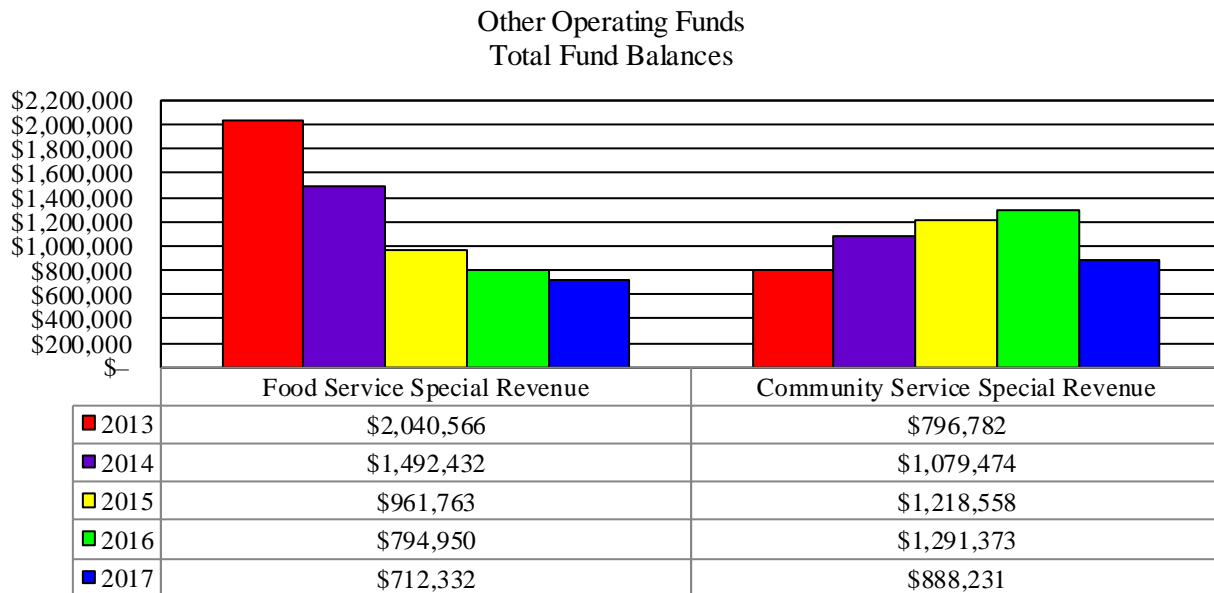


Total General Fund expenditures for 2017 were \$121,237,792, an increase of \$2,447,770 (2.1 percent) from the prior year. Personnel-related costs were \$917,560 (1.0 percent) higher than last year, mainly due to the hiring of additional staff to reduce class sizes in second and third grade, and contracted increases in salaries. Capital expenditures were \$2,071,006 lower than the previous year and other expenditures (including debt service) were \$2,732,768 higher than the previous year, mainly due to the amount of Apple iLearn technology products purchased through capital leases or traded during 2017.

Total General Fund expenditures were over budget by \$1,675,306 (1.4 percent) in 2017. Capital expenditures were over budget by \$2,642,956, mainly due to the amount of Apple iLearn technology products financed through capital leases in 2017, for which neither the expenditure nor offsetting other financing source were included in the budget. Purchased services were under budget by \$994,223, mainly due to costs related to the student activities.

OTHER FUNDS OF THE DISTRICT

The following graph presents fund balances for the District's Food Service Special Revenue Fund and Community Service Special Revenue Fund for the last five years:



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal 2017 with a fund balance of \$712,332, which is a decrease of \$82,618 from last year, compared to a budgeted decrease of \$140,260. Food service revenue was \$4,916,394, which was over budget by \$191,394, mainly in meal sales and federal sources. Total expenditures of \$4,999,012 were \$133,752 over budget, as supplies and materials were more than projected.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with a fund balance of \$888,231, a decrease of \$403,142 from the prior year, compared to a budgeted increase of \$303,118. Revenues were under budget by \$178,946, mainly in fees from preschool, which experienced a lower than anticipated increase in program participation. Total expenditures were over budget by \$539,737, primarily in salaries and benefits.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining, and should not become an additional burden on general education funds.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund experienced a fund balance increase of \$4,228,069 in fiscal 2017, compared to a budgeted increase of \$5,750,322 due to the issuance of the 2017A General Obligation Facilities Maintenance Bonds. The year-end fund balance of \$9,786,197 is restricted for the long-term facilities maintenance program.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. Fund balance increased \$286,903 in 2017 to a year-end balance of \$1,762,208, of which \$1,238,553 is restricted for general debt service and \$523,655 is restricted for OPEB bonds debt service.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted; and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		Increase (Decrease)
	2017	2016	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 32,783,611	\$ 26,628,595	\$ 6,155,016
OPEB asset, net of deferments	2,717,068	13,330,020	(10,612,952)
Total capital assets, net of depreciation	99,258,197	99,194,586	63,611
Bonds, loans, and leases payable	(72,420,601)	(68,601,936)	(3,818,665)
Pension liability, net of deferments	(111,511,007)	(77,385,715)	(34,125,292)
Other adjustments	(2,596,227)	(2,101,448)	(494,779)
Total net position – governmental activities	<u>\$ (51,768,959)</u>	<u>\$ (8,935,898)</u>	<u>\$ (42,833,061)</u>
Net position			
Net investment in capital assets	\$ 43,813,793	\$ 46,495,778	\$ (2,681,985)
Restricted	4,598,772	4,148,442	450,330
Unrestricted	<u>(100,181,524)</u>	<u>(59,580,118)</u>	<u>(40,601,406)</u>
Total net position	<u>\$ (51,768,959)</u>	<u>\$ (8,935,898)</u>	<u>\$ (42,833,061)</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations such as severance, OPEB, and pensions.

Total net position decreased \$42,833,061 in fiscal 2017, including \$31,516,505 from operations and \$11,316,556 related to the implementation of GASB Statement Nos. 73, 74, and 75. The District's net investment in capital assets decreased \$2,681,985. The change in this category of net position is typically determined by the relationship between the depreciation of capital assets and the repayment of the debt issued to construct or acquire the assets.

Restricted net position increased \$450,330, primarily in amounts restricted for other state funding restrictions.

Unrestricted net position decreased \$40,601,406, mainly due to increases in long-term pension benefits payable.

LEGISLATIVE SUMMARY

The 2017 legislative session established public education funding appropriations for the 2018–2019 fiscal biennium totaling \$483.3 million. The following is a brief summary of specific legislative changes from the 2017 session or previous legislative sessions impacting Minnesota school districts in future years.

Basic General Education Revenue – The 2017 Legislature approved annual increases of 2 percent to the basic general education formula allowance for the 2018–2019 biennium. The per pupil allowance will increase \$121 to \$6,188 for fiscal year (FY) 2018, and another \$124 to \$6,312 for FY 2019.

Compensatory Revenue – The \$5 million allocation for compensatory pilot grants in FY 2017 was permanently added to the allocation for regular compensatory revenue beginning in FY 2018. Beginning in FY 2018, a portion of compensatory revenue will be required to be used for extended time activities. The requirement will be 1.7 percent of total compensatory revenue for FY 2018, and 3.5 percent in FY 2019 and beyond.

Transportation Sparsity Revenue – Beginning in FY 2018, transportation sparsity revenue increases annually by 18.20 percent of the difference between 1) the lessor of a district's actual regular and excess transportation costs for the previous fiscal year, or 105.00 percent, of those costs for the preceding year, and 2) the sum of 4.66 percent of the district's basic transportation revenue, transportation sparsity revenue, and charter school transportation adjustment for the previous year. For charter schools, the adjustment to transportation sparsity is equal to the applicable school district's per pupil adjustment.

Early Learning – The Legislature made a number of changes to early learning programs, including appropriating funding of \$71.75 million for the 2018–2019 biennium. Other changes include:

- The creation of a new School Readiness Plus (SR+) program for FY 2018 and FY 2019 only, with the following student eligibility requirements:
 - A child who is four years of age as of September 1, and who demonstrates one or more risk factors is eligible to participate in the program free of charge,
 - A child who is four years of age as of September 1, and who does not demonstrate any risk factors is eligible to participate on a fee-for-service basis, and
 - A district must adopt a sliding fee schedule for students not demonstrating risk factors, but must waive the fee for students unable to pay.
- Changing the Voluntary Pre-Kindergarten (VPK) cap from a limit on the total state aid entitlement to a limit on the number of participants, as follows:
 - A combined cap of 6,160 participants for VPK and SR+ for FY 2018,
 - A combined cap of 7,160 participants for VPK and SR+ for FY 2019, and
 - A cap of 3,160 participants for VPK for FY 2020 and later (SR+ program sunsets).
- All applications submitted in January to renew an existing FY 2017 VPK program will be funded first (3,160 slots). Applications for expanded VPK programs, and new VPK or SR+ programs will be ranked and approved based on various criteria. The number of new participants allowed in each new or expanded program will depend on how the programs are ranked.

Long-Term Facilities Maintenance Revenue – Beginning in FY 2017, deferred maintenance, health and safety, and alternative facilities programs were rolled into a new long-term facilities maintenance revenue program. Revenue for FY 2017 was \$193 per adjusted pupil unit (APU); multiplied by the lessor of one, or the ratio of the district's average building age to 35 years. Funding will increase to \$292 per APU for FY 2018 and \$380 per APU for FY 2019, multiplied by the same building age factor.

Home Visiting Revenue – For FY 2018 (Pay 17 tax levy), home visiting program revenue is increased from \$1.60 to \$3.00, multiplied by the population under age 5 residing in a district on September 1 of the last school year. The levy will be equalized using a factor of \$17,250 per APU.

Debt Service Equalization – Beginning in FY 2018, the equalizing factors for debt service levies are indexed at 1) Tier 1 – the greater of \$4,430, or 55.33 percent, of the state average adjusted net tax capacity per APU, or 2) Tier 2 – the greater of \$8,000, or 100 percent, of the state average adjusted net tax capacity per APU.

Procedural Changes or Clarifications Related to Funding –

- Operating referendum notices can be delivered by any type of mail, no longer required to be by first class mail.
- For nonpublic pupil aid the definition of “textbook” is modified to include an online book with an annual subscription cost and the definition of “software or other educational technology” is modified to include registration fees for online advanced placement courses.
- Charter schools are allowed to include students participating in postsecondary enrollment options in their pupil count for generating building lease aid.

Payments to Nonoperating Funds – Beginning in FY 2018, the payment schedule for state aids for nonoperating funds (e.g., debt service equalization) has been changed from 12 monthly installments throughout the fiscal year to six monthly installments from July through December.

Nutrition Contracts – The Legislature amended the law governing school district contracts to provide for an exception to the requirement limiting school district contracts to two years, with an option for an additional two years. A contract between a school board and a food service management company that complies with Code of Federal Regulations, Title 7, Section 210.16, may be renewed annually after its initial term for not more than four years.

School Building Bond Agricultural Tax Credit – Effective for taxes payable in 2018 (FY 2019), a property tax credit on all property classified as agricultural (excluding the house, garage, and one acre of an agricultural homestead) is provided equal to 40 percent of the tax on the property attributable to school district building bond levies.

Lead in School Drinking Water –

- Requires the commissioners of health and education to develop a model plan to test for lead in school drinking water.
- Requires school districts and charter schools to adopt the model plan or an alternative plan to test school water for lead at least every five years.
- A school district must begin testing by July 1, 2018 and complete testing for all schools within five years.
- Allows school districts to include lead testing and remediation in their 10-year facilities plans and to use long-term facilities maintenance revenue for lead testing and remediation.
- Requires school districts and charter schools to make lead testing results available to the public and to notify parents that this information is available.

Review and Comment – Directs the commissioner of education to include comments from district residents in the review and comment on capital project proposals. School boards are required to hold a public meeting to review the commissioner’s review and comment on a proposal before the bond election.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 83, *CERTAIN ASSET RETIREMENT OBLIGATIONS*

At times, state and local governments are required to take specific actions to retire certain tangible capital assets, such as the decommissioning of nuclear reactors, removal and disposal of wind turbines in wind farms, dismantling and removal of sewage treatment plants, and removal and disposal of x-ray machines. Obligations to retire certain tangible capital assets also arise from contracts or court judgments. Accounting and financial reporting standards exist for costs of the closure and post-closure care of municipal solid waste landfills, but those standards do not address retirement obligations associated with other types of tangible capital assets.

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB STATEMENT NO. 84, *FIDUCIARY ACTIVITIES*

This statement is intended to enhance consistency and comparability of fiduciary activity reporting by state and local governments. It is also meant to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB STATEMENT NO. 85, *OMNIBUS 2017*

The objective of this statement is to address issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and OPEB). The statement is meant to enhance consistency in the application of recent accounting and financial reporting standards. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB STATEMENT NO. 86, *CERTAIN DEBT EXTINGUISHMENT ISSUES*

Current GASB guidance requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. This new standard establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt.

The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

THIS PAGE INTENTIONALLY LEFT BLANK



Special Purpose Audit Reports

2017

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Special Purpose Audit Reports
Year Ended June 30, 2017

Table of Contents

	Page
Schedule of Expenditures of Federal Awards	1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2–3
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	4–6
Independent Auditor's Report on Minnesota Legal Compliance	7
Schedule of Findings and Questioned Costs	8–12
Independent Auditor's Report on Uniform Financial Accounting and Reporting Standards Compliance Table	13–14
Uniform Financial Accounting and Reporting Standards Compliance Table	15–16

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Noncash Assistance
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	\$ 1,308,037	\$ 208,950
School Breakfast Program	10.553	<u>156,393</u>	
Total child nutrition cluster		\$ 1,464,430	
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education – Grants to States	84.027	1,703,112	
Special Education – Preschool Grants	84.173	<u>53,004</u>	
Total special education cluster		1,756,116	
Special Education – Grants for Infants and Families	84.181	31,006	
Title I Grants to Local Educational Agencies	84.010	807,055	
Supporting Effective Instruction State Grant	84.367	160,538	
English Language Acquisition State Grants	84.365	98,168	
Passed through Independent School District No. 284			
Career and Technical Education – Basic Grants to States	84.048	<u>48,722</u>	
Total federal awards		<u>\$ 4,366,035</u>	

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with both OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, when applicable. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 272's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

(continued)

BASIS FOR QUALIFIED OPINIONS ON THE CHILD NUTRITION CLUSTER AND SPECIAL EDUCATION CLUSTER

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with the child nutrition cluster requirements for procurement reported as Finding 2017-001, and did not comply with the special education cluster requirements for allowable costs reported as Finding 2017-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these program clusters.

QUALIFIED OPINIONS ON THE CHILD NUTRITION CLUSTER AND SPECIAL EDUCATION CLUSTER

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on the child nutrition cluster program and the special education cluster program for the year ended June 30, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

(continued)

DISTRICT'S RESPONSES TO FINDINGS

The District's responses to the internal control over compliance and noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 15, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, and 2017-005. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

DISTRICT'S RESPONSES TO FINDINGS

The District's responses to the legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of Agriculture – child nutrition cluster Qualified
U.S. Department of Education – special education cluster Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Programs tested as major programs:

Program or Cluster(s)	CFDA No.
The U.S. Department of Agriculture child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
The U.S. Department of Education special education cluster consisting of:	
– Special Education – Grants to States	84.027
– Special Education – Preschool Grants	84.173

Threshold for distinguishing type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? Yes X No

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2017

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND REPORTABLE INSTANCES OF NONCOMPLIANCE – U.S. DEPARTMENT OF AGRICULTURE, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER – CFDA NOS. 10.553 AND 10.555

2017-001 Internal Control and Compliance With Federal Procurement Requirements

Criteria – 2 CFR § 215.45 requires Independent School District No. 272 (the District) to establish and maintain effective internal control over compliance with requirements applicable to federal program expenditures, including procurement requirements applicable to the child nutrition cluster program.

Condition – During our audit, we noted that the District did not have sufficient controls in place within its child nutrition cluster federal program to assure compliance with federal procurement requirements, which resulted in noncompliance. For three of seven vendors tested, the District had not awarded a contract based on sealed bids or quotations as required by the Uniform Guidance.

Questioned Costs – None noted.

Context – Three of seven vendors tested were not in compliance. This was not a statistically valid sample.

Repeat Finding – This is a current year and prior year finding.

Cause – This was an oversight by district personnel.

Effect – Noncompliance with the procurement requirements could result in the District expending federal funds with vendors that are not eligible to be parties to such transactions, which could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to procurement for all federal programs. The District should verify compliance with federal procurement procedures, including awarding contracts based on sealed bids or quotations for the purchase of goods or services exceeding applicable federal dollar thresholds.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review its procedures relating to procurement for its federal programs, and will ensure that bids and/or quotations are obtained when required. The District has separately issued a Corrective Action Plan related to this finding.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2017

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND REPORTABLE INSTANCES OF NONCOMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, SPECIAL EDUCATION CLUSTER – CFDA NOS. 84.027 AND 84.173

2017-002 Internal Control and Compliance With Federal Allowable Costs Requirements

Criteria – 2 CFR § 200.302(b)(3) requires the District to maintain records that adequately identify the source and application of funds for federally-funded activities in accordance with 2 CFR 200 Subpart E – Cost Principles.

Condition – During our audit, we noted that the District did not have sufficient controls to ensure adequate and timely documentation of time and effort was created and retained to support salary costs charged to federal programs and ensure compliance with the U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) allowable costs standards, which resulted in noncompliance.

Questioned Costs – \$48,325.

Context – The deficiency in controls and compliance pertains to major programs tested in the current year. This was not a statistically valid sample.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – This could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to time and effort documentation of allowable costs for special education federal programs.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update its policies and procedures relating to allowable costs for its federal programs to ensure compliance with Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2017

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2017-003 Payment of Invoices

Criteria – Minnesota Statutes § 471.425 requires prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services, or the invoice for goods or services, for districts with governing boards that meet at least once a month.

Condition – Two of twenty-six disbursements selected for testing were not paid within the required thirty-five days from the receipt of goods and services.

Questioned Costs – Not applicable.

Context – Two of twenty-six disbursements tested were not paid within the required thirty-five-day period.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not pay these claims within the time frame allowed by state statutes.

Recommendation – We recommend that the District review its procedures for paying invoices to ensure that all bills are paid within the statutory time limit.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to processing disbursements to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

2017-004 Withholding Affidavit

Criteria – Minnesota Statutes § 270C.66.

Condition – Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor or subcontractors, the District must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statutes § 290.92 (either a Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit). The District did not obtain the required certificate for one of two contracts selected for testing prior to making final settlement during fiscal 2017.

Questioned Costs – Not applicable.

Context – One of two contracts tested was not in compliance.

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2017

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2017-004 Withholding Affidavit (continued)

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not obtain the required documentation of either a Contractor's Withholding Affidavit or Commissioner of Revenue Form IC134 as required by state statutes prior to making final settlement.

Recommendation – We recommend that the District review purchasing procedures and obtain required documentation prior to making final settlement for future contracts.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to withholding affidavits to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

2017-005 Contracting and Bid Laws Compliance

Criteria – Minnesota Statutes § 471.345, Subd. 3.

Condition – Minnesota Statutes require contracts for goods or services in excess of certain dollar thresholds to be awarded using sealed bids or quotations. For three vendors tested to which this requirement applied, the District had not awarded a contract based on sealed bids or quotations.

Questioned Costs – Not applicable.

Context – Three of seven vendors tested were not in compliance.

Repeat Finding – This is a current year and prior year finding.

Cause – This was an oversight by district personnel.

Effect – The District was not in compliance with state bid law requirements.

Recommendation – We recommend that the District comply with state statutory contracting requirements for all applicable vendors.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to contracting and bid laws to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT ON
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota

November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2017

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 119,516,229	\$ 119,516,229	\$ –
Total expenditures		\$ 121,237,792	\$ 121,237,790	\$ 2
Nonspendable				
460	Nonspendable fund balance	\$ 717,276	\$ 717,276	\$ –
Restricted				
403	Staff development	\$ –	\$ –	\$ –
406	Health and safety	\$ –	\$ –	\$ –
407	Capital projects levy	\$ 48,183	\$ 48,183	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Project funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ 695,379	\$ 695,379	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ (18,882)	\$ (18,882)	\$ –
472	Medical Assistance	\$ 1,128,223	\$ 1,128,223	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 2,409,257	\$ 2,409,257	\$ –
Unassigned				
422	Unassigned fund balance	\$ 14,655,207	\$ 14,655,207	\$ –
Food Service				
Total revenue		\$ 4,916,394	\$ 4,916,394	\$ –
Total expenditures		\$ 4,999,012	\$ 4,999,012	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 125,209	\$ 125,209	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 587,123	\$ 587,123	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 4,981,845	\$ 4,981,845	\$ –
Total expenditures		\$ 5,547,410	\$ 5,547,409	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ 61,132	\$ 61,132	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 409,004	\$ 409,004	\$ –
432	ECFE	\$ 739,955	\$ 739,955	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ (321,860)	\$ (321,860)	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 272

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2017

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 33,994	\$ 33,994	\$ –
Total expenditures		\$ 6,734,915	\$ 6,734,915	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Project funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 9,786,197	\$ 9,786,197	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 3,975,641	\$ 3,975,641	\$ –
Total expenditures		\$ 4,177,106	\$ 4,177,106	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 1,238,553	\$ 1,238,553	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust				
Total revenue		\$ 702,006	\$ 702,006	\$ –
Total expenditures		\$ 1,312,385	\$ 1,312,385	\$ –
422	Net position	\$ 934,210	\$ 934,210	\$ –
Internal Service				
Total revenue		\$ 12,340,457	\$ 12,340,457	\$ –
Total expenditures		\$ 13,091,741	\$ 13,091,742	\$ (1)
422	Net position	\$ (525,923)	\$ (525,923)	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ 1,645,487	\$ 1,645,488	\$ (1)
Total expenditures		\$ 714,186	\$ 714,186	\$ –
422	Net position	\$ 16,196,404	\$ 16,196,404	\$ –
OPEB Debt Service Fund				
Total revenue		\$ 3,884,700	\$ 3,884,699	\$ 1
Total expenditures		\$ 3,733,813	\$ 3,733,813	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 523,655	\$ 523,655	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

THIS PAGE INTENTIONALLY LEFT BLANK



Student Activity Audit Report

2017

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

Extracurricular Student Activity Accounts
Financial Report

Year Ended
June 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the extracurricular student activity accounts financial statement.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The District's extracurricular student activities management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 of the notes to extracurricular student activity accounts financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

(continued)

BASIS FOR QUALIFIED OPINION

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion” paragraph, the financial statement referred to on the previous page presents fairly, in all material respects, the cash balances of the District’s extracurricular student activity accounts as of June 30, 2017, and the cash receipts and disbursements for the year then ended, on the cash basis of accounting described in Note 1 of the notes to extracurricular student activity accounts financial statement.

BASIS OF ACCOUNTING

We draw attention to Note 1 of the notes to extracurricular student activity accounts financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

INDEPENDENT SCHOOL DISTRICT NO. 272

Extracurricular Student Activity Accounts
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance – June 30, 2016	Receipts and Transfers In	Disbursements and Transfers Out	Balance – June 30, 2017
Eden Prairie High School				
Class of 2016	\$ 8,748	\$ 9,746	\$ 6,203	\$ 12,291
Key Club	2,413	10,200	8,949	3,664
National Honor Society	2,941	8,423	8,770	2,594
Prom	17,817	43,570	46,536	14,851
Student Council	8,303	13,368	14,312	7,359
Total	40,222	85,307	84,770	40,759
Central Middle School				
Student Council	3,969	616	1,251	3,334
Administration				
Interest	4,837	316	1,006	4,147
	<u>\$ 49,028</u>	<u>\$ 86,239</u>	<u>\$ 87,027</u>	<u>\$ 48,240</u>

See notes to extracurricular student activity accounts financial statement

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Extracurricular Student Activity Accounts Financial Statement June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Extracurricular student activity fund transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

Extracurricular student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fundraising events.

The accounts of Independent School District No. 272's (the District) extracurricular student activity accounts are maintained, and the accompanying financial statement has been prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

NOTE 2 – CASH AND INVESTMENTS

The District has the following investments at year-end:

Investment Type	Credit Risk		Total
	Rating	Agency	
Investment pools/mutual funds			
MNTrust Investment Shares Portfolio	AAA	S&P	\$ 31,931
Minnesota School District Liquid Asset Fund	AAAm	S&P	16,309
Total investments			<u>\$ 48,240</u>

The Minnesota School District Liquid Asset Fund (MSDLAF) and the MNTrust Investment Shares Portfolio are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investment in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to 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 that receive the highest credit rating, are 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 rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). 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.

OTHER REQUIRED REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

In planning and performing our audit of the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Corrective Action as item 2017-001 to be a material weakness.

The District's response to the finding identified in our audit has been included in the Schedule of Findings and Corrective Action. The District's response was not subject to the auditing procedures applied in our audit of the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of those charged with governance, management of the District, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 272 (the District) as of and for the year ended June 30, 2017, and the related notes to the extracurricular student activity accounts financial statement, and have issued our report thereon dated November 15, 2017. Our report was qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that are recorded. Further, the financial statement is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The provisions of the *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, provide uniform financial accounting and reporting standards for student activities. Compliance with student activity laws and regulations is the responsibility of the District's extracurricular student activity accounts management. We have performed auditing procedures to test compliance with the provisions of this manual. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Manual for Activity Fund Accounting*, except as described in the Schedule of Findings and Corrective Action as finding 2017-002. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

The District's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Corrective Action. The District's response was not subject to the auditing procedures applied in our audit of the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of those charged with governance, management of the District, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 15, 2017

INDEPENDENT SCHOOL DISTRICT NO. 272

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action
June 30, 2017

FINDINGS AND CORRECTIVE ACTION

2017-001 MATERIAL WEAKNESS IN INTERNAL CONTROLS – CASH RECEIPTS

Criteria – Management is responsible for establishing and maintaining a system of internal controls sufficient to reduce to an acceptable level, the possibility that a material misstatement of Independent School District No. 272's (the District) financial statement will not be prevented, or detected and corrected, on a timely basis.

Condition – The District reports the cash receipts and disbursements of its extracurricular student activity accounts on the cash basis. The internal controls at the District's school sites are not sufficient to assure that all cash receipts have been recorded.

Type of Finding – Current year and prior year finding.

Recommendation – We recommend that the District continue to review the internal controls over extracurricular student activity accounts at its various school sites, and consider adding procedures to strengthen the controls over the recording of cash receipts, such as the use and reconciliation of prenumbered receipts, the use and reconciliation of prenumbered admission tickets for events, and inventory controls over items sold for fundraisers. As is the case with all internal controls, the potential benefit of any contemplated procedural modifications in this area should be weighed against the cost.

Corrective Action Plan

Actions Planned – The District's Director of Finance regularly reviews and communicates internal controls over extracurricular student activity account transactions along with the personnel at the District's school sites that maintain such accounts. The District will continue this process, and will evaluate whether implementing additional control procedures over the recording of cash receipts is cost beneficial and practical within the limitations of the staffing available at the school sites.

Official Responsible – The District's Director of Finance.

Planned Completion Date – June 30, 2018.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – The District's Director of Finance will oversee the continued review, training, and evaluation of internal controls over the recording of extracurricular student activity account receipts at the District's school sites, and the implementation of any control procedure modification.

INDEPENDENT SCHOOL DISTRICT NO. 272

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action (continued)
June 30, 2017

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

2017-002 UNTIMELY DEPOSITS

Criteria – *Manual for Activity Fund Accounting.*

Condition – We noted 3 of 12 student activity cash receipt transactions we selected for testing were not deposited in a timely manner as defined by the *Manual for Activity Fund Accounting.*

Type of Finding – Current year finding.

Recommendation – It is our recommendation that the District review procedures for receipts and deposits as defined by the standards of the *Manual for Activity Fund Accounting* to allow for future compliance with timely deposit of receipts.

Corrective Action Plan

Actions Planned – The District will work with the individuals responsible for overseeing student activities to improve controls and correct findings identified during the audit.

Official Responsible – The District's Director of Finance and Student Activity Advisors.

Planned Completion Date – June 30, 2018.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – The District's Director of Finance and Student Activity Advisors will review the procedures and internal controls over student activity funds at each site where student activity accounts are maintained in order to comply with requirements of the *Manual for Activity Fund Accounting.*


THIS PAGE INTENTIONALLY LEFT BLANK

Eden Prairie Schools
November 27, 2017

2016-2017 MEDICAL PLAN PERFORMANCE REVIEW

304

Why self fund our medical plan?

- 
- Eliminate certain state and federal taxes
 - Better control of fixed costs
 - Reserves remain with District
 - Better prediction of future increases
 - Better access to data

2016-2017 – Self Funding Year One


Factors used in forecasting claims:

- Enrollment – Single and Family counts
- Rolling 24 months of claims 3-6 months prior to renewal date
- Medical inflation (varies based on carrier)
- With stable population and average claims, we can forecast a similar year of claims with normal inflation

April 2016: Planning for Self Funding Year One

- Avg. monthly claims for most recent 12 month period was \$848,328
- Last 3 months of 2015-16 claims exceeded projected amount - \$1,016,462 or 19% higher (occurred after 2016-17 renewal was completed)

2016-2017 – Self Funding Year One



	Projected	Actual - 9/2017
Internal Funding	\$11,107,824	\$11,107,824
HealthPartners Claims	-\$9,367,922	-\$10,095,455
Fixed Costs	-\$1,219,846	-\$1,187,763
Total Plan Costs	-\$10,587,768	-\$11,283,218
Reserve (+/-) 2016-2017		-\$175,394

- Initial Reserve Goal: 35% of one year's claims (within 3-5 years)
- Target Reserve: 50% of one year's claims

2016-2017 – Self Funding Year One (continued)



	Audit	Final
Reserve balance as of 6/30/17	\$312,428	\$312,428
Audited Lag vs. Final Lag	-\$1,150,344	-\$487,823
308		
Audited Reserve vs. Final Reserve	-\$837,916	-\$175,395

2017-2018 Renewal Decisions



In consultation with the insurance committee, the following changes were implemented for the renewal:

- 7.5% funding increase in year two
- Eliminated some adverse selection by moving from 6 plans to 3 plans

2017-2018 – Self Funding Year Two Update

310

	Projected	As of 10/2017
Internal Funding (based on monthly enrollment)	\$12,379,520	\$4,145,464
HealthPartners Claims	-\$11,113,275	-\$2,988,657
Fixed Costs	-\$1,222,909	-\$443,783
Total Plan Costs	-\$12,336,184	-\$3,432,440
Estimated Reserve (+/-) 2017-2018		\$713,024
Reserve Total 2016 + October 2017		\$537,630
Reserve as % of expected claims		4.8%

- Initial Reserve Goal: 35% of one year's claims (within 3-5 years)
- Target Reserve: 40% of one year's claims

Looking Forward



Staying the course:

- Looking to promote telehealth and specialty care facilities to help control costs
- Reach full funding of the reserve target within five years of self insuring – this is the plan most school districts use

Goals:

- Continued Education - review plan designs with committee to control costs and leverage carrier tools and services
- Once the reserve fund target is achieved, we will target funding increases to keep pace with medical inflation



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

1

The World's Best Workforce (WBWF) annual report summary, in accordance with the Minnesota statute, highlights Eden Prairie Schools' progress towards student achievement goals. WBWF specifically targets eliminating an achievement gap by increasing student proficiency across all racial, service and socio economic groups. Additionally, this summary includes strategies and initiatives our district was engaged in during the 2016-2017 school year as we worked to meet these goals.

Eden Prairie Schools continues to evaluate and improve our plan to address the five, state-wide goals as well as integrate this work in our Ends Policy Reporting and Strategic Plan.

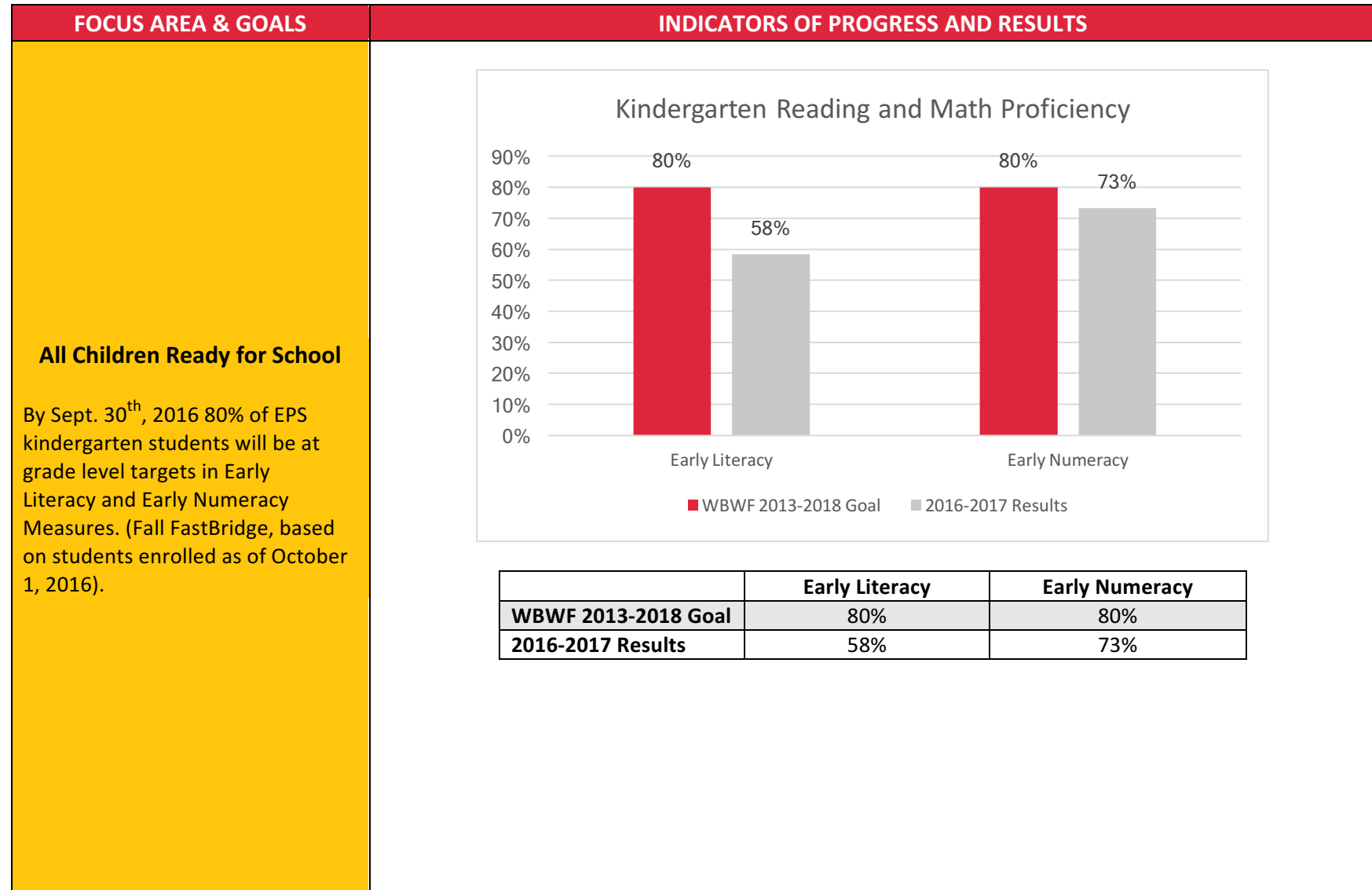
World's Best Workforce Goals:

- All children are ready for school.
- All third-graders can read at grade level.
- All racial and economic achievement gaps between students are closed.
- All students are ready for career and college.
- All students graduate from high school.



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

2

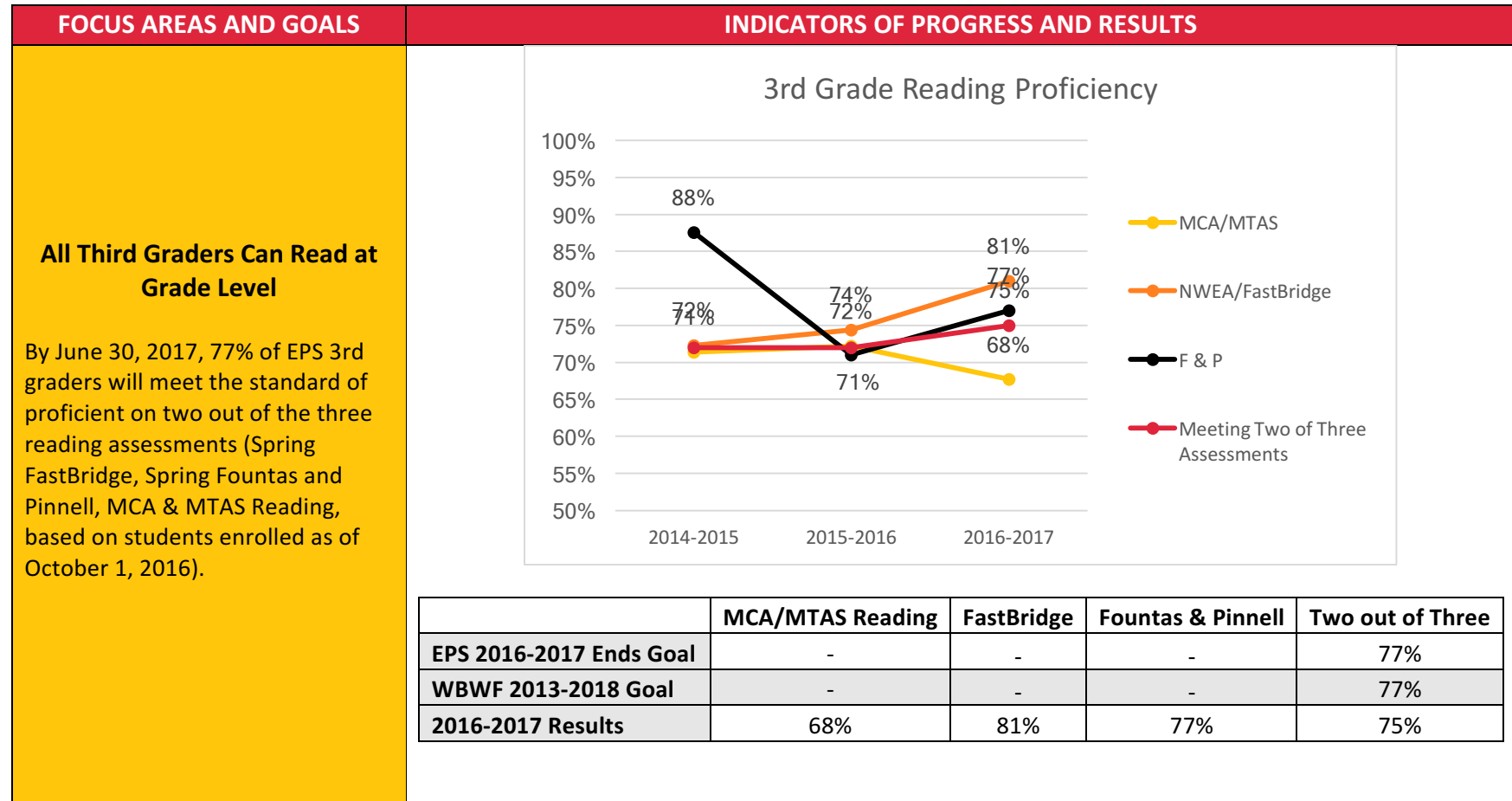


313



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

3



314



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

4

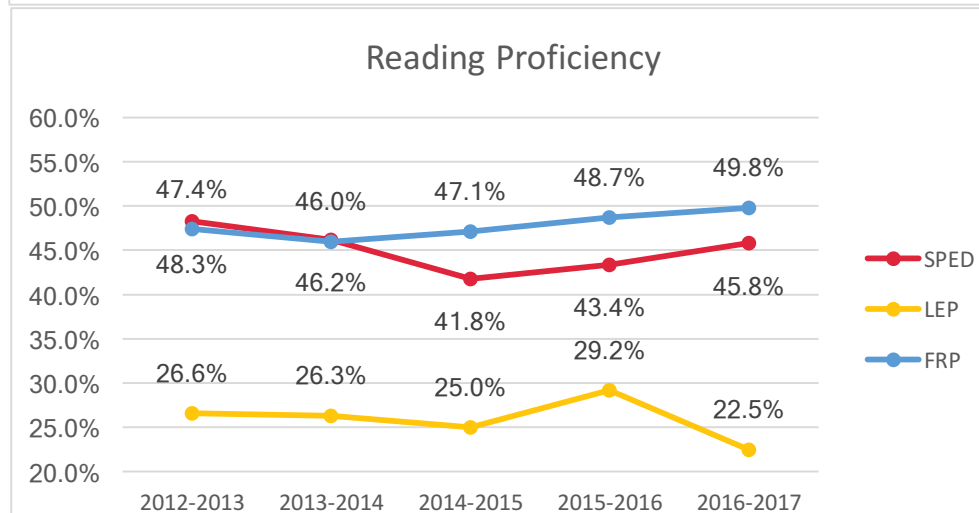
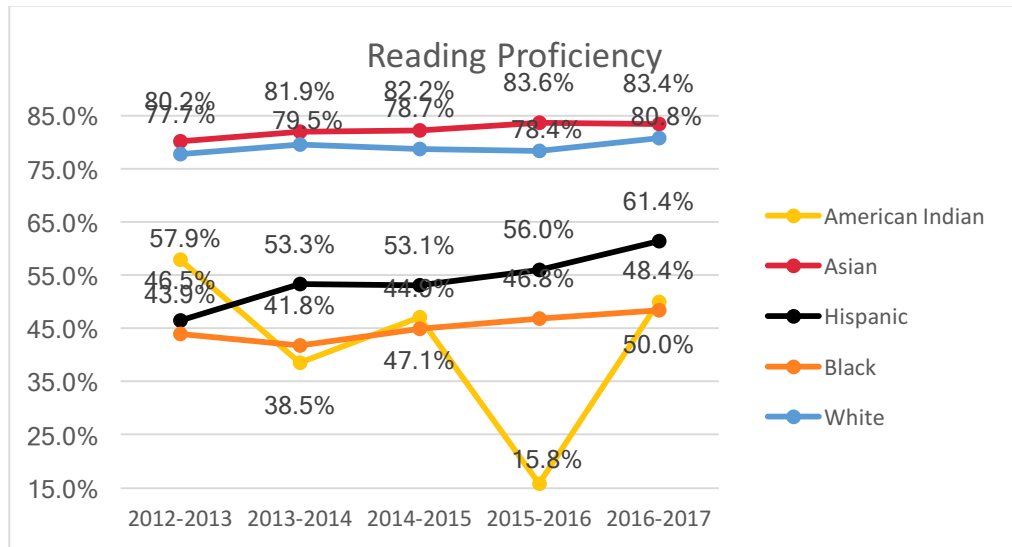
FOCUS AREAS AND GOALS

All Racial and Economic Achievement Gaps Between Students Are Closed

The percentage of **all students** enrolled by October 1, 2016 grades 3-8 and HS at Eden Prairie School District who earn an achievement level of Meets or Exceeds the Standards in:

- Reading on all state accountability tests (MCA and MTAS) will increase from 72.8% to 83.6% as measured in the spring of 2017.

INDICATORS OF PROGRESS AND RESULTS





WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

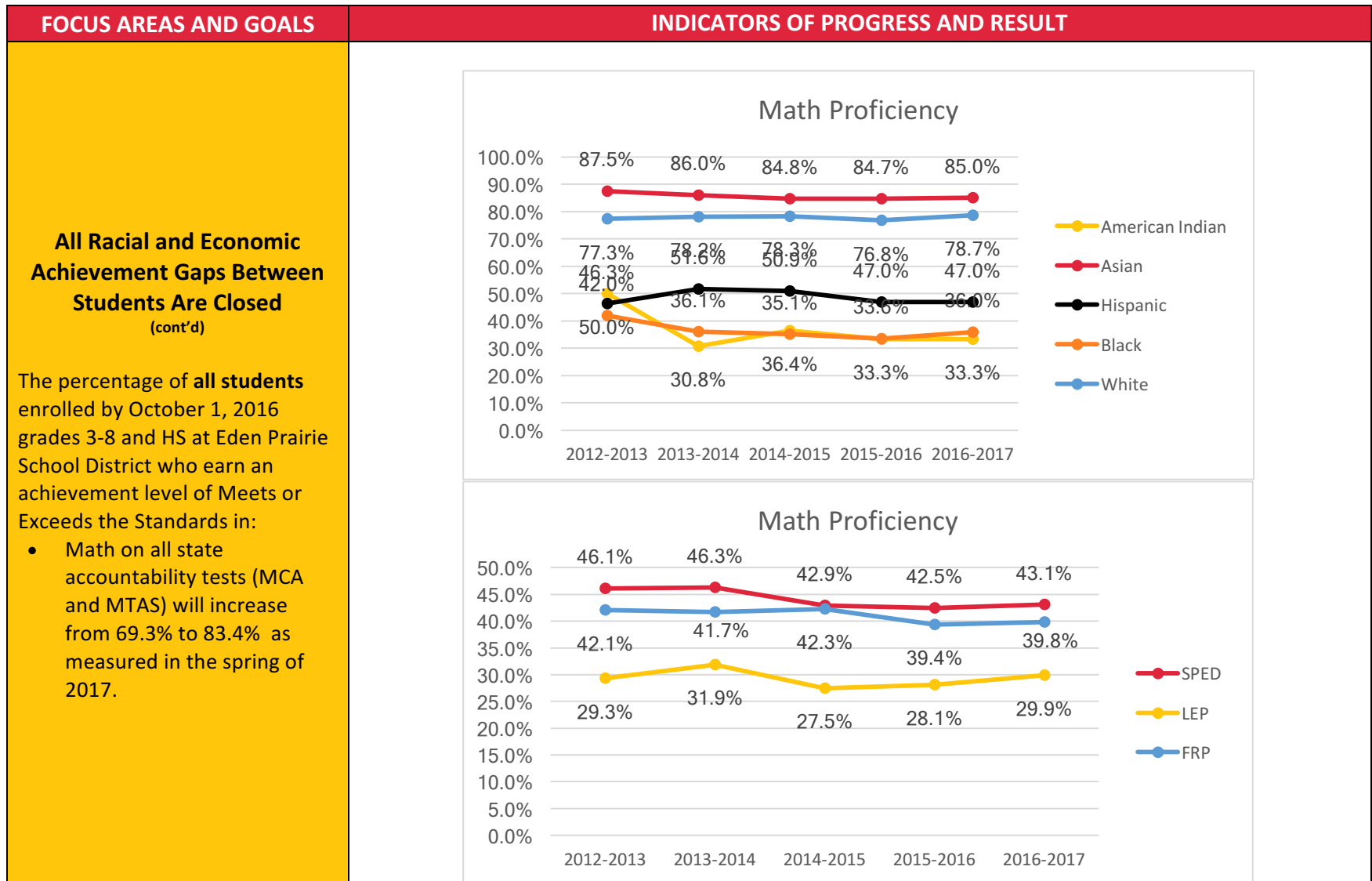
5

Reading	All	American Indian	Asian	Hispanic	Black	White	SPED	LEP	FRP
EPS 2016-2017 Ends Goal	75.0%	-	-	-	-	-	-	-	-
WBWF 2013-2018 Goal	83.6%	74.7%	88.1%	67.9%	66.4%	86.6%	68.5%	55.7%	68.5%
2012-2013 Results	72.5%	57.9%	80.2%	46.5%	43.9%	77.7%	48.3%	26.6%	47.4%
2013-2014 Results	73.1%	38.5%	81.9%	53.3%	41.8%	79.5%	46.2%	26.3%	46.0%
2014-2015 Results	73.0%	47.1%	82.2%	53.1%	44.9%	78.7%	41.8%	25.0%	47.1%
2015-2016 Results	72.8%	15.8%	83.6%	56.0%	46.8%	78.4%	43.4%	29.2%	48.7%
2016-2017 Results	74.7%	50.0%	83.4%	61.4%	48.4%	80.8%	45.8%	22.5%	49.8%



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

6



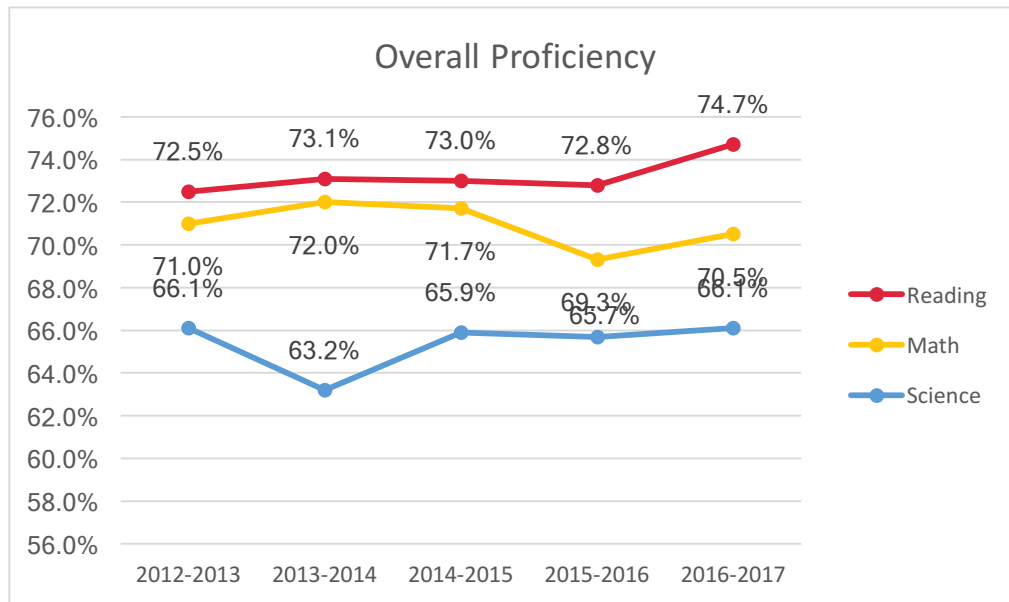
317



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

7

Math	All	American Indian	Asian	Hispanic	Black	White	SPED	LEP	FRP
EPS 2016-2017 Ends Goal	72.0%	-	-	-	-	-	-	-	-
WBWF 2013-2018 Goal	83.4%	70.0%	92.5%	67.8%	65.2%	86.4%	71.2%	58.4%	71.3%
2012-2013 Results	71.0%	50.0%	87.5%	46.3%	42.0%	77.3%	46.1%	29.3%	42.1%
2013-2014 Results	72.0%	30.8%	86.0%	51.6%	36.1%	78.2%	46.3%	31.9%	41.7%
2014-2015 Results	71.7%	36.4%	84.8%	50.9%	35.1%	78.3%	42.9%	27.5%	42.3%
2015-2016 Results	69.3%	33.3%	84.7%	47.0%	33.6%	76.8%	42.5%	28.1%	39.4%
2016-2017 Results	70.5%	33.3%	85.0%	47.0%	36.0%	78.7%	43.1%	29.9%	39.8%





WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

8

FOCUS AREAS AND GOALS

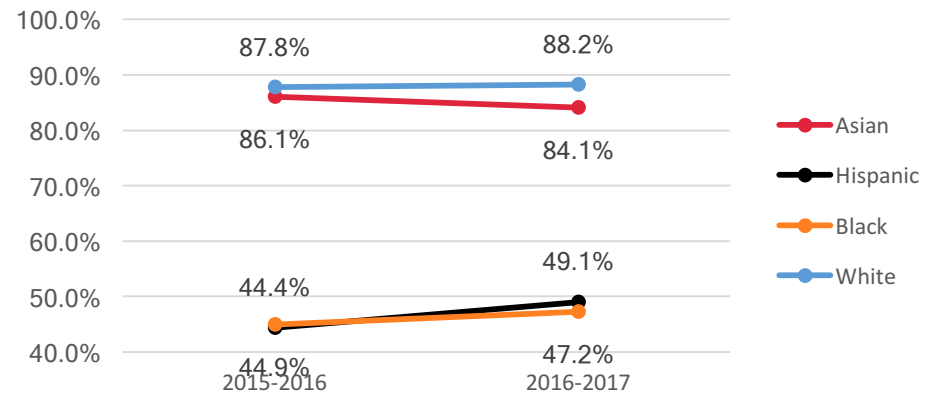
All Students Are Ready for Career and College

87.4% of all EPHS 11th graders who take the ACT will demonstrate College and Career Readiness*

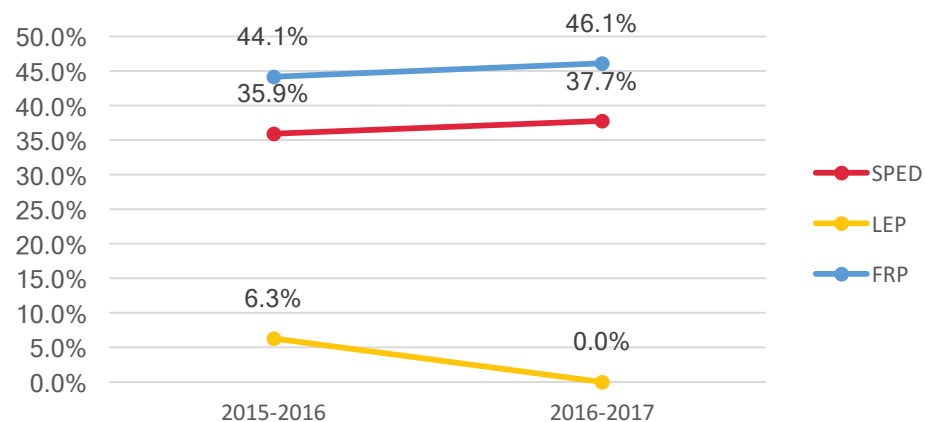
*Represented by a composite score of 19 or higher

INDICATORS OF PROGRESS AND RESULT

College and Career Ready



College and Career Ready

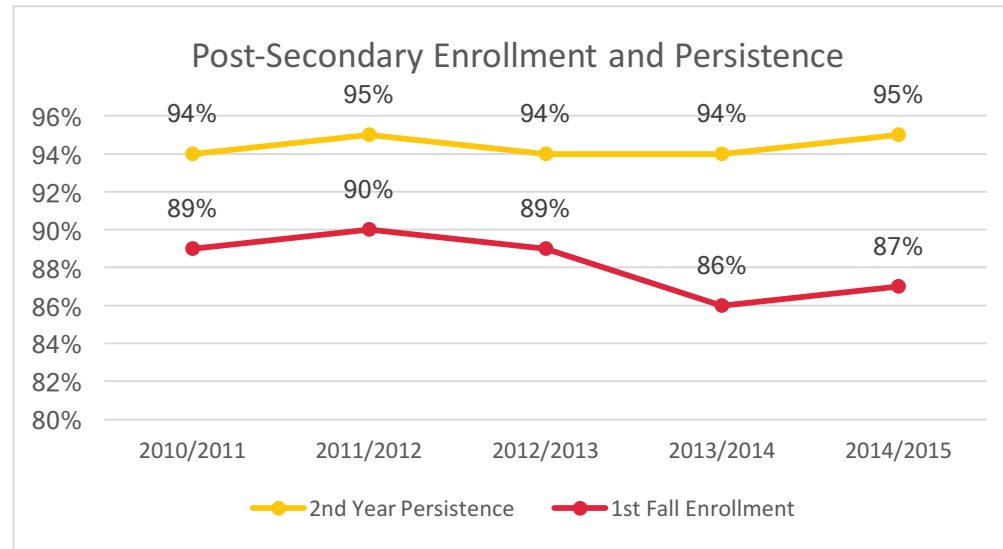




WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

9

Career & College Ready	All	American Indian	Asian	Hispanic	Black	White	SPED	LEP	FRP
WBWF 2013-2018 Goal	87.4%	N/A	70.0%	70.0%	75.4%	70.0%	57.7%	58.6%	74.2%
2015-2016 Results	80.6%	N/A	86.1%	44.4%	44.9%	87.8%	35.9%	6.3%	44.1%
2016-2017 Results	80.1%	N/A	84.1%	49.1%	47.2%	88.2%	37.7%	0.0%	46.1%





WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

10

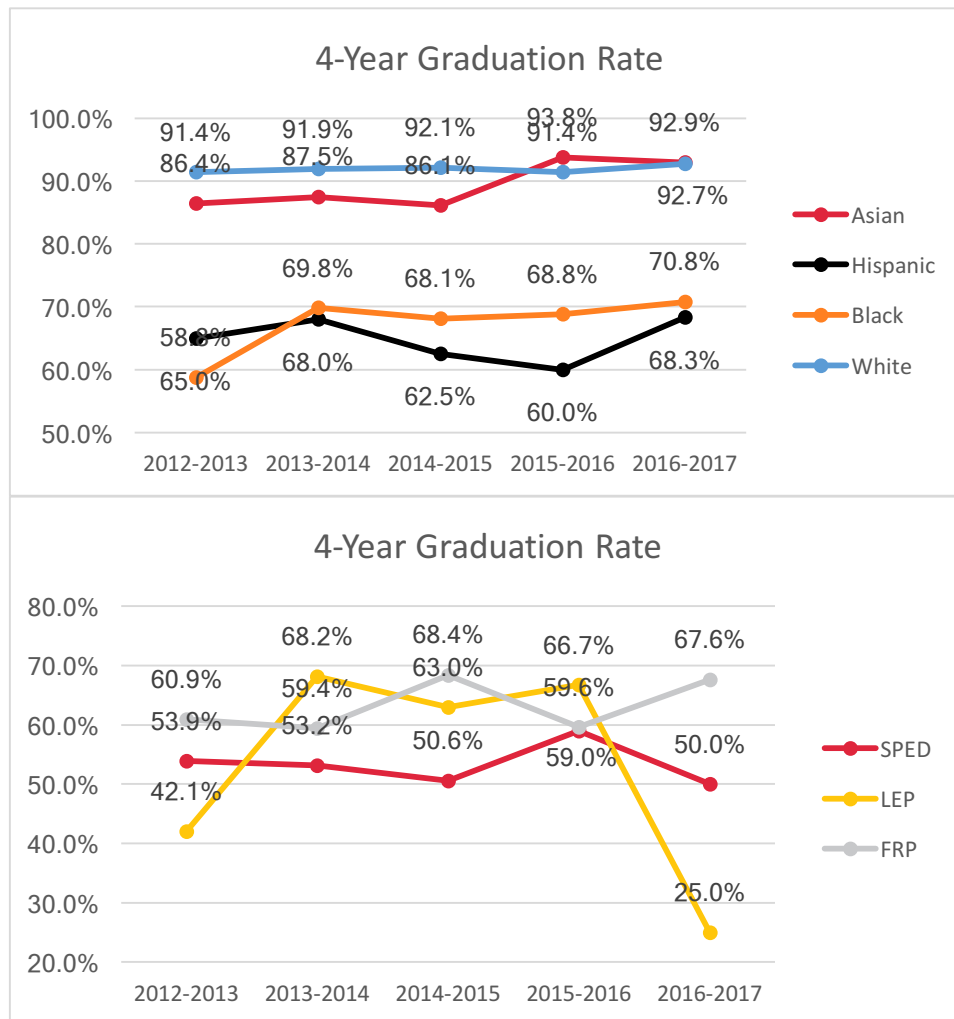
FOCUS AREAS AND GOALS

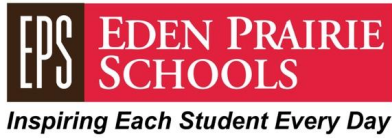
All Students Graduate from High School

4-year Graduation Rate* for all students in the 2016-2017 school year will be 92.9%.

*All 2016-2017 Graduation Rates are preliminary estimates.

INDICATORS OF PROGRESS AND RESULT

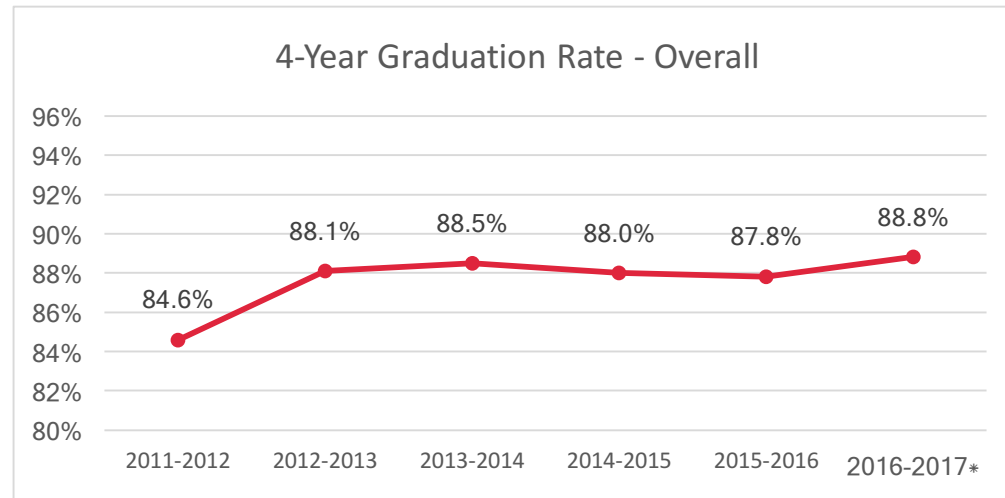




WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

11

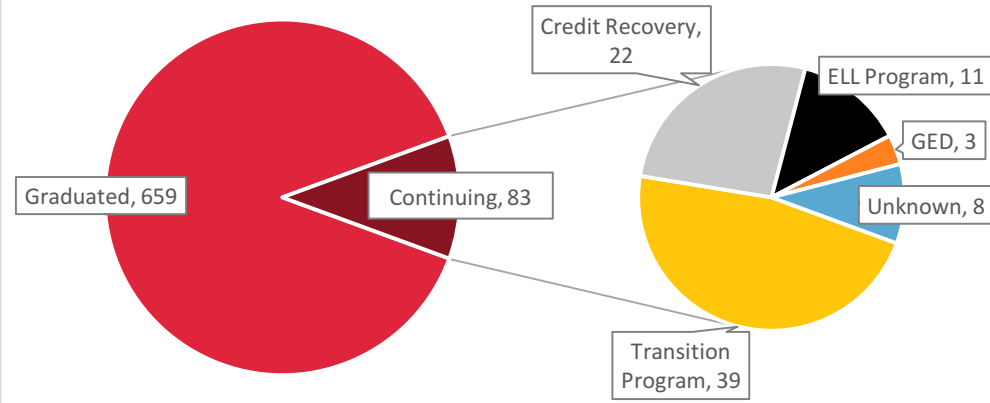
All Students Graduate	All	American Indian	Asian	Hispanic	Black	White	SPED	LEP	FRP
EPS 2016-2017 Ends Goal	90.0%	-	-	-	-	-	-	-	-
WBWF 2013-2018 Goal	92.9%	N/A	91.8%	79.0%	75.3%	94.8%	72.3%	65.3%	76.0%
2012-2013 Results	88.1%	N/A	86.4%	65.0%	58.8%	91.4%	53.9%	42.1%	60.9%
2013-2014 Results	88.5%	N/A	87.5%	68.0%	69.8%	91.9%	53.2%	68.2%	59.4%
2014-2015 Results	88.0%	N/A	86.1%	62.5%	68.1%	92.1%	50.6%	63.0%	68.4%
2015-2016 Results	87.8%	N/A	93.8%	60.0%	68.8%	91.4%	59.0%	66.7%	59.6%
2016-2017 Results	88.8%	92.9%	68.3%	70.8%	92.7%	50.0%	25.0%	67.6%	67.6%



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

12

2016-2017 Graduation Breakdown





WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

13

Systems, Strategies & Support

Personalized Learning

During the 2016-2017 school year, several strategies and initiatives within the Personalized Learning Department were implemented to work toward meeting the goals listed above. A framework of responsive instruction, including multi-dimensional abilities, was established and implemented through an ongoing collaborative process of continuous improvement. This framework of responsive instruction directly supports the achievement of each of the five WBWF goals.

Strategies included:

- Guaranteed and viable curriculum created in mathematics and English language arts through our curriculum review process
- Job embedded professional learning facilitated by instructional coaches at each level focused on literacy practices and increasing the authenticity of learning experiences
- Focus on readiness of embedding the 4Cs into daily instruction at the preK/elementary level and the measurement of students' use of the 4Cs at secondary level
- AVID program implementation led to high levels of rigor and an instructional framework of research based instructional best practices
- Multi-tiered system of support established and beginning stages of implementation
- Focused interventions with research based resources and targeted instructional matches at the classroom level
- Progress monitoring tools at the elementary level were implemented to support identification of students who may not be making growth
- Classroom visit process in place to measure the implementation of the framework of responsive instruction, evidence collected around pedagogy/instruction and culture and climate
- Student goal setting established or established at each level
- Parent communication at conferences, through parent meetings, via phone calls and email
- Increased the instructional time of all preschool class sections to better prepare students
- STRIVE (Students Taking a Renewed Interest in the Value of Education) mentoring program serving 40 students in grades 11-12 through a partnership with Eden Prairie Rotary
- Development of the EPS Mentoring program serving 10 girls and 10 boys from each grade level 7-12 with a focus on underserved learners



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

14

Gifted and Talented Programs

During 2016-2017, Eden Prairie Schools met the unique educational needs of students through our gifted and talented services. We know learners thrive best in an environment that challenges and nurtures individuals, fosters mutual respect and celebrates diversity. Some learners have academic skills, cognitive abilities, leadership abilities and creative talents that differ in degree and dimension from their chronological age peers; therefore, our purpose is to identify gifted and talented learners in order to provide services to meet those unique academic, social and emotional needs.

Eden Prairie Schools' students, staff, parents and community members are partners in working toward educational excellence. Creating the conditions for learning, with high expectations, is significant for the success of this work. Each member of the partnership shares responsibilities for removing barriers and ensuring learning opportunities so gifted and talented learners' potential may be fully realized.

Strategies Included:

- Gifted programming at each of the elementary and secondary sites
- Services are coordinated and taught by teachers who have or are obtaining an advanced degree in the area of gifted and talented education
- Strengthening our gifted and talented program offerings through KEY and Mosaic classes and advanced course offerings.
- Continued our practice of using multiple and objective criteria that include assessments and procedures which are valid, reliable, fair and based on current research
- Continued our practice of using assessments and procedures are sensitive to underrepresented groups, including, but not limited to, low income, minority, twice-exceptional and English learners
- Annual review of subject and grade acceleration that includes a process to assess a student's readiness and motivation for acceleration as well as matching the level, complexity and pace of the curriculum to achieve the best type of academic acceleration of each student
- Annual review of our early entrance evaluation process that assesses the cognitive, social, and emotional development of each child before recommendation for early entrance into Kindergarten
- Continued the practice of having all advanced courses at Central Middle School and Eden Prairie High School be "open access" courses so that any student who has met the prerequisite for a course, at any level of programming (standard or accelerated), can register for an accelerated level of a course



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

15

Closing the Achievement Gap

Our strategic mission calls for Eden Prairie Schools to focus our efforts, both internally and externally, to remove barriers and increase opportunities for all students to eliminate achievement disparities. During the 2016-2017 school year, several strategies and initiatives were implemented to work towards meeting the goals listed above, but specific focus was placed on the WBWF goal of “all racial and economic achievement gaps between students are closed.”

Strategies included:

- Ongoing professional development for instructional staff and administrators focused on identification of inequalities in achievement and how to address them in a culturally responsive manner
- District administrators, the District Equity Leadership Team, site equity teams, and instructional staff worked through guided dialogue and protocols to develop a definition of “high expectations” and how we secure them
- Positive Behavioral Intervention & Support strategies establish the behavioral supports and social culture needed for each student to achieve high level social, emotional and academic success is in place in 5 elementary schools. Central Middle School and Eden Prairie High School in their first year of implementation and a 6th elementary school in the application phase.
- Somali and Latino Cultural Liaisons connected, engaged, and empowered our underrepresented students, parents, and families, in response to their needs
- Offering a variety of financial assistance options to families, including transportation services, for those who would not otherwise be able to attend a formalized preschool program
- Offer parent support and education to parents of preschoolers to provide them with the skills they need to support their child well into their academic career
- Offering Kinder Camp, a four-day, half-day experience for incoming kindergarteners which provides targeted, skill based services to children most at risk in an effort to intervene early toward closing the achievement gap (with a focus on underrepresented children)
- American Indian Education funds provided educational support through tutoring programs for our American Indian students
- Secondary Academic Support programs provided academic supports to underrepresented students in grades 9-12 who were at risk of not completing graduation requirements or who had not yet achieved proficiency on MCA, graduation assessments, and/or career and college assessments
- Continually disaggregating data to understand each students’ needs and inform decision making and instructional moves



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

16

Staff Development:

We believe professional learning is fundamental to providing high levels of learning for each student. All employees will have learning opportunities and a professional responsibility to actively engage in continuous learning to improve their practice.

Eden Prairie Schools Guiding Principles for Professional Learning:

- Job-embedded learning is grounded in day-to-day practices
- Collaborative culture empowers employees to work interdependently to achieve common goals
- Learning is ongoing and occurs as part of routine work practices
- Conditions are created for a culture of sustained and perpetual learning
- Learning by doing develops deeper understanding and greater commitment
- Employees are active partners in personalizing their learning; determining the content of their learning, how learning occurs, and evaluating its effectiveness

Strategies included:

- Maintained and strengthened the Instructional Excellence Team comprised of coaches, principals, associate principals, and instructional directors during the 2016-2017 school year
- Furthered the purpose of the Instructional Excellence Team to provide job embedded professional development and ensure high levels of learning experiences for each student
- Taking a learner-centered approach in coaching was central to moving each student towards success, as it occupied the space between where the students were and where they needed to be
- Coaches worked side-by-side with teachers, co-teaching, modeling instruction and planning
- To increase the success of each student, teachers and coaches worked to implement instructional practices which were culturally relevant and personalized for each learner
- Professional Development Steering Committee comprised of administrators, teachers and parents met five times during the 2016-2017 school year to review staff development practices and suggest recommendations to improve practices
- An annual review of professional development opportunities, programs, and events was conducted in March 2017, the data from this review was used to further enhance programming for the 2017-2018 school year



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

17

QComp:

During the 2016-2017 school year, Eden Prairie Schools saw a positive impact on classroom instruction and student achievement as evidenced by teacher feedback and surveys. Examples of this impact include an increased capacity for reaching specific students as a result of discussion and dialogue with QComp coaches. Our centralized, district model maintains consistent language and provides a common experience which positively impacts classroom instruction. Assigning QComp coaches/observers to sites gives them familiarity with the vertical articulation of the curriculum and an understanding of the students' needs and ability to build professional relationships with colleagues.

Strategies included:

- Selection of a valid and reliable rubric to clearly define expectations of high quality teaching
- Training, that included the calibration, of the valid and reliable rubric for QComp observers and principals
- Teachers intentionally practiced reflective thinking about their instruction through face to face professional conversations

Teacher Development & Evaluation

This is a multi-year approach to teacher evaluation. All Eden Prairie teachers and other licensed personnel participate in goal setting, professional development, classroom observations and a summative evaluation to support professional growth, and ultimately, student achievement. The holistic evaluation by administrators will take into account data regarding student achievement, student engagement, and the teacher/staff member's performance during observations, over a three-year period. Staff members also participate in a documented individual growth plan.

Principal Development & Evaluation

This is a continuous improvement process in which the principals are provided formative assessment through a 360° survey instrument and a goal setting process which is used to monitor and inform the summative evaluation by the principal's supervisor. The purpose of the process is to support the professional growth and development of principals and improve student learning. A minimum of 35% of the annual goals are evaluated on the basis of measurable improvement in longitudinal student achievement, and the process is built upon the seven core principal competencies which include: strategic leadership, instructional leadership, managerial leadership, cultural leadership, communications leadership, school community leadership, and ethical and professional leadership. Principals set specific, measurable goals in these areas, articulate action plans to achieve the goals, and monitor progress toward the goals. All of this is shared with the principal's supervisor in an annual evaluation conference.



Inspiring Each Student Every Day

WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

18

Professional Learning Communities:

The Professional Learning Community framework guides the work of our collaborative teams and they take collective responsibility to ensure all students succeed. This cycle of work is ongoing and grounded in the spirit of continuous improvement through a collegial approach to improving student achievement and professional practice. Student learning remains the focus of the collaborative teams' work, which creates rich opportunities for teachers to talk, learn, modify, and meet the needs of each student.

Strategies included:

- A deeper understanding of the guaranteed and viable curriculum, what students should know and be able to do according to MN state standards
- Continued use of student assessment data during the PLC process
- Engage in enriching discussion about specific students and working to improve their instructional practices by learning from one another
- Embraced notion that we are collectively responsible for the academic growth and achievement of all students at a grade level and that more than one teacher is focused on the success and learning of each student

Types of PLC's for Instructional Excellence Team:

- Grade level/dept PLC's - coaches, interventionists and instructional leaders worked alongside PLC teams
- Site based PLC- coaches, interventionists and instructional leaders met weekly as a PLC focusing on the coaching cycle occurring
- Districtwide PLC's - district level team of coaches, principals and directors met monthly



WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

19

Access to Excellent & Diverse Teachers:

Equitable access to teachers and principals focused on our mission is a priority in Eden Prairie Schools. The district's process for placement of experienced, effective and in-field teachers happens through the right of assignment by building principals. Annually, principals review student achievement data and use this to make placement decisions to maintain equitable access to excellent and diverse teachers. To uphold highly effective PLCs focused on increasing student achievement and reducing achievement disparities the experience, effectiveness and strengths of individual teachers is considered when establishing PLC teams.

In addition, the district has provided several opportunities for professional development:

- Culturally Responsive Practices Course developed specifically for each employee group in the district
- Providing preschool students of underrepresented families of color and socioeconomic backgrounds who identified preschool tuition as a barrier to attending preschool classes prior to kindergarten a waiver of tuition fees in order to successfully participate in quality preschool programs
- Instructional coaches along with site and district equity teams design and deliver on-going professional development centered on culturally responsive practices
- Fiscal resource for continued support is allocated through the district Achievement Integration budget

District Advisory Committee:

During 2016-2017 the World's Best Workforce committee comprised of administrators, teachers and parents met four times to review and give feedback on academic standards, student achievement goals and measures, and district assessments. This committee also spent considerable time focused on the means to improve students' equitable access to culturally responsive practices that included access to effective and more diverse teachers.

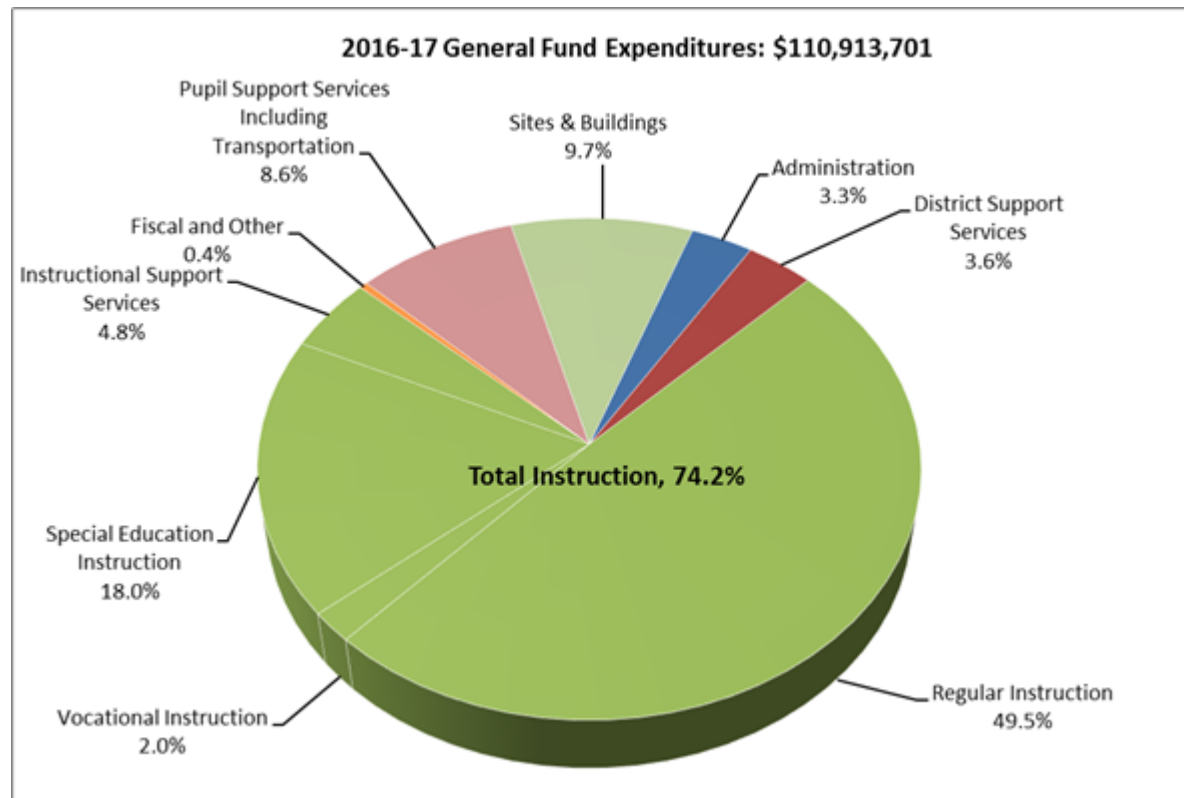


WORLD'S BEST WORKFORCE SUMMARY OF PROGRESS 2016-2017

20

General Fund Expenditures

Eden Prairie Schools works to align budget and resources to meet student needs, achieve strategic objectives, and keep dollars close to the classroom. General fund expenditures for 2016-2017 are described categorically below.



*Note(s): General Fund Expenditures exclude the Capital Projects Levy of \$7,865,822
General Fund Expenditures include TRA/PERA contributions

*Note(s): General Fund Expenditures exclude the Capital Projects Levy of \$5,945,574
General Fund Expenditures include TRA contributions



**Achievement and
Integration (AI)
Progress Report
2015-2017
FY 17 (2016-17) ACHIEVEMENT AND
INTEGRATION PLAN PROGRESS
REPORT**

DISTRICT ISD# AND NAME: ISD 272 Eden Prairie Schools

DOCUMENT PREPARED BY: Michelle Ament **TITLE:** Senior Director of Personalized Learning
EMAIL: Michelle_Ament@edenpr.k12.mn.us **PHONE:** 952-975-7796

2017 Submission due date to MDE: December 15, 2017

ANNUAL PUBLIC MEETING: all districts are required to hold a public meeting to report on the progress toward their plan goals. This meeting should take place at the same time as the WBWF annual meeting. At least 30 days prior to your districts WBWF/ AI annual meeting a district must post on its website: the districts AI plan, analysis of progress toward the plan's goals, relevant student performance data, and other longitudinal data.

DATE OF ANNUAL MEETING: November 28, 2017

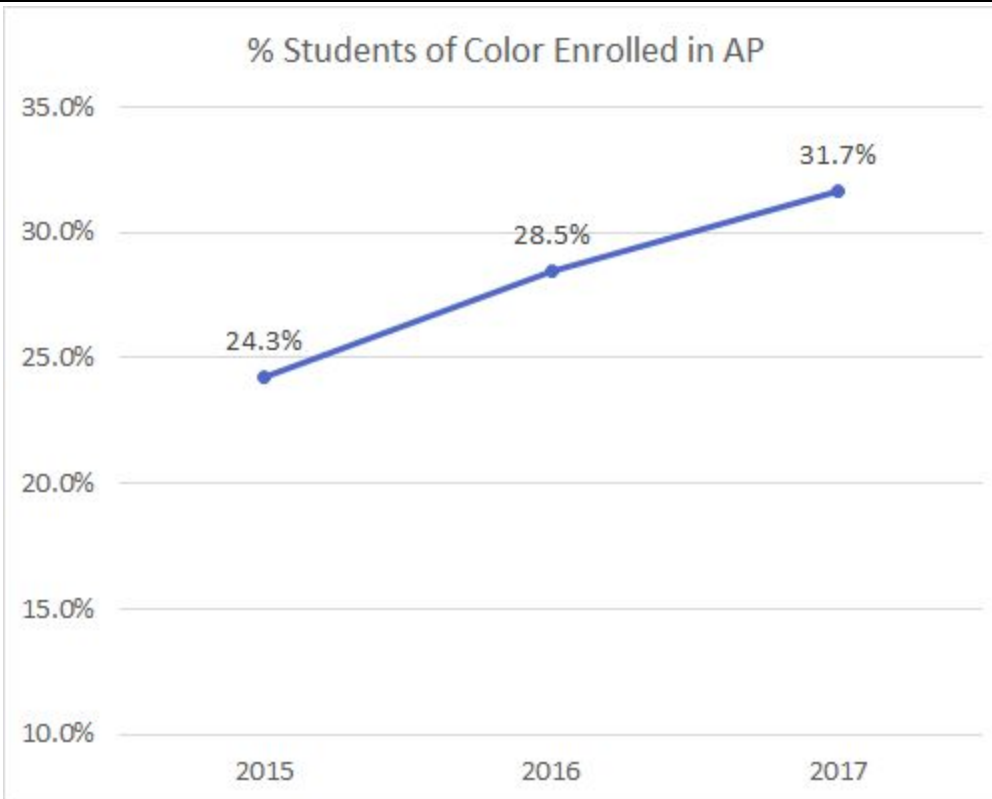
LINK TO AI REPORT: <http://www.edenpr.org/Page/1804>

AI Goal(s) & Level of progress	Data points & Key Indicators of Progress																												
<p>AI: All students read by the third grade as measured by the reading proficiency scores on the MCA/MTAS for 2016-17 students after being enrolled in Eden Prairie Public Schools for one full academic year.</p> <p><u>Level of progress:</u> Some progress toward reaching goal.</p>	<div><p>3rd Grade Reading</p><table><thead><tr><th>Group</th><th>2015</th><th>2016</th><th>2017</th></tr></thead><tbody><tr><td>All</td><td>70.7%</td><td>71.7%</td><td>66.7%</td></tr><tr><td>Asian or Pacific Islander</td><td>81.3%</td><td>84.0%</td><td>73.9%</td></tr><tr><td>Black, not Hispanic</td><td>47.6%</td><td>56.7%</td><td>41.0%</td></tr><tr><td>Hispanic</td><td>37.5%</td><td>57.1%</td><td>40.0%</td></tr><tr><td>White, not Hispanic</td><td>77.6%</td><td>75.5%</td><td>75.5%</td></tr><tr><td>FRP</td><td>47.9%</td><td>57.1%</td><td>38.8%</td></tr></tbody></table></div>	Group	2015	2016	2017	All	70.7%	71.7%	66.7%	Asian or Pacific Islander	81.3%	84.0%	73.9%	Black, not Hispanic	47.6%	56.7%	41.0%	Hispanic	37.5%	57.1%	40.0%	White, not Hispanic	77.6%	75.5%	75.5%	FRP	47.9%	57.1%	38.8%
Group	2015	2016	2017																										
All	70.7%	71.7%	66.7%																										
Asian or Pacific Islander	81.3%	84.0%	73.9%																										
Black, not Hispanic	47.6%	56.7%	41.0%																										
Hispanic	37.5%	57.1%	40.0%																										
White, not Hispanic	77.6%	75.5%	75.5%																										
FRP	47.9%	57.1%	38.8%																										
	<p>Indicators of progress:</p> <ul style="list-style-type: none">The district removed identified barriers for increased access to high quality preschool classes:<ul style="list-style-type: none">27 sections of 3 and 4 year old preschool classes have 4 slots each for identified children of diverse backgrounds.																												

<p>334</p>	<ul style="list-style-type: none"> ○ 122 children have access to financial assistance and transportation, to and from preschool. ○ 122 families have translators and transportation support during monthly parent involvement events. ● In 2016-17 a Somali Cultural Liaison was hired to work with Somali families and children in the preschool setting. He assisted teachers with classroom management, communication with parents, connected families to resources in the community, attended conferences with parents and teachers, and conducted outreach services to 3 apartment complexes in the community where Somali families primarily reside. ● In 2016-17 Eden Prairie moved from NUA specific coaches to embedding NUA strategies with AVID strategies through Instructional Excellence coaches in all AVID school sites. ● AVID School sites, Eden Prairie High School, Central Middle School, Oak Point Elementary, Eden Lake Elementary, Prairie View Elementary and Forest Hills Elementary utilized AVID specific instructional coaches to: <ul style="list-style-type: none"> ○ Support teachers in selecting and implementing the most culturally responsive instructional strategies ○ Plan with teachers, demonstrate lessons, co-teach, observe teaching/learning and provide feedback on instructional practice, ○ Support teachers with design and implementation of technology supported differentiated instruction; and, ○ Facilitate data discussions that focus on transferring new knowledge into classroom practice. ● Professional Learning Community professional development continued to focus on common formative assessments, progress monitoring, and differentiation in the content area of English Language Arts.
------------	--

AI: Increase student of color enrollment in AP courses.

Level of progress: *Increased progress toward reaching goal.*



Indicators of progress:

- Advancement Via Individual Determination (AVID) is an instructional system dedicated to preparing each student for success in high school, college, and a career, especially students traditionally underrepresented in higher education. AVID is dedicated to closing the achievement gap. Program foci include:
 - Teaching skills and behaviors for academic success.
 - Providing intensive support with tutorials and strong student/teacher relationships.
 - Creating a positive peer group for students.
 - Developing a sense of hope for personal achievement gained through hard work and determination.
 - Increasing the numbers of underrepresented students participating in AP and enriched courses.

In the 2016-17 the AVID program was expanded include grades 5, 6, 7, 8, 9 and 10.

- In 2016-17 the Secondary Academic Support program provided academic supports to underrepresented students in grades 9-12 who were identified as at risk of not completing graduation requirements or who had not yet achieved proficiency on MCA, graduation assessments, and/or career and college assessments. Program focus was in the area of mathematics.
- In 2016-17 Eden Prairie High School further developed the Dare 2 Be Real student program, supported through the West Metro Education Program. This course is research proven to keep students connected to school, in a leadership role. The program provided opportunities for youth to:
 - Build bridges across multiple identities;
 - Develop anti-racist student leadership skills;
 - Develop into our next generation of educators;
 - Advise policy around education.
- In the 2016-17 school year 100% of EPHS parents received course registration information, planning documents for course registration, and access to counselors at both EPHS and CMS to address questions regarding course choices. In addition, our district cultural liaisons continued to conduct registration/course planning informational meetings in the home language of families through our Career Resource Center.
- In the 2016-2017 school year EPHS continued its practice of having all accelerated courses be “open access” courses. This means that any student who has met the prerequisite for a course, at any level of programming (standard or accelerated), can register for an accelerated level of a course. There are no other requirements to access an accelerated course.

AI Goal(s) & Level of progress	Data points & Key Indicators of Progress
<p>1. Increase the number of underrepresented parents graduating from the Empowering Parents for Student Achievement (EPSA) program.</p> <p><u>Level of progress:</u> <u>Significant progress toward reaching goal.</u></p> <p>337</p> <p>2. Ensure underrepresented families are connected to resources that impact successful learning.</p> <p><u>Level of progress:</u> <u>Significant progress toward reaching goal.</u></p>	<p>Data points:</p> <ul style="list-style-type: none"> • During the 2014-2015 school year Eden Prairie provided opportunities for families of color to be engaged and informed to better support their students. • During the 2015-2016 school year Eden Prairie provided opportunities for families of color to be engaged and informed to better support their students. <ul style="list-style-type: none"> ○ 49 parents participated in the Career and College Ready session(s) on as part of the expanded program. ○ 41 parents participated in the Ready for High School (freshman) session(s) as part of the expanded program. ○ 46 parents participated in the Ready for Middle School session(s) as part of the expanded program. ○ 12 families participated in the monthly affinity group meetings as part of the expanded program. • During the 2016-2017 school year Eden Prairie provided opportunities for families of color to be engaged and informed to better support their students. <ul style="list-style-type: none"> • At the high school 42 families attended a college and career night; parents received information about high school graduation requirements, scholarship application process, college and university information, as well as required tests for college/university admissions. • At the middle school 35 families participated in a school information session; families received information regarding class scheduling, after school activities, school counselors and other resources available at the school. • At the middle school 20 families attended a 7th grade orientation session. • During the school year families were also invited to be part of the Designing Pathways initiative at the district. Approximately 30 parents attended different sessions and were able to receive information as well as provide their input about the proposed changes in the district. • Throughout the school year 8 workshops/informational meetings were offered; about 12 parents came to each session. • Our Somali and Latino Cultural Liaisons attended corresponding sessions to help with language and facilitate the presentations/workshops. • Our cultural liaisons assisted with high school students as group advisors and provided guidance to Somali and

338	<p>Latino high school students throughout the college application process.</p> <ul style="list-style-type: none">● Our Somali and Latino Cultural Liaison positions function as a critical component of our efforts to connect, engage, and empower our underrepresented students, parents, and families. Their work includes written and verbal communication between schools and families, and attendance at educational and community meetings to assist with translation and parent engagement. They help to bridge the gap of cultural differences and help educate families about the Eden Prairie School system to increase their engagement and empowerment.● We have learned that establishing personal relationships is very important to our Somali and Latino families and it has increased their participation in school events.● We need to continue offering school information sessions to keep families informed about changes in the schools and to help them be active participants in their children’s education. <p>Indicators of progress:</p> <ul style="list-style-type: none">● Our Somali and Latino Cultural Liaison positions function as a critical component of our efforts to connect, engage, and empower our underrepresented students, parents, and families. Their work includes written and verbal communications between schools and families, attendance at educational and community meetings to assist with translation and parent engagement, and facilitating our parent empowerment courses. They help to bridge the gap of cultural differences and help educate families about the Eden Prairie School system to increase their engagement and empowerment.								
<p>AI: Retain 90% of the students in the formerly named Choice is Yours (TCIY) program.</p> <p><u><i>Level of progress: Goal has been achieved.</i></u></p>	<p>Data Points:</p> <table><tr><th>School Year</th><th>2014-2015</th><th>2015-2016</th><th>2016-2017</th></tr><tr><td># of The Choice is Yours students attending Eden Prairie Schools</td><td>116</td><td>115</td><td>105</td></tr></table>	School Year	2014-2015	2015-2016	2016-2017	# of The Choice is Yours students attending Eden Prairie Schools	116	115	105
School Year	2014-2015	2015-2016	2016-2017						
# of The Choice is Yours students attending Eden Prairie Schools	116	115	105						
<p>AI: 100% of certified staff will understand and demonstrate culturally responsive teaching.</p>	<p>Data Points:</p> <ul style="list-style-type: none">● In the 2016-17 school year 75 new employees reported they understand culturally responsive practices after completing our Culturally Responsive Practices courses.● In the 2016-17 school year 75 new employees attended Beyond Diversity as a means to deepen their understanding of								

Level of progress: Significant progress toward reaching goal.

culturally responsive practices.

- The district does not yet have data to indicate the % of instructional staff that demonstrates culturally responsive teaching.

Indicators of progress:

- The Instructional Excellence team of coaches met bi-monthly to engage in professional learning around culturally responsive teaching (29 licensed staff serving all school sites).
- Professional learning supports were incorporated districtwide that included professional development and supporting activities focused on equity, cultural awareness, the value of multiple perspectives, culturally responsive instruction, and family engagement.
- District leadership team meetings included focused professional development and dialogue on leading for culturally responsiveness, securing high expectations, and identifying and addressing racial and socio-economic inequalities.
- Ongoing professional development for instructional staff and administrators focused on identification of inequalities in achievement and how to address them in a culturally responsive manner.
- The district continues to require all employees to attend the two-day Beyond Diversity training. The district began offering the training in district in 2014-15 has continued this practice through 2016-17.

The proficiency GAP between American Indian, Asian, Latino, Black, and FRP students enrolled the full academic year for all grades tested within Eden Prairie Schools on all state Reading accountability tests (MCA, MTAS) will DECREASE by INCREASING the proficiency of American Indian, Asian, Latino, Black, and FRP student groups within our District.

Data points:

Projected Targets for Reading in Eden Prairie

Schools

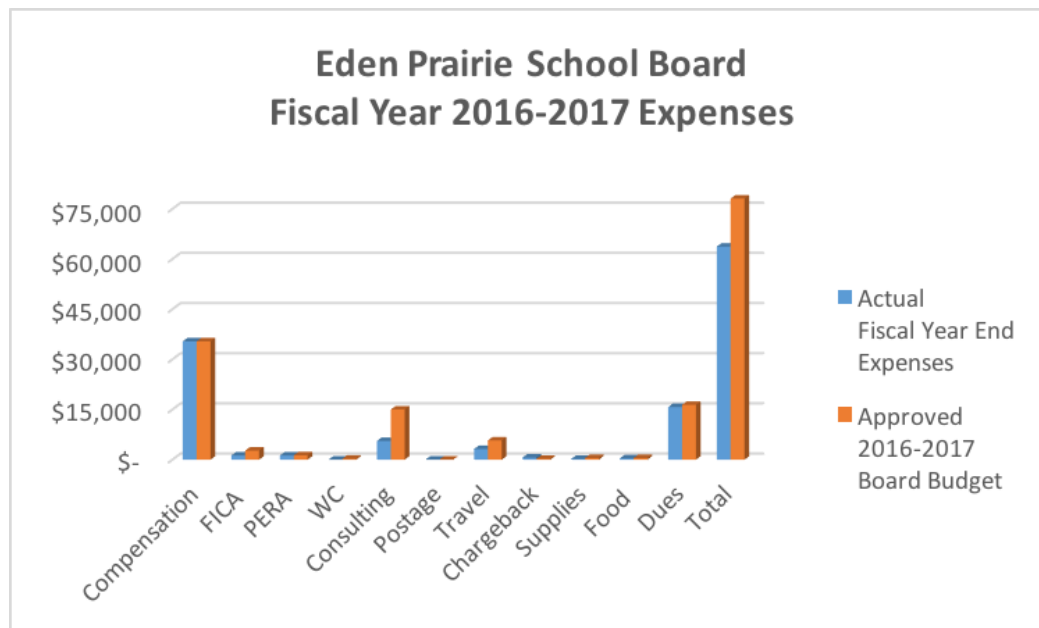
	2013	2013	2014	2014	Actual to Target	2015	2015	Actual to Target	2016	2016	Actual to Target	2017	2017	Actual to Target
Groups	Base line Count	Base line Data	Target	Actual	Diff	Target	Actual	Diff	Target	Actual	Diff	Target	Actual	Diff
All	4,776	72.5%	75.3%	73.1%	-2.2%	76.4%	73.0%	-3.4%	77.4%	72.8%	-4.6%	81.8%	74.1%	-7.7%
Am Indian	18	55.6%	60.0%	50.0%	-10.0%	56.9%	45.8%	-11.1%	56.5%	34.5%	-22.0%	67.1%	54.2%	-12.9%
Asian	538	81.2%	83.1%	81.6%	-1.5%	83.9%	81.9%	-2.0%	84.8%	82.9%	-1.9%	87.7%	81.8%	-5.9%
Hispanic	226	46.5%	51.8%	51.3%	-0.5%	56.8%	52.9%	-3.9%	59.7%	55.6%	-4.1%	66.5%	60.2%	-6.3%

Level of progress: Some progress toward reaching goal. While the targets have not been obtained there has been some decrease in the proficiency gap for Hispanic, Black and FRP students.

Black	615	45.9%	51.3%	43.6%	-7.7%	50.9%	46.9%	-4.0%	55.6%	49.0%	-6.6%	64.3%	49.0%	-15.3%
White	3,379	77.8%	80.1%	79.2%	-0.9%	81.6%	78.7%	-2.9%	82.1%	78.4%	-3.7%	85.5%	80.3%	-5.2%
SPED	563	48.3%	53.5%	46.2%	-7.3%	53.2%	41.8%	-11.4%	52.6%	43.4%	-9.2%	63.4%	45.3%	-18.1%
LEP	274	26.6%	34.0%	26.3%	-7.7%	35.6%	25.0%	-10.6%	37.8%	29.2%	-8.6%	50.5%	21.7%	-28.8%
FRP	930	47.4%	52.7%	46.0%	-6.7%	52.9%	47.1%	-5.8%	56.0%	48.2%	-7.8%	64.8%	48.9%	-15.9%

Eden Prairie School Board Treasurer Year End Report 7/1/16 - 6/30/17

Budget Category	Description	Fiscal Year 2014-2015 Expenses	Fiscal Year 2015-2016 Expenses	Fiscal Year 2016-2017 Expenses	2016-2017 Board Budget	Underspend Overspend	Proposed Budget 2017-2018
109	Board Member Compensation	\$35,400.00	\$35,400.00	\$35,400.00	\$35,400.00	\$0.00	\$35,400.00
210	FICA (Fed Ins Contrib Act)	\$1,820.00	\$1,517.70	\$1,270.94	\$2,708.00	\$1,437.06	\$2,708.00
214	PERA (Pub Emp Ret Assoc)	\$720.00	\$960.00	\$1,250.00	\$1,300.00	\$50.00	\$1,300.00
270	Workers Comp	\$281.00	\$261.00	\$0.00	\$277.00	\$277.00	\$442.00
305	Service Fees/Consulting	\$5,307.00	\$4,408.04	\$5,598.98	\$15,000.00	\$9,401.02	\$15,000.00
329	Postage	\$0.00	\$0.00	\$32.32	\$0.00	-\$32.32	\$0.00
366	Travel/Conferences	\$2,082.00	\$3,640.87	\$3,181.67	\$5,750.00	\$2,568.33	\$5,750.00
398	Chargeback	\$63.00	\$56.95	\$654.37	\$250.00	-\$404.37	\$500.00
401	General Supplies	\$162.00	\$399.66	\$213.47	\$500.00	\$286.53	\$500.00
490	Food Cost	\$0.00	\$270.68	\$360.85	\$500.00	\$139.15	\$500.00
820	Membership/Dues	\$15,372.00	\$15,677.00	\$15,754.00	\$16,400.00	\$646.00	\$16,400.00
	TOTALS	\$61,207.00	\$62,591.90	\$63,716.60	\$78,085.00	\$14,368.40	\$78,500.00



Eden Prairie School Board
2017-2018 WORK PLAN CHANGES
Proposed: November 27, 2017

Date of Meeting/Workshop	Changes Requested
Monday, January 8, 2018 – Workshop	- Add: 5-Year Financial Forecast
Monday, January 22, 2018	
Monday, February 12, 2018 – Workshop	
Monday, February 26, 2018	

**Meetings in May and June 2018 are on the 1st and 3rd Mondays due to the Memorial Day Holiday*

Placeholder – General Board Work
<ul style="list-style-type: none"> • Prep work for January Organizational Meeting • Workshop Regarding: Post-Secondary Options
Placeholder – Policy Review
<ul style="list-style-type: none"> • Board Reimbursement Policy (11-27-17) • Policy Language Review for February 2018 • Public Comment (11/27/17) • Schedule Future Policy Review • Review “Processes & Procedures”

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
*****2017***** Board Meeting Mon, July 24, 2017 8:00 AM					<ul style="list-style-type: none"> •HR Report/Monthly Reports •Student Handbooks •EPS 10 Year Facilities Maintenance Plan (Completed 6/26/17 Board Mtg.) 		<ul style="list-style-type: none"> •School Board Candidate Information Meetings at ASC: <ul style="list-style-type: none"> - 10 a.m. & 7 p.m.
Board Workshop Mon, Aug 28, 2017 4:30 PM							<ul style="list-style-type: none"> •Designing Pathways Information Session
Board Meeting Mon, Aug 28, 2017 6:00 PM	<ul style="list-style-type: none"> •EL 2.1 Emergency Supt. Succession •EL 2.2 Treatment of Students •EL 2.7 Asset Protection 		<ul style="list-style-type: none"> •Record of Board Self-Evaluation 		<ul style="list-style-type: none"> •Monthly Reports 		
Post Meeting Board Workshop Mon, Aug 28, 2017							<ul style="list-style-type: none"> •School Board Mtg. Self-Assessment
Brief Board Meeting Mon, Sep 11, 2017 6:00 PM			Approval of Agreement –Eden Prairie Education Association				

343

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Board Workshop Mon, Sept 11, 2017 6:15 PM							<ul style="list-style-type: none"> •Admin Proposals for 2017-18 Workshops •NEW Policy Development Discussion (Ends & EL Policies) •Policy Monitoring: All BMD Policies •Policy Monitoring: GP 4.4, 4.5, 4.6, 4.7, 4.8, 4.10 •Confirm agenda for next Board Workshop
Board Meeting Mon, Sept 25, 2017 6:00 PM	<ul style="list-style-type: none"> •EL 2.2 Treatment of Students (Listed on 8/28/17) • Re-Monitor the OI of EL 2.1 Superintendent Succession Plan. •EL 2.3 Treatment of Parents •EL 2.6 Financial Management&Operations •EL 2.7 Asset Protection (Listed on 8/28/17) •All BMD Policies •GP 4.4 Officer Roles •GP 4.5 School Board Members Code of Conduct •GP 4.6 Process for Addressing School Board Member Violations •GP 4.7 School Board Committee Principles 		<ul style="list-style-type: none"> •Approval of Preliminary FY18 Levy •Record of Board Self-Evaluation 		<ul style="list-style-type: none"> •Monthly Reports 	<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> • 2016-2017 Unaudited Financials •Enrollment Update 	

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
	<ul style="list-style-type: none"> GP 4.8 School Board Committee Structure GP 4.10 Operation of the School Board Governing Rules 						
Post Meeting Board Workshop Mon, Sept 25, 2017							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment
Board Workshop Mon, Oct 9, 2017 6:00 PM							<ul style="list-style-type: none"> Board Development: Board Governance Processes Discussion Administration: Setting Stage for 2018-19 Budget Guidelines Policy Monitoring: GP 4.0, 4.1, 4.2, 4.3, 4.9 Timeframe presented by Administration for a Joint Workshop with Board Members & Administration to talk about Enrollment Confirm agenda for next Board Workshop
Board Meeting Mon, Oct 23, 2017 6:00 PM	<ul style="list-style-type: none"> Ends 1.1, 1.2, 1.3 Evidence (2016-17) EL 2.4 Treatment of Staff EL 2.8 Compensation and Benefits 		<ul style="list-style-type: none"> Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports 	<ul style="list-style-type: none"> 2016-2017 Audited Financials (Moved to 11/27) 	

345

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
	<ul style="list-style-type: none"> GP 4.0 Global Governance Commitment (Listed on 12/11/17) GP 4.1 Governing Style GP 4.2 School Board Job Products GP 4.3 Annual Work Plan GP 4.9 Governance Investment 					<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> Enrollment Report as of Oct. 1, 2017 	
Post Meeting Board Workshop Mon, Oct 23, 2017							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment
Board Workshop Mon, Nov 13, 2017 6:00 PM							<ul style="list-style-type: none"> Student Enrollment Administration: Guidelines Setting Stage for 2018-19 Budget - Part 2 Superintendent Goal Setting Discussion GP 4.0 Global Governance Designing Pathways "New Policy Introductions" Confirm agenda for next Board Workshop
Board Meeting Mon, Nov 27, 2017 6:00 PM	<ul style="list-style-type: none"> EL 2.9 Communication and Support to the School Board (Semi-annual) 	<ul style="list-style-type: none"> Closed Session: Superintendent Review 	<ul style="list-style-type: none"> Approval of FY17 Audit 	<ul style="list-style-type: none"> Treasurer's Report 	<ul style="list-style-type: none"> Monthly Reports 	<ul style="list-style-type: none"> 2016-2017 Audited Financials 	<ul style="list-style-type: none">

346

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
		<ul style="list-style-type: none"> Superintendent Goal Setting 	<ul style="list-style-type: none"> Appointment: WMEP Representative (listed on 12/11/17) Record of Board Self-Evaluation 			<ul style="list-style-type: none"> World's Best Workforce Report 	
Post Meeting Board Workshop Mon, Nov 27, 2017							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment
Truth in Taxation Hearing Mon, Dec 11, 2017 6:00 PM							
Board Meeting Mon, Dec 11, 2017 6:15 PM Convene following the Truth in Taxation Hearing	<ul style="list-style-type: none"> EL 2.5 Financial Planning and Budgeting EL 2.0 Global Executive Constraint GP 4.0 Global Governance Commitment 		<ul style="list-style-type: none"> Approval of Final FY18 Levy Appointment of District 287 Representative Appointment of WMEP Representative Superintendent Review Statement (Announcements) Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports 		
Post Meeting Board Workshop							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment

347

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Mon, Dec 11, 2017							
*****2018***** Annual Organizational Meeting Mon, Jan 8, 2018 6:00 PM			<ul style="list-style-type: none"> •Organizational Mtg. - Election of Officers - School Board Compensation - School Board Calendar 		<ul style="list-style-type: none"> •Annual School District Organizational Items - School District Newspaper - School District Depository /Financial Institutions - Money Wire Transfers - Early Claims Payment - School District Legal Counsel - School District Responsible Authority - Deputy Clerk & Deputy Treasurer - Facsimile Signature Authorization - Authorization for Superintendent to Sign Contracts - Local Ed Agency (LEA) Representative 		
Board Workshop Mon, Jan 8, 2018 6:15 PM Convene following the Annual Organizational Meeting							<ul style="list-style-type: none"> • 2018 Committees & Outside Organization Discussion • Confirm agenda for next Board Workshop

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Board Meeting Mon, Jan 22, 2018 6:00 PM		<ul style="list-style-type: none"> •2018-19 School Calendar •2019-20 School Calendar-DRAFT 	<ul style="list-style-type: none"> •Mid-Year Budget Approval •Record of Board Self-Evaluation 	<ul style="list-style-type: none"> •2018 School Board Committee & Outside Organization Assignments 	<ul style="list-style-type: none"> • Monthly Reports • Capital Budget for Buses • Pay Equity Report 	<ul style="list-style-type: none"> • Budget Events Timeline • FY19 Budget Assumptions 	
Post Meeting Board Workshop Mon, Jan 22, 2018							<ul style="list-style-type: none"> • School Board Meeting Self-Assessment
Board Workshop Mon, Feb 12, 2018 6:00 PM							<ul style="list-style-type: none"> • Local Legislative Update • Board Development Committee: Discussions around Student test scores/ Evaluation (for monitoring purposes); 4C's & Portfolios (updates)- for new Board Members understanding about student evaluations; Legislative Updates. • "New Policy Introductions" • Confirm agenda for next Board Workshop
Board Meeting Mon, Feb 26, 2018 6:00 PM		<ul style="list-style-type: none"> • Closed Session: Negotiation Strategy 	<ul style="list-style-type: none"> • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports • Approval of 2018-19 School Calendar 		

349

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
					<ul style="list-style-type: none"> • Approval of 2019-20 School Calendar DRAFT • 2018-19 Achievement & Integration Budget • American Indian Education Resolution 		
Post Meeting Board Workshop Mon, Feb 26, 2018							• School Board Meeting Self-Assessment
Board Workshop Mon, Mar 12, 2018 6:00 PM							<ul style="list-style-type: none"> • (Tentative) All-Day Policy Workshop for the purpose of reviewing the wording of all policies & make revisions as appropriate. • Confirm agenda for next Board Workshop
Board Meeting Mon, Mar 26, 2018 6:00 PM		<ul style="list-style-type: none"> • 2018-19 Capital Budget • Closed Session: Negotiation Strategy 	<ul style="list-style-type: none"> • Record of Board Self-Evaluation • Resolution to Release Probationary Teachers • School Board Expense Reimbursement Policy – 1st Reading 		• Monthly Reports	• Final FY19 Budget Assumptions	
							• School Board Meeting Self-Assessment

350

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Post Meeting Board Workshop Mon, Mar 26, 2018							
Board Workshop Mon, Apr 9, 2018 6:00 PM							<ul style="list-style-type: none"> • Discussion: 2018-19 School Board Meeting Schedule • 2018-19 School Board Budget 1st Reading (Presented by Treasurer) • Policy Monitoring Follow-up: 1.1.1 & 1.1.2 • Confirm agenda for next Board Workshop
Board Meeting Mon, Apr 23, 2018 6:00 PM		<ul style="list-style-type: none"> • 2018-19 School Board Work Plan – 1st Reading 	<ul style="list-style-type: none"> • Approval of 2018-19 Capital Budget • Approval of 2018-19 School Board Budget • Approval of 2018-19 School Board Meeting Schedule • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports 		
Post Meeting Board Workshop Mon, Apr 23, 2018							<ul style="list-style-type: none"> • School Board Meeting Self-Assessment

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Board Workshop <u>Mon, May 7, 2017</u> 6:00 PM*							<ul style="list-style-type: none"> • “New Policy Introductions” • Confirm agenda for next Board Workshop
Board Meeting <u>Mon, May 21, 2018</u> 6:00 PM*	<ul style="list-style-type: none"> • Ends 1.1, 1.2, 1.3 OI (2018-19) (S/B listed on 6/18/18) 	<ul style="list-style-type: none"> • 2018-19 Budget – First Reading 	<ul style="list-style-type: none"> • Approval of 2018-19 School Board Work Plan • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports • Approval of District Health and Safety Program • MSHSL Resolution for Membership • Approval of 2018-19 School Meal Prices 		
Post Meeting Board Workshop <u>Mon, May 21, 2018*</u>							<ul style="list-style-type: none"> • School Board Meeting Self-Assessment
Board Workshop <u>Mon, Jun 4, 2018</u> 6:00 PM*							<ul style="list-style-type: none"> • Confirm agenda for next Board Workshop
Board Meeting <u>Mon, Jun 18, 2018</u> 6:00 PM*	<ul style="list-style-type: none"> • EL 2.9 Communication and Support to the School Board (Semi-annual) • Ends 1.1, 1.2, 1.3 OI (2018-19) 		<ul style="list-style-type: none"> • Approval of 2018-19 Budget • ISD 287 10-Year Facilities Maintenance Resolution • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports • EPS 10-Year Facilities Maintenance Plan • Q-Comp Annual Report • Annual Review of District Mandated Policies • Approval of Updated District Policies 	<ul style="list-style-type: none"> • Annual Overnight/ Extended Trip Report 	

**EDEN PRAIRIE SCHOOL BOARD
2017-2018 ANNUAL WORK PLAN**

Board Meetings

Board Workshops

Other Meetings

November 27, 2017

Board Meeting or Board Workshop Type, Date and Time	Board Work				Supt Consent Agenda Items (Human Resources & Business Services Reports)	Board Education & Required Reporting	Workshop Topic(s)
	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Post Meeting Board Workshop <u>Mon, Jun 18, 2018*</u>							• School Board Meeting Self-Assessment

***Meeting dates changed to avoid May's Board Regular Business Meeting conflicting with Memorial Day on May 28, 2018.**

Placeholders

--

Eden Prairie School Board
2017-2018 SCHOOL BOARD CALENDAR OF COMMITTEE MEETINGS AND EVENTS

COMMITTEE MEETINGS

EVENTS

SCHOOL BOARD COMMUNITY CONNECTION

November 27, 2017

Name of Event	Date	Place	Time	Notes
Agenda Setting Meeting	Tuesday, July 18, 2017	ASC	10:00 a.m.	Chair & Vice Chair
School Board Meeting (Brief)	Monday, July 24, 2017	ASC/EDC	8:00 a.m.	
School Board Candidate Information Sessions	Monday, July 24, 2017	ASC/EDC	10:00 a.m. and 7:00 p.m.	
MSBA Summer Seminar	Sunday thru Wednesday, August 6-9	Minneapolis Marriott NW		John Kohner attending Monday, 8/7: Leading Above the Line/Insights into the 2017 Legislative Session
WMEP - Future-Forward Leadership Redesign Institute: What does it take to equip diverse scholars for an ever-changing global economy?	Wednesday, August 16, 2017	Hosted by Wayzata H.S. 4955 Peony Lane, N Plymouth, MN 55446	8:30 – 3:30 p.m.	John Kohner attending (no cost)
Agenda Setting Meeting	Tuesday, August 22, 2017	ASC	2:30 p.m.	Chair & Vice Chair
School Board Workshop	Monday, August 28, 2017	ASC/EDC	4:30 p.m.	Designing Pathways Discussion
School Board Meeting	Monday, August 28, 2017	ASC/EDC	6:00 p.m.	
Annual District Kick Off	Tuesday, August 29, 2017	Grace Church, 9301 Eden Prairie Road, Eden Prairie (Enter through Door 4)	8:30 a.m.	7:30 a.m. – Light Breakfast
Agenda Setting Meeting	Tuesday, September 5, 2017	ASC	3:00 p.m.	Chair & Vice Chair
Prairie Colors Marching Band Festival	Saturday, September 9, 2017	EPHS – Aerie Stadium	12 – 4 p.m. (Gates open at 11 a.m.)	Tickets only available at the gate
Eden Prairie Community Foundation Fundraiser	Saturday, September 9, 2017	EP Purgatory Park (by the Jean Harris Memorial)	3:00 – 6:00 p.m.	Ranee has tickets
School Board Business Meeting/Workshop	Monday, September 11, 2017	ASC	6:00 p.m. 6:15 p.m.	Business Meeting Board Workshop
EPHS – Homecoming Week	Week of September 18, 2017			
Agenda Setting Meeting	Tuesday, September 19, 2017	ASC	3:00 p.m.	Chair & Vice Chair
FEPS 5k for EP Schools	Saturday, September 23, 2017	EPHS Aerie Stadium	7:30 a.m.	Registration is through FEPS
School Board Meeting	Monday, September 25, 2017	ASC/EDC	6:00 p.m.	
FEPS 2 nd Beyond the Diploma Alumni Speaker Series Fundraiser	Monday, October 2, 2017	EPHS Auditorium	7:00 p.m.	Attending: Elaine, John, Greg
Agenda Setting Meeting	Tuesday, October 3, 2017	Conference Call	3:00 p.m.	Chair & Vice Chair

Eden Prairie School Board
2017-2018 SCHOOL BOARD CALENDAR OF COMMITTEE MEETINGS AND EVENTS

COMMITTEE MEETINGS

EVENTS

SCHOOL BOARD COMMUNITY CONNECTION

November 27, 2017

Name of Event	Date	Place	Time	Notes
AMSD recognizing Representative Jenifer Loon with a "Friend of Public Education Award"	Friday, October 6, 2017	AMSD - TIES in the Grand Ballroom, 1667 Snelling Ave N, Falcon Heights, MN 55108	7:00 – 9:00 a.m.	Attending: Elaine, John, Greg
School Board Meeting	Monday, October 9, 2017	ASC/EDC	6:00 p.m.	
AMSD Annual Conference (Reimagining Public Education in Minnesota)	Wednesday, October 11, 2017	TIES Conference Center, St. Paul	7:30 a.m. – 1:00 p.m.	
EP Chamber Annual GALA Event (Celebrating the Chamber's 20 th GALA)	Saturday, October 14, 2017	Bearpath Golf & Country Club	5-11 p.m.	Attending: Elaine, Holly, Adam
MSBA Phase IV – 2017 Representing Your Community Through Policy and Engagement	Friday, October 13, 2017	St. Cloud, MN	8:30-4:00 p.m.	Attending: Adam
Agenda Setting Meeting	Tuesday, October 17, 2017	ASC	3:00 p.m.	Chair & Vice Chair
Minnesota Vikings Luncheon (The Minnesota Vikings and Eden Prairie have been joined at the hip for more than one-third of a century, with the Vikings' Winter Park headquarters and training facility constructed in 1981. Now out of room, the Vikings are moving to bigger quarters in Eagan. But not before their contributions to Eden Prairie are recognized in a special luncheon.	Monday, October 23	Bearpath Golf & Country Club, Eden Prairie	11:30 a.m. – 1:00 p.m.	Attending: Rane
School Board Meeting	Monday, October 23, 2017	ASC/EDC	6:00 p.m.	
Eden Prairie High School Career Expo 2017: EPHS and the EP Chamber invite community professionals from all industries to share their career and insights with up to 3,000 local students.	Tuesday, October 24, 2017	EPHS FREE for Members	7:30 - 11:00 a.m.	Attending: Elaine, Holly, John, Adam
Eden Lake Elementary School Visit by School Board – Unity Day – All-School Assembly (Visit classrooms, talk with students, attend All-School Assembly in the gym (2:50-3:35 p.m.))	Wednesday, October 25, 2017	Eden Lake Elementary	1:30 – 3:30 p.m.	Attending: Elaine, Dave, Holly and Rane
Cedar Ridge Elementary School Visit by School Board	Wednesday, November 1, 2017	Cedar Ridge Elementary	9:00 a.m.	Attending: Elaine (tentative) Dave, Holly, John, Rane and Adam
Agenda Setting Meeting	Tuesday, November 7, 2017	ASC	3:00 p.m.	Chair & Vice Chair
National Merit Breakfast	Friday, November 10, 2017	EPHS – East Commons	8:00- 10:00 a.m.	Attending: Elaine, Dave, John, Holly, Rane and Adam
Agenda Setting Meeting	Tuesday, November 21, 2017	ASC	3:00 p.m.	Chair & Vice Chair
EPHS School Visit by School Board	Wednesday, November 29, 2017	EPHS	1:30 p.m.	Attending: Elaine, Dave, John, Holly, Greg, Rane

Eden Prairie School Board
2017-2018 SCHOOL BOARD CALENDAR OF COMMITTEE MEETINGS AND EVENTS

COMMITTEE MEETINGS

EVENTS

SCHOOL BOARD COMMUNITY CONNECTION

November 27, 2017

Name of Event	Date	Place	Time	Notes
Agenda Setting Meeting	Tuesday, December 5, 2017	ASC	3:00 p.m.	Chair & Vice Chair
AMSD 2017 Fall Annual Conference – Reimagining Public Education in Minnesota	Friday, December 8, 2017	TIES Conference Center 1667 Snelling Ave N St. Paul, MN	8:00 – 1:00 p.m.	Attending: Elaine
TIES 2017 Education Technology Conference -Preconference Workshops (Saturday & Sunday) and Two-Day Conference (Monday & Tuesday)	Saturday-Tuesday, December 9-12, 2017	Hyatt Regency Minneapolis, MN	Saturday/Sunday Monday/Tuesday	Did not send an invite.
Eden Prairie Chamber Annual Meeting & Athena Awards Luncheon	Date Change: Thursday, December 14, 2017	Bearpath Golf & Country Club, Eden Prairie	11:00 – 1:00 p.m.	Attending: Elaine, Dave, Holly, Rane, John (tentative),
Fall Celebration – Pep Fest: Recognition of Athletics & Academic Accomplishments	December 8, 2017	EPHS – Main Gym	8:55 – 10:00 a.m.	Attending: Invite forthcoming
Winter Break – No School	December 22, 2017 thru January 2, 2018			
Agenda Setting Meeting (Organizational Meeting & Workshop)	Tuesday or Wednesday January ???	TBD	TBD	Chair & Vice Chair
School Board Annual Organizational Meeting School Board Workshop	Monday, January 8, 2018	ASC/EDC	6:00 p.m. 6:30 p.m.	
MSBA Phase I – School Board Basics – Learning to Lead	Tuesday, January 9, 2018	Hilton Minneapolis	6:30 – 9:30 p.m.	Attending: Terri (Josh)
MSBA Phase II – School Finances and Management – Leadership Foundations	Wednesday, January 10, 2018	Hilton Minneapolis	8:45 a.m. – 4p.m.	Attending: Terri (Josh)
MSBA Leadership Conference (97 th Annual Conference)	Thursday & Friday January 11 & 12, 2018	Minneapolis Convention Center		Attending: Terri
Agenda Setting Meeting (Business Meeting)	January TBD	TBD	TBD	Chair & Vice Chair
EP Chamber State of the City Luncheon	Thursday, January 18, 2018	TBD	11:00-1:00 p.m.	Attending: Elaine, Greg, Dave,
CMS School Visit by School Board	Wednesday, January 17, 2018	CMS	8:30 a.m.	Attending: Elaine, Dave, John, Holly (tentative)
School Board Meeting	Monday, January 22, 2018	ASC/EDC	6:00 p.m.	
Preschool/Lower Campus by School Board	Tuesday, January 30, 2018	Preschool/Lower Campus	9:45 a.m.	Attending: Elaine, Dave, John, Holly (tentative)
EHSI Elementary School Visit by School Board	Tuesday, February 6, 2018	EHSI	10:00 a.m.	Attending: Elaine, Dave, John, Holly (tentative)
School Board Workshop	Monday, February 12, 2018	ASC/EDC	6:00 p.m.	
Agenda Setting Meeting (Workshop)	February TBD	TBD	TBD	Chair & Vice Chair

Eden Prairie School Board
2017-2018 SCHOOL BOARD CALENDAR OF COMMITTEE MEETINGS AND EVENTS

COMMITTEE MEETINGS

EVENTS

SCHOOL BOARD COMMUNITY CONNECTION

November 27, 2017

Name of Event	Date	Place	Time	Notes
Agenda Setting Meeting (Business Meeting)	February TBD	TBD	TBD	Chair & Vice Chair
School Board Meeting	Monday, February 26, 2018	ASC/EDC	6:00 p.m.	
Agenda Setting Meeting (Workshop)	March TBD	TBD	TBD	Chair & Vice Chair
School Board Workshop	Monday, March 12, 2018	ASC/EDC	6:00 p.m.	
Agenda Setting Meeting (Business Meeting)	March TBD	TBD	TBD	Chair & Vice Chair
Winter Celebration – ALL School Recognition of Athletics & Academic Accomplishments (Winter Sports)	Date TBA			
School Board Meeting	Monday, March 26, 2018	ASC/EDC	6:00 p.m.	
Eden Prairie Community Education Hosts – 13 th Annual K-8 Science Fair	Date TBA			
Agenda Setting Meeting (Workshop)	April TBD	TBD	TBD	Chair & Vice Chair
School Board Workshop	Monday, April 9, 2018	ASC/EDC	6:00 p.m.	
2018 Strategic Core Planning 2-Day Meeting	Wednesday & Thursday April 11 & 12, 2017	“The Barn” Eden Prairie	TBD	
Forest Hills School Visit by School Board	Thursday, April 12, 2018	Forest Hills Elementary	9:30 a.m.	Attending:
Agenda Setting Meeting (Business Meeting)	April TBD	TBD	TBD	Chair & Vice Chair
AM Rotary: “My Book Day	Date TBA			
Oak Point Elementary School Visit by School Board	Wednesday, April 18, 2018	Oak Point Elementary	9:15 a.m.	Attending: Elaine, Dave, John, Holly-Tentative,
EP Community Foundation EP Gives~	Dates TBA			
MSBA Phase III Training	Date TBA			
MSBA Phase IV Training	Date TBA			
School Board Meeting	Monday, April 23, 2018	ASC/EDC	6:00 p.m.	
Agenda Setting Meeting (Workshop)	May TBD	TBD	TBD	Chair & Vice Chair
EHSI Cinco de Mayo Fundraiser Fiesta	Date TBA			

357

Eden Prairie School Board
2017-2018 SCHOOL BOARD CALENDAR OF COMMITTEE MEETINGS AND EVENTS

COMMITTEE MEETINGS

EVENTS

SCHOOL BOARD COMMUNITY CONNECTION

November 27, 2017

Name of Event	Date	Place	Time	Notes
Athena Awards	Date TBA			
School Board Workshop	Monday, May 7, 2018*	ASC/EDC	6:00 p.m.	*Note: This is the 1 st Monday Change due to Memorial Day
Agenda Setting Meeting (Business Meeting)	May TBD	TBD	TBD	Chair & Vice Chair
AM & NOON Rotary: End-of-Year STRIVE Celebration	Date TBA			
AM Rotary: Above & Beyond Banquet	Date TBA			
FEPS Legacy Awards Banquet	Date TBA			
Prairie View Elementary School Visit by School Board	Wednesday, May 16, 2018	Prairie View Elementary	9:30 a.m.	Attending: Elaine, Dave, John, Holly-Tentative,
EPHS Senior Community Scholarship Program (Academic Awards)	Date TBA			
School Board Meeting	Monday, May 21, 2018*	ASC/EDC	6:00 p.m.	*Note: This is the 3 rd Monday Change due to Memorial Day
Agenda Setting Meeting (Workshop)	June TBD	TBD	TBD	Chair & Vice Chair
AM Rotary Golden Eagle Awards	Date TBA			
School Board Workshop	Monday, June 4, 2018*	ASC/EDC	6:00 p.m.	*Note: This is the 1 st Monday Change due to Memorial Day
All School Recognition of Athletics & Academic Accomplishments – Senior Celebration	Date TBA			
TASSEL Graduation	Date TBA			
Eden Prairie Schools – Last Day	Thursday, June 7, 2017	All Schools		
Agenda Setting Meeting (Business Meeting)	June TBD			
Eden Prairie High School	Friday, June 8, 2017	EPHS Commencement Ceremony Mariucci Arena University of Minnesota	7:00 – 9:00 p.m.	Board Members are requested to arrive early – by 6:15 p.m. (?)
School Board Meeting	Monday, June 18, 2018*	ASC/EDC		*Note: This is the 3 rd Monday Change due to Memorial Day
Eden Prairie Chamber – Excellence in Education Awards Luncheon	Date TBA			
Metro South Adult Basic Education Graduation	Date TBA			

358