



EDEN PRAIRIE SCHOOLS

Inspiring each student every day

SCHOOL BOARD Regular Meeting

Monday, November 23, 2020

6:00 PM

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 PM (Roll Call)

Call to Order - Aaron Casper, Debjyoti "DD" Dwivedy, Elaine Larabee, Holly Link, Adam Seidel, Veronica Stoltz, Terri Swartout

2. Agenda Review and Approval (Action)

Approval of the agenda for the Monday, November 23, 2020 School Board of Independent School District 272, Eden Prairie Schools.

MOTION _____ **Seconded** _____

Terri Swartout Yes___ Holly Link Yes___

Veronica Stoltz Yes___ Adam Seidel Yes___

Elaine Larabee Yes___ Aaron Casper Yes___

Debjyoti Dwivedy Yes___

3. Approval of Previous Minutes (Action)

Approval of the UNOFFICIAL Minutes of the School Board Regular Business Meeting on Monday, October 26, 2020 and the Special Meeting on Friday, November 13, 2020.

MOTION _____ **Seconded** _____

Terri Swartout Yes___ Holly Link Yes___

Veronica Stoltz Yes___ Adam Seidel Yes___

Elaine Larabee Yes___ Aaron Casper Yes___

Debjyoti Dwivedy Yes___

A. October 26, 2020 Regular Business Meeting 8

B. November 13, 2020 Special Meeting 12

4. Announcements (Information)

5. Spotlight on Success (Information)

Eden Prairie High School (EPHS)

6. Board Education & Required Reporting (Information)

A. Fiscal Year (FY) 2019-20 Audited Financial Presentation Information (See Appendix "B")

1) 2019-20 Audited Financial Executive Summary 13

2) Audited Financial Presentation (See Appendix "B")

3) Comprehensive Annual Financial Report (See Appendix "B")

4) District Internal Fund Balance Report (See Appendix "B")

5) Management Report (See Appendix "B")

6) Special Purpose Audit Reports (See Appendix "B")

B. COVID-19 Reassessment Update 14

7. Board Work (Action)

A. Decision Preparation

B. Required Board Action **(Action)**

1) Policy Monitoring

a. School Board Policy Re-monitoring (BMD's & GP's)

(1) Board-Management Delegation (BMD) **(Action)**

(1) BMD 3.0 - Single Point of Connection

39

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(2) BMD 3.2 - Delegation to the Superintendent

40

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(2) Governance Process (GP) **(Action)**

(1) GP 4.5 - School Board Members' Code of Conduct

42

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(2) GP 4.6/GP 4.6.4.2 - Process for Addressing School Board Member Violations

45

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(3) GP 4.10 - Operation of the School Board Governing Rules

47

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

b. Executive Limitations - EL 2.9 Communication and Support to the School Board **(Action)**

48

OI MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(1) EL 2.9.1 Neglect to submit monitoring reports required by the School Board in a timely, accurate, and understandable fashion.

OI MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(2) EL 2.9.2 Be untimely in reporting any actual or anticipated noncompliance with any policy of the School Board.

OI MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(3) EL 2.9.3 Neglect to submit unbiased information required by the School Board or let the School Board be unaware of relevant trends.

OI MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(4) EL 2.9.4 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.

OI MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(5) EL 2.9.5 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.

OI MOTION	_____	Seconded	_____
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___

Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		
Evidence MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(6) EL 2.9.6 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

OI MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		
Evidence MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(7) EL 2.9.7 Provide a mechanism for official School Board, officer, or committee communications that is ineffective.

OI MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		
Evidence MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(8) EL 2.9.8 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.

OI MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		
Evidence MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(9) EL 2.9.9 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.

OI MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		
Evidence MOTION _____		Seconded _____	
Terri Swartout	Yes___	Holly Link	Yes___

Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(10) EL 2.9.10 Allow the School Board to be unaware of potential consequences to the district posed by pending legislation or regulation.

OI MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

(11) EL 2.9.11 Send letters or surveys under the School Board's name or on behalf of the School Board without School Board approval.

OI MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

Evidence MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

2) Record of Board Self-Evaluation **(Action)**

a. 2020-21 Record of Board Policy Monitoring - Governance Policies

63

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

b. 2020-21 Record of Board Policy Monitoring - Ends and Executive Limitations

69

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

8. Superintendent Consent Agenda **(Action)**

Management items the Board would not act upon in Policy Governance, but require Board approval from outside entities.

MOTION _____ **Seconded** _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

A. District Policies (See Appendix "A")

1) District Policy 516 - Student Medication

2) District Policy 601 - School District Curriculum and Instruction Goals

B. Monthly Reports

1) Resolution of Acceptance of Donations

2) Human Resources Report	73
3) Business Services Reports	
a. Board Business	75
b. Financial Report - Monthly Revenue/Expenditure Report	76

9. Superintendent's Incidental Information Report (Information)

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)

A. School Start Times: Next Steps

10. Board Action on Committee Reports & Minutes (Action)

A. Board Development Committee

B. Community Linkage Committee

1) CLC Meeting Minutes from November 5, 2020 (Action) 77

Motion _____ Seconded _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

2) Article for Inspiring News (Action) 78

MOTION _____ Seconded _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

C. Negotiations Committee

D. Policy Committee

11. Other Board Updates (AMSD, ISD 287, ECSU) (Information)

A. AMSD (Association of Metropolitan Schools) - Terri Swartout & Holly Link

B. ISD 287 (Intermediate School District 287) - Adam Seidel

C. Metropolitan Educational Cooperative Service Unit (ECSU) - Veronica Stoltz

12. Board Work Plan (Action)

A. "Proposed" Work Plan Changes Document (Action) 79

MOTION _____ Seconded _____

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

B. 2020-21 Board Annual Work Plan 80

13. Closed Session: Review of FY 2019-20 Superintendent Annual Review (Minn. Stat. 13D.05,Subd.3) (Action)

Pursuant to MN Statue 13D.05, Subd.3(a): A public body may close a meeting to evaluate the performance of an individual who is subject to its authority.

MOTION by _____, Seconded by _____ to move into Closed Session at _____ p.m.

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

MOTION by _____, Seconded by _____ to move out of Closed Session and the resume regular Business Meeting at _____ p.m.

Terri Swartout	Yes___	Holly Link	Yes___
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Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

14. Adjournment (Action)

MOTION _____ **Seconded** _____ to adjourn at _____ PM.

Terri Swartout	Yes___	Holly Link	Yes___
Veronica Stoltz	Yes___	Adam Seidel	Yes___
Elaine Larabee	Yes___	Aaron Casper	Yes___
Debjyoti Dwivedy	Yes___		

15. Appendix "A" - District Policies

A. District Policy 516 - Student Medication	94
B. District Policy 601 - School District Curriculum and Instruction Goals	100

16. Appendix "B" - Fiscal Year 2019-20 Audited Financial Presentation Information

A. Audited Financial Presentation	106
B. Comprehensive Annual Financial Report	117
C. District Internal Fund Balance Report	283
D. Management Report	284
E. Special Purpose Audit Reports	314

INDEPENDENT SCHOOL DISTRICT 272 ~ EDEN PRAIRIE SCHOOLS
UNOFFICIAL MINUTES OF THE OCTOBER 26, 2020
SCHOOL BOARD MEETING

A Regular Meeting of the Independent School District 272, Eden Prairie Schools, was held on October 26, 2020 in the Eden Prairie District Administrative Offices, 8100 School Road, Eden Prairie, MN 55344.

1. Convene: 6:00 PM Call to Order

Present: Aaron Casper, Debjyoti "DD" Dwivedy, Elaine Larabee, Holly Link, Adam Seidel, Veronica Stoltz, Terri Swartout

Present: Superintendent Josh Swanson

2. Pledge of Allegiance

3. Agenda Review and Approval – MOTION by A. Casper, **Seconded** by H. Link to approve the agenda for the Monday, October 26, 2020 meeting of the School Board of Independent School District 272, Eden Prairie Schools – Passed Unanimously

4. Approval of Previous Minutes – MOTION by T. Swartout, **Seconded** by V. Stoltz to approve the UNOFFICIAL Minutes of the School Board Regular Business Meetings for September 28, 2020 – Passed Unanimously

5. Public Comment – None to report

6. Announcements – “Eagle Excellence” by Superintendent Swanson:

- EPHS Boys Cross Country Team finished second in the Section 6AA race.
- EPHS Girls Cross Country Team finished fifth in the Section 6AA race.
- EPHS seniors Cade Kramer, Justice Sullivan, and Connor Reynolds were included in the [2020 KARE Preseason All-Metro football team list](#).
- Eden Prairie High School National Merit Commended Students and AP Scholars were announced. The full list of scholars can be found on our website. [EPHS Scholars](#) will be honored in a virtual ceremony on Nov. 6, 2020.
- EPHS science teacher Katharine Foley has been selected for the University of Chicago’s (UC) Outstanding Educator Award. Nominees were put forward by UC's Class of 2024 recognizing educators whose guidance has helped them along the path toward intellectual growth.
- EPHS senior Isaac Hartman was named the [Star Tribune Athlete of the Week](#).
- October is [National Principals Month](#). We are grateful to each of our principals for their leadership, care and commitment to inspiring each student in Eden Prairie Schools. Especially during this pandemic, their strength and compassion have been essential to supporting our staff, students and families.

7. Spotlight on Success

Prairie View Elementary – *Strong Readers, Writers and Authors: Students inspired by meeting authors of books and novels they are reading* Building

8. Board Work

A. Decision Preparation

- 1) Re-Assessment: COVID-19 Re-monitor

B. Required Board Action

- 1) *Resolution* Awarding the Sale of the General Obligation Facilities Maintenance and Refunding Bonds, Series 2020A (*Roll Call*)

a. Executive Summary

b. *Resolution*

c. Sale Day Report (*Day of Board Meeting*)

Aaron Casper	Yes	Adam Seidel	Yes
Debjyoti Dwivedy	Yes	Veronica Stoltz	Yes
Elaine Larabee	Yes	Terri Swartout	Yes
Holly Link	Yes		

MOTION by D. Dwivedy, **Seconded** by A. Seidel to adopt and approve the *RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION FACILITIES MAINTENANCE AND REFUNDING BONDS, SERIES 2020A IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$26,285,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; PROVIDING FOR THEIR PAYMENT; AND PROVIDING FOR THE REFUNDING OF BONDS REFUNDED THEREBY* – Passed: Yes: 7, No: 0

C. Policy Monitoring

- 1) New Policy Introduction in Governance Process (GP 4.5) - School Board Member Electronic Devices GP 4.5.6.1 (2nd Reading)

MOTION by H. Link, **Seconded** by V. Stoltz to accept new policy addition as presented – Passed Unanimously

- 2) GP 4.4 Officer Roles (Policy Change to GP 4.4.1.4)

MOTION by A. Casper, **Seconded** by D. Dwivedy to accept new policy change as presented – Passed Unanimously

- 3) Ends 1.1, 1.2, 1.3 Evidence (FY 2018-19) - Executive Summary

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

Evidence MOTION by D. Dwivedy, **Seconded** A. Seidel that the Board agrees to the ascertainment made by the Superintendent's that the Eden Prairie School District did demonstrate expected progress – Passed Unanimously

- (1) Ends Policy 1.1.1 - Each student is reading at grade level by the end of third grade.

Evidence MOTION by H. Link, **Seconded** D. Dwivedy to accept the Superintendent's ascertainment of making demonstrative progress – Passed Unanimously

- (2) Ends Policy 1.1.2 - Each student achieves individual growth expectations and proficiency annually in, but not limited to, Language Arts, Math and Science.

Evidence MOTION by H. Link, **Seconded** A. Casper to accept the Superintendent's ascertainment of not making expected progress – Passed Unanimously

- (3) Ends Policy 1.1.3 - Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements

Evidence MOTION by A. Casper, **Seconded** T. Swartout to accept the Superintendent's ascertainment that the District did meet expected progress – Passed Unanimously

- 4) Ends Policy 1.2 - Each student has the 21st century skills needed to succeed in the global economy.

Evidence MOTION by V. Stoltz, **Seconded** A. Casper to accept the Superintendent's ascertainment of meeting the expectation of progress – Passed Unanimously

- 5) Ends Policy 1.3 - Each student has the knowledge that citizens and residents of the United States need to contribute positively to society.

Evidence MOTION by A. Casper, **Seconded** V. Stoltz to accept the Superintendent's ascertainment that he did meet and demonstrate the expected progress – Passed Unanimously

- 6) Executive Limitations (EL's)

- a. EL 2.4 - Treatment of Staff

OI MOTION by D. Dwivedy, **Seconded** A. Casper, by exception, that the overall Global Constraint of the OI and its child policies are acceptable as presented – Passed Unanimously

Evidence MOTION by H. Link, **Seconded** by D. Dwivedy, by exception, that the Evidence supports the OI as presented – Passed Unanimously

- b. EL 2.8 - Compensation and Benefits

OI MOTION by D. Dwivedy, **Seconded** by H. Link, by exception, that the overall Global Constraint of the OI and its child policies as acceptable – Passed Unanimously

Evidence MOTION by D. Dwivedy, **Seconded** by A. Seidel, by exception, that the Evidence supports the OI – Passed Unanimously

- 7) Governance Process (GP's)

- a. GP 4.0 - Global Governance Commitment

MOTION by A. Seidel, **Seconded** by H. Link that the Board is compliant – Passed Unanimously

- b. GP 4.1 - Governing Style

MOTION by A. Seidel, **Seconded** by H. Link that the Board incorporate in it's Monitoring Grid under GP 4.1.4 the language that was presented (below) – Passed Unanimously;

Board Behavior needing improvement.....

Commitment Made/Action Taken

GP 4.1.4:

The Board acknowledges that the coronavirus pandemic interrupted board development plans.

The board will monitor interest in and provision for development of new board members.

MOTION by A. Seidel, **Seconded** by A. Casper that the Board is compliant with GP 4.1 – Passed Unanimously

c. GP 4.2 - School Board Job Product

MOTION by D. Dwivedy, **Seconded** by T. Swartout that the Board is compliant – Passed Unanimously

d. GP 4.3 - Annual Work Plan

MOTION by D. Dwivedy, **Seconded** by H. Link that the Board is compliant; **AMENDED MOTION** by T. Swartout, **Seconded** by A. Seidel to incorporate the language (below) in the Monitoring Grid under GP 4.3.2 – Passed Unanimously

Board Behavior needing improvement.....

Commitment Made/Action Taken

GP 4.3.2:

Annually in June, the Board should make a concentrated effort to either plot placeholder items or delete them.

Annually in June, the Board will make a concentrated effort to either plot placeholder items or delete them.

Original **MOTION** Passed Unanimously

e. GP 4.9 - Governance Investment

MOTION by D. Dwivedy, **Seconded** by A. Seidel that the Board is compliant – Passed Unanimously

D. Record of Board Self-Evaluation

1) 2020-21 Record of Board Policy Monitoring - Governance Policies

MOTION by D. Dwivedy, **Seconded** by A. Seidel to accept report as presented – Passed Unanimously

2) 2020-21 Record of Board Policy Monitoring - Ends & Executive Limitations

MOTION by D. Dwivedy, **Seconded** by T. Swartout to accept report as presented – Passed Unanimously

9. **Superintendent Consent Agenda:** **MOTION** by A. Seidel, **Seconded** by D. Dwivedy to approve the Consent Agenda as presented – Passed Unanimously

A. Monthly Reports

1) Resolution of Acceptance of Donations

2) Human Resources Report

3) Business Services Reports

a. Board Business

b. Financial Report - Monthly Revenue/Expenditure Report

B. FY 2020-21 Bus Purchase

1) Executive Summary

C. Update to MDE Iowa for External User Access Recertification System

10. **Board Education & Required Reporting**

A. Central Middle School (CMS) Schedule

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

A. Enrollment Report as of October 1, 2020

1) Executive Summary

2) Kindergarten Capture Rate

3) Enrollment History & Projections

a. By Site

b. Totals

4) Official October 1 Enrollment Count

B. World's Best Workforce Report & Achievement & Integration Plan - 2019-2020 Summary of Progress

C. EP Online

D. Start Times

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

A. Board Development Committee

1) BDC Meeting Minutes - October 7, 2020

MOTION by A. Seidel, **Seconded** by T. Swartout to accept minutes as presented – Passed Unanimously

2) School Board Handbook - Revision to Last Page

MOTION by D. Dwivedy, **Seconded** by A. Seidel to accept revision as presented – Passed Unanimously

B. Community Linkage Committee

1) CLC Meeting Minutes from October 19, 2020

MOTION by A. Seidel, **Seconded** by H. Link to accept minutes as presented – Passed Unanimously

C. Negotiations Committee

D. Policy Committee

1) Policy Committee Meeting Minutes from October 19, 2020

MOTION by A. Casper, **Seconded** by V. Stoltz to accept minutes as presented – Passed Unanimously

13. Other Board Updates (AMSD, ISD 287)

A. AMSD (Association of Metropolitan Schools) – Holly Link – Update to board

B. ISD 287 (Intermediate School District 287) – Adam Seidel – Update to board

C. Metropolitan Educational Cooperative Service Unit (ECSU) - Veronica Stoltz – No updates

14. Board Work Plan:

A. *Proposed* Work Plan Changes Document

MOTION by A. Seidel, **Seconded** by T. Swartout to approve changes as presented – Passed Unanimously

**Eden Prairie School Board
2020–21 WORK PLAN CHANGES
“Proposed” Changes for the
October 26, 2020 Meeting**

Date of Meeting/Workshop	Changes Requested
Monday, November 9, 2020 – Workshop	- Community Linkage Committee – Draft article for Inspiring News
Friday, November 13, 2020 – Brief Business Mtg	
Monday, November 23, 2020	- COVID-19 Re-monitor
Monday, December 14, 2020	- Board Site Visits Debrief (Share Experience & Learning) - COVID-19 Re-monitor
Monday, January 4, 2021 (Annual Meeting)	
Monday, January 4, 2021 – Workshop	- “School Wide Enrichment Model (SEM) -1 moved from the February 8, 2021 Workshop - Remove: “Engagement Strategies
Monday, January 25, 2021	
Monday, February 8, 2021 – Workshop	- Move: “School Wide Enrichment Model (SEM) -1” to the January 4, 2021 Workshop - Remove “Transportation: Funding & Options”
Monday, February 22, 2021	
Monday, March 8, 2021 – Workshop	
Monday, March 22, 2021	
Monday, April 12, 2021 – Workshop	- Review all Items remaining in “Placeholder” Areas on Work Plan Changes Document
Monday, April 26, 2021	
Monday, May 10, 2021 – Workshop	
Monday, May 24, 2021	
Monday, June 14, 2021 – Workshop	
Monday, June 28, 2021	
Placeholder – General Board Work	
<ul style="list-style-type: none">• 2020–2021 School Year (August) Schedule School Site Visits (to be completed by December 11, 2020)• Cultural Proficiency Continuum• MN Student Survey Report Discussion (Board Member requested removal)• Board Development Training• Distant Learning Virtual Visits (to be completed by December 11, 2020)• School Board Listening Session Discussion	
Placeholder – Policy Review	
<ul style="list-style-type: none">• A review of all Board Policies as it relates to race inclusion for all students in all ethnic groups	

B. 2020-21 Board Annual Work Plan

15. Adjournment

MOTION by A. Seidel, **Seconded** by A. Casper to adjourn at 10:50 PM

Debbyoti Dwivedy – Board Clerk

INDEPENDENT SCHOOL DISTRICT 272 ~ EDEN PRAIRIE SCHOOLS
UNOFFICIAL MINUTES OF THE NOVEMBER 13, 2020
SPECIAL SCHOOL BOARD MEETING

A Special Meeting of the Independent School District 272, Eden Prairie Schools, was held on November 13, 2020 via Zoom Conferencing Webinar.

1. **CONVENE - 2:00 PM (Roll Call)**

Present: Aaron Casper, Debjyoti "DD" Dwivedy, Elaine Larabee, Holly Link, Adam Seidel, Veronica Stoltz, Terri Swartout

Present: Superintendent Josh Swanson

2. **Agenda Review and Approval**

MOTION by H. Link, **Seconded** by A. Seidel to approve the agenda for the November 13, 2020 Special Meeting of the School Board of Independent School District 272, Eden Prairie Schools – Passed Unanimously

Aaron Casper Yes___ Terri Swartout Yes___

Adam Seidel Yes___ Veronica Stoltz Yes___

Holly Link Yes___ Debjyoti Dwivedy Yes___

Elaine Larabee Yes___

3. **Board Work**

A. Required Board Action

1) Resolution Approving Canvassing of Elections - *Roll Call*

MOTION by D. Dwivedy, **Seconded** by V. Stoltz: The Eden Prairie School Board of Independent School District No. 272 approves and adopts the *Resolution* canvassing returns of votes of School District General and Special Elections as presented – Passed Unanimously 7-0.

Aaron Casper Yes___ Adam Seidel Yes___

Debjyoti Dwivedy Yes___ Veronica Stoltz Yes___

Elaine Larabee Yes___ Terri Swartout Yes___

Holly Link Yes___

2) Resolution Authorizing Issuance of Certificates of Election - *Roll Call*

MOTION by D. Dwivedy, **Seconded** by A. Seidel – The Eden Prairie School Board of Independent School District No. 272 approves and adopts the *Resolution* authorizing Issuance of Certificates of Election and directing the School District Clerk to perform other Election Related duties as presented – Passed Unanimously 7-0.

Aaron Casper Yes___ Adam Seidel Yes___ No___

Debjyoti Dwivedy Yes___ Veronica Stoltz Yes___ No___

Elaine Larabee Yes___ Terri Swartout Yes___ No___

Holly Link Yes___

4. **Adjournment**

MOTION by V. Stoltz, **Seconded** by T. Swartout to adjourn at 2:07 PM – Passed Unanimously

Aaron Casper Yes___ Adam Seidel Yes___

Debjyoti Dwivedy Yes___ Veronica Stoltz Yes___

Elaine Larabee Yes___ Terri Swartout Yes___

Holly Link Yes___

Debjyoti Dwivedy – Board Clerk

November 23, 2019

To: Dr. Josh Swanson
From: Business Office
Re: Fiscal Year 2019-20 Annual Financial Audit

We are pleased to present the year-end financial results for fiscal year 2020. There are three documents included in this package; Management Report, Special Purpose Audit Report, and the Comprehensive Annual Financial Report (CAFR). The financial reports will be available on the district website for the community following this board meeting.

The District hired Malloy Montague Karnowski Radosevich & Co., P.A. (MMKR), an independent audit firm to conduct the financial audit. The auditors have issued a clean unmodified opinion on the audit report, the highest opinion they can provide, indicating the financial statements are fairly stated. The auditors did identify a few audit findings which can be found in the Special Purpose Audit Report on pages 9-11. All findings will be addressed with the required corrective action plan submitted to the Minnesota Department of Education.

The CAFR contains the Management's Discussion and Analysis (pages 4-15) which provides a narrative overview and analysis of the financial activities during the fiscal year. The Management Report is designed to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from the audit process. I would encourage you to focus on these pages of the report which provide a great summary of the district's current financial condition.

This presentation also doubles as our year-end financial report to the school board. The general fund finished with an unassigned fund balance of \$17,715,153, which represents 16.1% of our annual expenditures and an increase of \$287,387 from the prior year. The increase was \$126,576 more than anticipated. The District has created two assignments at June 30, 2020, that are new within the past two years. Management created a \$500,000 assigned fund balance to support future unreimbursed COVID-19 costs. Management also created a budgeted deficit assignment, of \$552,292, for the planned deficit in the fiscal year 2020-21 budget.

Here are some important takeaways from the audit presentation:

- Focus on the Management Letter and the Management's Discussion and Analysis in the CAFR.
- Unassigned fund balance is at 17,715,153, or 16.1%.
- Significant decreases occurred in Other revenues due to decreases in fees collected due to COVID.
- The District did have savings in multiple expenditure areas due to COVID.
- Food Service and Community Education fund balances took major hits during the state shutdown and distance learning period.
- Both the self-insurance funds and the OPEB trust continue to hold healthy fund balances

We are pleased with the year-end results in all funds across the district and continue to meet our financial targets as expected. The updated 5-year financial projection will be presented to the board in January 2021.

We are requesting the School Board to accept the audit as presented.



Instructional Model Transition 2020 - 2021



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

Tonight

- Update on Decision Making
- Data and Trends
- Current Reality
- Overview of the Transition to Distance Learning
- Next Steps

Transition Plan Preparation and Philosophy

- Thoughtful and Planful Approach
- Continuously Leverage the Framework of the Safe Learning Plan
- Maintain Stability and Predictability for Families and Staff
- To the Extent Possible Use a Natural Break
- Gather Input, but Make a Wholistic Decision that is Student and Educationally Centered While Keeping MDE and MDH Recommendations for Health and Safety Top of Mind
- Ensure all staff, operations and instructional, are ready

Decision Making

The decision to move between models is a complex one and there is no single metric that will be used to make a recommendation of decision. It will be a combination of:

1. Consideration of the stability and trend of the 14 Day Case Rate Data at the County Level
2. Stability of the 14 Day Case Rate Data in Eden Prairie and surrounding cities
3. Ability to mitigate and contain positive cases in our schools and community
4. Preparation to implement the required health and safety measures in various models
5. The selected model reduces the potential for quarantining classrooms or large groups
6. Operational readiness such as: transportation, nutrition services, facilities, scheduling
7. Ability to provide childcare readiness, especially for tier one and essential workers
8. Adequate staffing can be maintained to serve students instructionally and operationally

STAY SAFE MN

Safe Learning Plan for the 2020-21 School Year

7/30/2020

Making a Decision: Goals

STAY SAFE MN

1. Prioritize the safety of students and staff
2. Prioritize in-person learning, especially for younger learners and those with most need
3. Recognize differences in potential spread among different ages
4. Support planning, while permitting flexibility for districts
5. Take into account disease prevalence at a local level

How do schools determine their safe learning model?

STEP 1

Minnesota Department of Health (MDH) will use data from counties to determine a base learning model for public schools.

STEP 2

Minnesota Department of Education (MDE) will share county data and the consultative process for public schools to engage with education and public health experts to review their county health data and safe learning plans.

STEP 3

Public schools, with their incident command team, will evaluate their ability to implement required and recommended health best practices.

STEP 4

Public schools, in consultation with public health, will determine a learning model to begin the school year and communicate that decision with their school community.*

STEP 5

Public schools and MDH will monitor the community and school-level impact of COVID-19 on a regular basis. Adjustments will be made to the learning model if needed.



Safe learning models:



Distance learning



Hybrid learning



In-person learning

* Regardless of learning model, all public schools must offer an equitable distance learning option to all families.

STEP 5

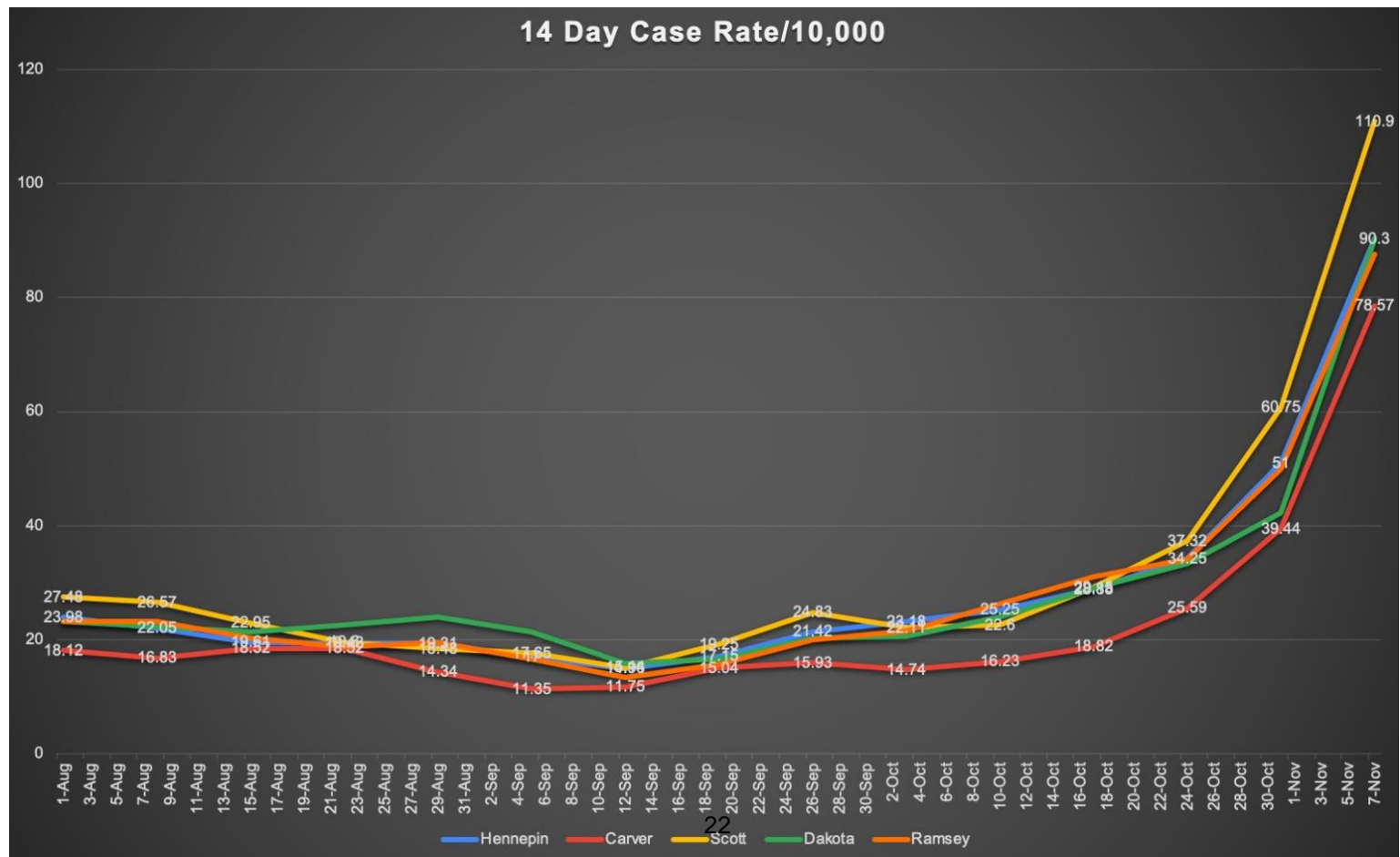
Public schools and MDH will monitor the community and school-level impact of COVID-19 on a regular basis.

Adjustments will be made to the learning model if needed.

Selecting a learning model for school opening

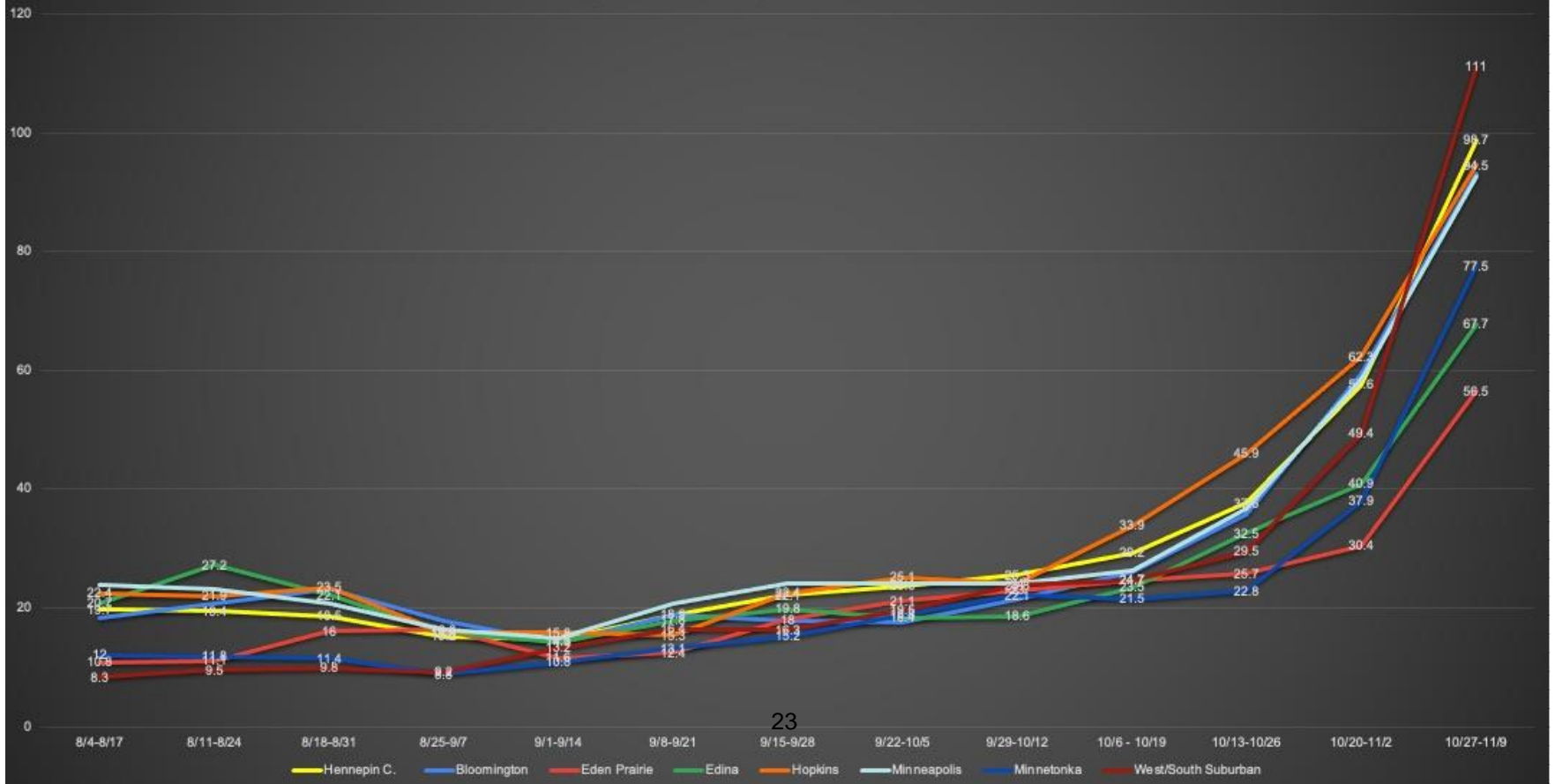
STAY SAFE MN

Number of cases per 10,000 over 14 days, by county of residence	Learning model
0-9	In-person learning for all students
10-19	In-person learning for elementary students; hybrid learning for secondary students
20-29	Hybrid learning for all students
30-49	Hybrid learning for elementary students; distance learning for secondary students
50+	Distance learning for all students



Hennepin County at 90.30 and Neighbors Range from 78.57 to 110.9

City Level 14 Day/10,000 Case Rate



EP Rate at 56.5 and Neighbors Range from 56.5 to 111.0

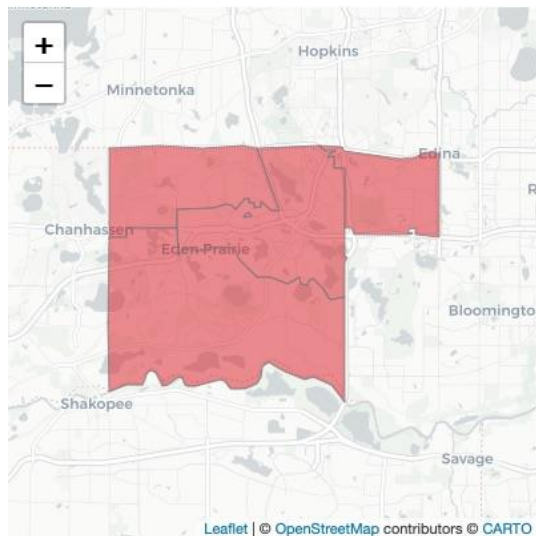
Eden Prairie Public School District

ZIP codes: 55344, 55346, 55347, 55439

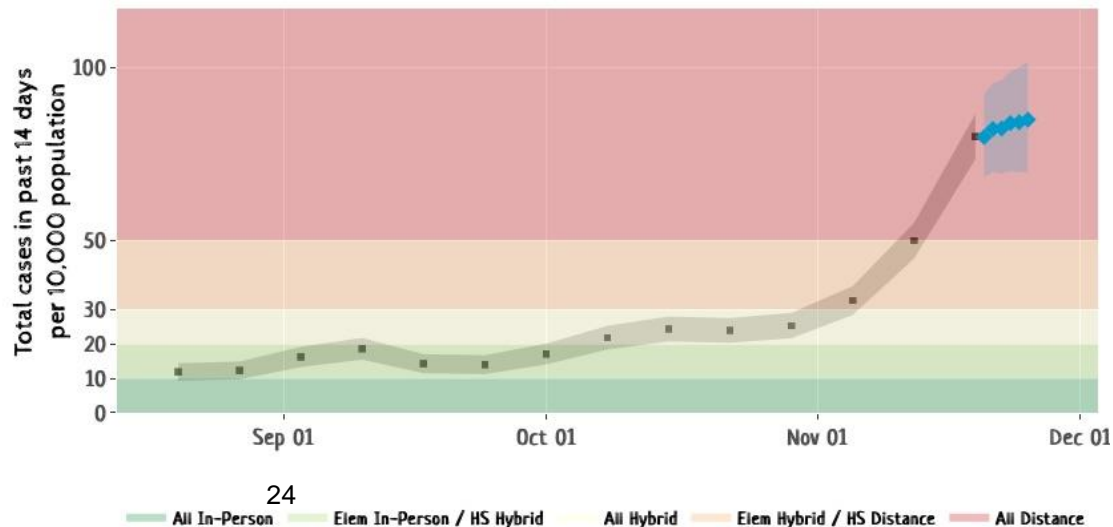
(excludes ZIP codes where less than 0.25 square miles of land area is within district boundaries)

Data as of November 19, 2020

☒ Show forecast



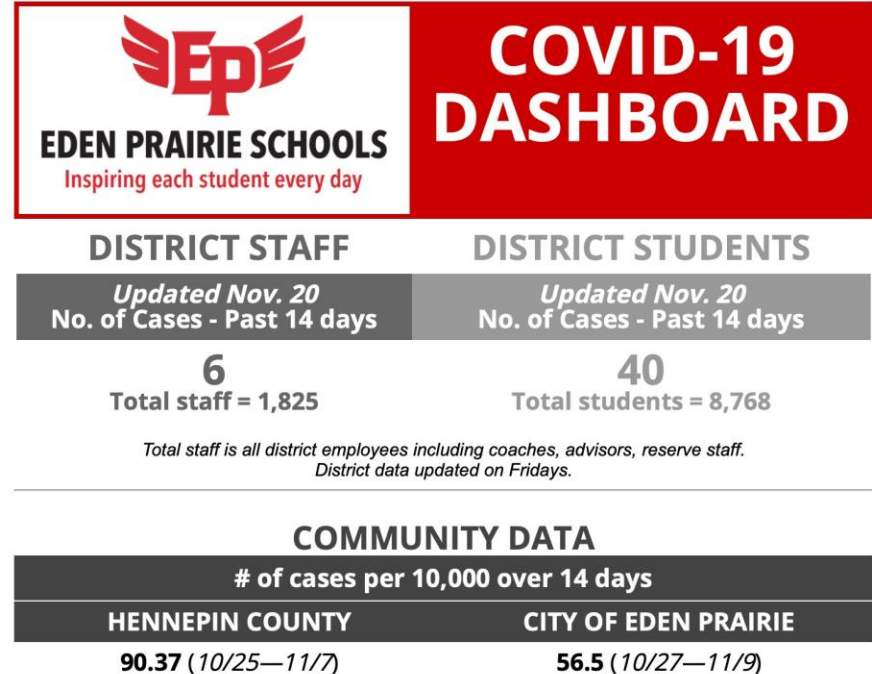
Forecasts (blue diamonds) are based on a population-weighted average of 14-day rates for counties overlapping this district: Hennepin (100%)



For districts containing ZIP codes with ≤ 5 cases, vertical bars give the range of 14-day per 10,000 case totals that are consistent with reported case data. Outer shaded region indicates 95% confidence intervals for the (range of) case rates.

Local Facts and Figures

- Positive Cases have now been identified in all of our schools
- Our systems continue to work: Social Distancing, Masks, Hygiene to mitigate transmission, but....
- Contact tracing is getting increasingly difficult and challenging
- Significant rise in staff and student cases, quarantines, and challenges that increase risk
- Challenges to staff and maintain our hybrid models
- Planful vs. Emergency Transition



25

Regional Support & Incident Command Teams

- Regional Support Team (RST) was not able to meet with us
- Meetings with Governor and Public Health Officials Outlining Data Trends
- Incident Command Team (ICT) met back to back weeks
- Watching trend data and bringing actual school community experiences to the decision making process across areas such as: operations, staffing, instruction, preparedness, community response, health tracking, and impact to students, families, and staff and sites
- Reviewed data, lagging and non-official realtime and “leading data”, plans, and qualitative feedback
- Reviewed transition philosophy and items that would cause consideration of a change
- Supported a planful and thoughtful transition
- Supported having a tentative return data and being able to monitor and adjust

26

Activities and Athletics

Why Separate From Academics:

- Mental, Physical, and Social Emotional Health
- Very Different Context than K-12 Education
- Different Governing Bodies and Interdependencies
- Different Staffing
- Each Activity and Sport is Different in Terms of Risk
- Non-Compulsory
- Working with MDH, MDE, MSHSL, Conference

Decision and Shifts

- K-12 Temporarily to Distance Learning
- 20 Days of Distance Learning
- 7-12 on November 23, 2020
- K-6 on December 1, 2020
- Activities and Athletics on an Individual Basis (Governor's Order Followed)
- Tentative Return on January 4, 2021 to Appropriate Models
- Elementary and Secondary Staff Receive Transition Time (2 Days)
- Planful and Thoughtful: Time for Students, Parents, Staff

Transition and Planning

- Staff & Student feedback used to design transition
- Student learning resources distributed or curated in schoology
- Consistency through transition with schedules and live streamed lessons
- Student mental health & well-being key element of transition plans
- Strong Student Engagement with a balance of synchronous and asynchronous instruction.

Instruction and Learning

- Students will maintain their current schedules
- Live streamed lesson launches and guidance in all subject areas/classes
- District curriculum and resources will continue to be used
- Continued instructional design support in the area of technology use and lesson design specific to the distance learning environment
- Proactive modeling & supports with K & 1 students, families, teachers to access and utilize technology happening prior to distance learning

Student Support Services

- Individualized instructional plans refined to support unique student needs: Contingency Learning Plans
- Trainings offered on planning days to enhance student supports that can be provided virtually, including:
 - Social Emotional Learning & Restorative Practices
 - Engagement in Distance Learning
 - Reading Skills and Completing Assignments
 - Relationship Building & Mentoring

Community Education Services

Safe Learning Plan/MDH/MDE Guidance for Community Education Programs

- Essential Care - Tier 1, Before and After
 - 200+ currently enrolled between 5 sites
- Little Eagles/ECFE
 - Structured to provide stability
 - Monitor Data
- Facilities
 - Gyms/Weight Rooms closed until December 18th

Nutrition Services

- Starting on December 4, parents/guardians will be able to pick up meals for their children from the school of their choice.
- Parents need to complete a brief survey using the form on the districts website.
 - You do not have to have a child attending that school for you to choose it; pick whichever school is convenient for you.
- Beginning December 4, meals can be picked up at the school you choose between 10:30 a.m. and 1 p.m. Pick up day will be the last school day of the week.
- Parents/guardians will need to come inside the first set of doors of the main entrance of the school to pick up the meals. If you chose EPHS, come to the East Entrance (Door #13). Masks and social distancing are required at all locations.

Operations

- All district buildings will remain open under normal business hours
- Technology support staff will remain on site for walk-in assistance or appointments can be setup as necessary
- Transportation staff will continue to support student needs by helping distribute meals, delivering instructional materials, transporting students for preschool, essential childcare routes, Intermediate 287 and Hennepin Tech

Communications

- Health/safety procedures and their effectiveness
- Advance notice of changes to learning model
- Supports available to families (meals, mental health, etc.)
 - “I Need” form
- Single source for comprehensive information (edenpr.org/covid19)

Next Steps

- Focus on Successful Transition for Students, Families, and Staff
- Academic, Social Emotional, and Physical Supports
- Monitor and Adjust With Feedback Loops
- Monitor Data and Community Spread
- Meet with the Regional Support Team
- Meet with the Incident Command Team
- Plan for Transition Back to Classroom Learning



EDEN PRAIRIE SCHOOLS
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2019-2020 Eden Prairie School Board Year-End Treasurer Report

Budget Category	Description	Fiscal Year 2017-2018 Expenses	Fiscal Year 2018-2019 Expenses	Fiscal Year 2019-2020 Expenses	Approved 2019-2020 Budget	Underspend	Approved 2020-2021 Budget
109	Board Member Compensation	\$34,850.00	\$36,100.00	35,006.66	36,300.00	\$1,293.34	36,300.00
210	FICA (Fed Ins Contrib Act)	\$1,111.69	\$2,761.74	1,918.53	2,000.00	\$81.47	1,500.00
214	PERA (Pub Emp Ret Assoc)	\$1,162.56	\$1,135.12	1,125.08	1,500.00	\$374.92	1,300.00
270	Workers Comp	\$169.82	-	-	300.00	\$300.00	-
305	Service Fees/Consulting	\$2,695.44	\$3,859.35	15,743.69	14,000.00	-\$1,743.69	15,000.00
329	Postge	\$0.00	\$15.40	14.35	0.00	-\$14.35	-
366	Travel/Conferences	\$3,890.00	\$2,115.00	1,687.52	6,000.00	\$4,312.48	5,750.00
398	Chargeback	\$2,083.17	\$393.11	70.00	1,500.00	\$1,430.00	250.00
401	General Supplies	\$243.65	\$284.92	545.21	400.00	-\$145.21	750.00
490	Food Cost	\$702.79	\$456.58	11.24	600.00	\$588.76	500.00
820	Membership/Dues	\$16,067.00	\$16,353.00	\$16,547.00	16,400.00	-\$147.00	16,650.00
	TOTALS	\$62,976.12	\$63,474.22	\$72,669.28	79,000.00	\$6,330.72	78,000.00

Record of Board Self-Evaluation
Governance Process and Board Management Delegation Policies
July 1, 2020 – June 30, 2021

Policy Type:	Board-Management Delegation
Policy Title:	3.0 Single Point of Connection

The School Board's sole official connection to the district, its achievement, and its conduct will be through the Superintendent. Therefore, the School Board does not direct or evaluate any other district employees.

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
3.0 Single Point of Connection	Nov 23, 2020	<i>No</i>	<i>Board acknowledges that Director Stoltz was in violation during Board Meeting held on Aug 24, 2020.</i>	<i>Director Stoltz to bring forward a public statement regard violation for consideration for entry into the public record at the Dec 14, 2020 Board Meeting</i>	<i>TBD</i>

Record of Board Self-Evaluation
Governance Process and Board Management Delegation Policies
July 1, 2020 – June 30, 2021

Policy Type:	Board-Management Delegation
Policy Title:	3.2 Delegation to the Superintendent

The School Board will instruct the Superintendent through written policies that prescribe the district ends to be achieved and describe district situations and actions to be avoided, allowing the Superintendent to use any reasonable interpretation of these policies. Accordingly:

- 3.2.1 The School Board will develop Ends policies instructing the Superintendent to achieve the defined results for students.
- 3.2.2 The School Board will develop Executive Limitations policies that limit the latitude the Superintendent may exercise in choosing district means.
- 3.2.3 Once the School Board has accepted the Superintendent's *reasonable interpretation* of any School Board policy the Superintendent is authorized to establish all further district policies, make all decisions, take all actions, establish all practices, and pursue all activities in order to accomplish the School Board's Ends Policies. Therefore, such decisions of the Superintendent shall have full force and authority as if decided by the School Board.
- 3.2.4 The School Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between School Board and Superintendent domains. By doing so, the School Board changes the latitude of choice given to the Superintendent.

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant	Board behavior needing improvement or opportunity for continuous	Commitment Made/Action Taken	Completed
3.2 Delegation to the Superintendent					
3.2.1					
3.2.2					

Adopted: 10/23/12
Revised: 04/28/15

3.2.3	Nov 23, 2020	No	Board acknowledges that Director Stoltz was in violation during Board Meeting held on Aug 24, 2020.	Director Stoltz to bring forward a public statement regard violation for consideration for entry into the public record at the Dec 14, 2020 Board Meeting	No
3.2.4					

Adopted: 10/23/12
Revised: 04/28/15

Record of Board Self-Evaluation
Governance Process and Board Management Delegation Policies
July 1, 2020 – June 30, 2021

Policy Type:	Governance Process
Policy Title:	4.5 School Board Members' Code of Conduct

The School Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as School Board members.

- 4.5.1 Members will demonstrate loyalty to the owners, not conflicted by loyalties to staff, other organizations, or any personal interests as consumers.
- 4.5.2 Members will avoid conflict of interest with respect to their fiduciary responsibility.
 - 4.5.2.1 There will be no self-dealing or business by a member with the district. Members will annually disclose their involvements with other organizations or with vendors and any associations that might be reasonably seen as representing a conflict of interest.
 - 4.5.2.2 When the School Board is to decide on an issue about which a member has an unavoidable conflict of interest, that member will absent herself or himself without comment not only from the vote but also from the deliberation.
 - 4.5.2.3 School Board members will not use their School Board position to obtain employment in the district for themselves, family members, or close associates. A School Board member who applies for employment will first resign from the School Board.
- 4.5.3 School Board members will not attempt to exercise individual authority over the school district or attempt to cause division between School Board members or the School Board and members of the district.
 - 4.5.3.1 Members' interaction with the Superintendent or with staff will recognize the lack of authority vested in individuals except when explicitly authorized by the School Board.
 - 4.5.3.2 Members' interactions with the public, the press, or other entities will recognize the same limitation and the inability of any School Board member to speak for the School Board except to repeat explicitly stated School Board decisions.

- 4.5.4 Members will respect the confidentiality appropriate to issues of a sensitive nature.
- 4.5.5 Members will be prompt and attend all Board Business Meetings and Board Workshops, and all meetings of Board Committees and other outside assignments. Absences must be communicated to the Board Chair or Committee Chair at least seventy-two hours prior to the affected meeting. In the case of an unforeseen conflict, the Board Chair or Committee Chair must be notified as soon as possible.
- 4.5.6 Members will be properly prepared for School Board deliberation.
 - 4.5.6.1 Members' use of electronic devices shall be restricted to the use of district issued technology during board business meetings and workshops. Brief incidental or unexpected and urgent situations do not constitute a violation of the restriction.
- 4.5.7 Members will support the legitimacy and authority of the final determination of the School Board on any matter, irrespective of the member's personal position on the issue.
- 4.5.8 For an effective School Board, School Board Members will attend a series of training courses that familiarize them with the operation of School Boards within the State of Minnesota as well as the Eden Prairie School District. School Board Member training will consist of the following:
 - 4.5.8.1 Introduction to Policy Governance – School Board members will take this course as soon as possible upon election to the School Board and no later than six months from taking office. Course content to be determined by the Board Development Committee.

The following training sessions are conducted by the Minnesota School Boards Association (MSBA):

- 4.5.8.2 Phase I Orientation (New School Board Members) – School Board members will take this course as soon as possible upon election to the School Board and no later than six months from taking office.
- 4.5.8.3 Phase II Orientation (New School Board Members) – School Board members will take this course as soon as possible upon election to the School Board and no later than six months from taking office.
- 4.5.8.4 Phase III Orientation (Building a High-Performance School Board) – School Board members will take this course (or an alternate course of similar training as approved by the School Board Chair) within the first two years of taking office.
- 4.5.8.5 Phase IV Orientation (Community Engagement) – School Board members will take this course (or an alternate course of similar training as approved by the School Board Chair) within the first two years of taking office.

4.5.8.6 Officer Training – any School Board member elected to be an officer will attend this course within six months of election.

4.5.8.7 Annual Leadership Conference – each School Board member will attend this conference no less than once every three years.

A School Board Training Attendance Report will be maintained for compliance purposes.

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.5 School Board Members' Code of Conduct	Nov 9, 2020	No	<i>Board Director Stoltz' actions after the Board Meeting on Aug 24, 2020 were not ethical or businesslike and did not display appropriate decorum. Her actions led to significant risk of the Board committing a legal violation. Significant violations occurred on policies 4.5.1, 4.5.3, 4.5.4, 4.5.6, and 4.5.7. Director's Stoltz's actions caused division among the Board that have taken and will continue to take significant action to address.</i>	<i>Director Stoltz will be required by the Board to retake the Phase 1 and Phase 2 training as described in policy 4.5.8.2 and 4.5.8.3 by the end of January 2021 and the Introduction to Policy Governance Course as described in 4.5.8.1 at a date to be determined in early 2021. Director Stoltz will also be removed from her appointment to the Board Development Committee. Director Stoltz will bring forward a public statement regarding these violations for consideration for entry into the public record at the December 14, 2020 Board meeting.</i>	TBA
4.5.1	Nov 9, 2020	No			
4.5.2	Nov 9, 2020	No			
4.5.2.1	Nov 9, 2020	No			
4.5.2.2	Nov 9, 2020	No			
4.5.2.3	Nov 9, 2020	No			
4.5.3	Nov 9, 2020	No			
4.5.3.1	Nov 9, 2020	No			
4.5.3.2	Nov 9, 2020	No			
4.5.4	Nov 9, 2020	No			
4.5.5	Nov 9, 2020	No			
4.5.6	Nov 9, 2020	No			
4.5.6.1	Nov 9, 2020	No			
4.5.7	Nov 9, 2020	No			
4.5.8	Nov 9, 2020	No			
4.5.8.1	Nov 9, 2020	No			
4.5.8.2	Nov 9, 2020	No			
4.5.8.3	Nov 9, 2020	No			
4.5.8.4	Nov 9, 2020	No			
4.5.8.5	Nov 9, 2020	No			
4.5.8.6	Nov 9, 2020	No			
4.5.8.7	Nov 9, 2020	No			

Adopted: 10/23/12

Revised: 10/22/13; 02/25/14; 03/24/15; 04/28/15, 11/19/18; 10/26/20

Record of Board Self-Evaluation
Governance Process and Board Management Delegation Policies
July 1, 2020 – June 30, 2021

Policy Type:	Governance Process
Policy Title:	4.6 Process for Addressing School Board Member Violations

The School Board and each of its members are committed to faithful compliance with the provisions of the School Board's policies.

The School Board recognizes that alleged willful and or continuing policy violations must be addressed. Each member is responsible for promptly initiating the process outlined below.

- 4.6.1 Discuss directly with the School Board member whom you feel violated School Board policy.
- 4.6.2 If agreement or understanding is reached; consider the issue resolved.
- 4.6.3 If resolution is not reached bring to the attention of the Chair (or Vice-Chair if the Chair is the offending member.)
- 4.6.4 If resolution isn't achieved via the Chair/Vice-Chair, bring to the School Board for review of possible violation and for the School Board to take appropriate action by a concurrent vote of at least 4 members which may include any of the following options:
 - 4.6.4.1 School Board vote to determine if policy violation occurred.
 - 4.6.4.2 If School Board agrees violation occurred, School Board votes on what action to take regarding the violation: public statement, removal from School Board leadership positions or removal from the School Board.

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant	Board behavior needing improvement or opportunity for continuous improvement	Commitment Made/Action Taken	Completed
4.6 Process for Addressing School Board Member Violations					
4.6.1					
4.6.2					
4.6.3					
4.6.4					
4.6.4.1					

4.6.4.2	Nov 23, 2020	No		<i>Director Stoltz will be required by the Board to retake the Phase 1 and Phase 2 training as described in policy 4.5.8.2 and 4.5.8.3 by the end of January 2021 and the Introduction to Policy Governance Course as described in 4.5.8.1 at a date to be determined in early 2021. Director Stoltz will also be removed from her appointment to the Board Development Committee. Director Stoltz will bring forward a public statement regarding these violations for consideration for entry into the public record at the December 14, 2020 Board meeting.</i>	TBA
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Adopted: 10/23/12 Revised: 03/24/15

Record of Board Self-Evaluation
Governance Process and Board Management Delegation Policies
July 1, 2020 – June 30, 2021

Policy Type:	Governance Process
Policy Title:	4.10 Operation of the School Board Governing Rules

The purpose of this policy is to provide governing rules for the conduct of meetings of the School Board. An orderly School Board meeting allows School Board members to participate in discussion and decision of school district issues. Rules of order allow School Board members the opportunity to review school-related topics, discuss school business items, and bring matters to conclusion in a timely and consistent manner.

4.10.1 The Rules of Order for School Board meetings shall be as follows:

- 4.10.1.1 Minnesota Statutes where specified;
- 4.10.1.2 Specific rules of order as provided by the approved policies under Policy Governance consistent with Minnesota Statutes; and
- 4.10.1.3 Robert's Rules of Order (latest edition for small boards) where not inconsistent with 1 and 2 above.

Policy	Date of Self-Evaluation	Board Behavior Fully Compliant	Board behavior needing improvement or opportunity for continuous	Commitment Made/Action Taken	Completed
4.10 Operation of the School Board Governing Rules	Nov 9, 2020	<i>No</i>	<i>Board acknowledges that Director Stoltz was in violation during Board Meeting held on Aug 24, 2020.</i>	<i>Director Stoltz to bring forward a public statement regard violation for consideration for entry into the public record at the Dec 14, 2020 Board Meeting</i>	<i>TBA</i>
4.10.1	Nov 9, 2020	<i>No</i>			
4.10.1.1	Nov 9, 2020	<i>No</i>			
4.10.1.2	Nov 9, 2020	<i>No</i>			
4.10.1.3	Nov 9, 2020	<i>No</i>			

Eden Prairie School District 272 Superintendent Monitoring Report

Policy Name: EL 2.9 Communication and Support to the School Board	Monitoring Time Frame: July 2019 – November 2019 December 1, 2019 - June 30, 2020	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: November 25, 2019 November 23, 2020	
Global Constraint: The Superintendent shall not cause or allow the School Board to be uninformed or unsupported in its work.		Board member name: <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.		
<u>Justification:</u> This was developed through reflection and a study of operational interpretations of similar organizations that approached it in a similar fashion.		
<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.		
<u>Evidence:</u> Evidence of compliance is demonstrated by supporting data presented throughout EL Policies 2.9.1-2.9.11.		

<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. 	
<p><u>Justification:</u> My interpretation of monitoring reports is guided by our understanding of the Policy Governance model as learned during joint training sessions, documentation reviewed, 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.</p>	
<p><u>Measurement Plan:</u> Compliance with this policy will be demonstrated by:</p> <ol style="list-style-type: none"> 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:

Monitoring reports have been submitted twelve or more days prior to monitoring. The following table documents submission or board action for each monitoring report from July 2019 - ~~November 2019~~ June 2020.

Record of Board Policy Monitoring

Ends and Executive Limitations

July 1, 2019 – June 30, 2020

Monitoring 2018-2019 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	19-20 OI 6/24/19	Yes	Yes				Yes
	18-19 Evidence 10/28/19			No	No	Brought back to Board Meeting on 2/24/2020	Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						
1.1.1 Each student is reading at grade level by the end of third grade	19-20 OI 6/24/19	Yes	Yes				
	18-19 Evidence 10/28/19			Yes	Yes		Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						

1.1.2 Each student achieves individual growth expectations and proficiency annually in, but not limited to, Language Arts, Math and Science	19-20 OI 06/24/19	Yes	Yes				
	18-19 Evidence 10/28/19			No	No	<i>Brought back to Board Meeting on 2/24/2020</i>	Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						
1.1.3 Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements	19-20 OI 6/24/19	Yes	Yes				
	18-19 Evidence 10/28/19			Yes	Yes		Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						
1.2 Each student demonstrates the 21 st century skills needed to succeed in the global economy	19-20 OI 6/24/19	Yes	Yes				
	18-19 Evidence 10/28/19			No	No	<i>Brought back to Board Meeting on 2/24/2020</i>	Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						

1.3 Each student demonstrates the knowledge that citizens and residents of the United States need to contribute positively to society	19-20 OI 6/24/19	Yes	Yes				
	18-19 Evidence 10/28/19			Yes	Yes		Yes
	Re-monitor 19-20 OI 5/18/20	Yes	Yes				Yes
	20-21 OI 6/22/20						
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	12/9/19	Yes	Yes	Yes	Yes		Yes
EL 2.1 Emergency Superintendent Succession	08/26/19	Yes	Yes	Yes	Yes		Yes
EL 2.2 Treatment of Students	08/26/19	Yes	Yes	Yes	Yes		Yes
EL 2.3 Treatment of Parents	09/23/19	Yes	Yes	Yes	Yes		Yes
EL 2.4 Treatment of Staff	10/28/19	Yes	Yes	Yes	Yes		Yes
EL 2.5 Financial Planning and Budgeting	12/9/19	Yes	Yes	Yes	Yes		Yes

EL 2.6 Financial Management and Operations	09/23/19	Yes	Yes	Yes	Yes		Yes
EL 2.7 Asset Protection	08/26/19	Yes	Yes	Yes	Yes		Yes
EL 2.8 Compensation and Benefits	10/28/19	Yes	Yes	Yes	Yes		Yes
EL 2.9 Communication and Support to the School Board	06/24/19 (Semi-annual)	Yes	Yes	Yes	Yes		Yes
	11/25/19	Yes	Yes	Yes	Yes		Yes

<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence supports the Operational Interpretation</p>	
<p>2.9.2 Further, the Superintendent shall not: Be untimely in reporting any actual or anticipated noncompliance with any policy of the School Board.</p>	
<p><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 reports. 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.</p> <p>I interpret “any policy” to include Executive Limitation and Ends policies.</p>	
<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>	

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><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. Information on CMS Flex b. Assessment 101 Overview c. Nutrition Services Update d. Calendar Information e. Budget Assumptions and Timelines f. 2020-2021 Budget Draft g. Negotiations Update h. Capital Budget Summary i. COVID Updates for Future Decision Making j. Designing Pathways LTMFR and Construction Update k. 2019-2020 Ends Measurement Plan Review l. Workshop topics brought forward for scheduling once new members are seated m. Budget Preparation for 19-20 n. Designing Pathways – Facilities Update o. Kindergarten Engagement Process Update 	

<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. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. Incidental Information Reports <ol style="list-style-type: none"> a. E-Cigarettes and Vaping b. Core Planning Team Update c. Mid-Year Budget Update d. Covid Updates e. Distance Learning Updates f. Reimagine MN Update g. Community Education Finance Update 	

<ul style="list-style-type: none"> h. Food Service Finance Update i. 2019-2020 School Year Wrap Up and Planning for 2020-2021 j. Preliminary Enrollment Update k. Unaudited Financials l. October 1 Enrollment Summary with Capture Rate, History m. World's Best Workforce n. Achievement Integration Summary <ol style="list-style-type: none"> 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. 	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence supports the Operational Interpretation</p>	
<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. During the monitoring period, the Board made no determinations that a violation of this policy has occurred.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	
<p>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.</p>	
<p><u>Operational Interpretation:</u></p> <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 principles 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. 	
<p><u>Justification:</u> The interpretations for the types of information were provided during School Board training.</p>	
<p><u>Measurement Plan:</u></p> <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. 3. 	
<p><u>Evidence:</u></p> <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. 	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	

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>	
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><u>Operational Interpretation:</u></p> <p>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.</p> <p>Minnesota Statute §123.33 School Board Powers Minnesota Statute §123.34 School District Officers Minnesota Statute §123.35 General Powers</p> <p>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. During the monitoring period, the Board made no determinations that a violation of this policy has occurred.</p>	
<p><u>Statement of Assertion:</u> Report is Reasonable and Evidence support the Operational Interpretation</p>	
<p>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.</p>	
<p><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.</p>	
<p><u>Justification:</u> My interpretation of this policy is based on the Policy Governance model.</p>	
<p><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.</p>	

<p><u>Evidence:</u></p> <p>1. Evidence of compliance is demonstrated by Board action to approve meeting agendas during the period being monitored.</p>	
<p><u>Statement of Assertion:</u></p> <p>Report is Reasonable and Evidence support the Operational Interpretation</p>	
<p>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>	
<p><u>Operational Interpretation:</u></p> <p>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.</p> <p>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></p> <p>I consider my interpretation to be justified based on a common understanding of public education regulation and legislation.</p>	
<p><u>Measurement Plan:</u></p> <p>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></p> <p>The Board is copied in on email updates from AMSD and MSBA on a regular basis. The Superintendent also forwards or provides a summary of additional information from MDE, MDH, MASA and AASA as needed and appropriate.</p>	
<p><u>Statement of Assertion:</u></p> <p>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 requesters 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 sign off 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>	
School Board member’s summarizing comments:	

**Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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
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BOARD-MANAGEMENT DELEGATION (BMD) POLICIES					
3.0					
Single Point of Connection	09/28/2020	Yes			Yes
3.1 Unity of Control	09/28/2020	Yes			Yes
3.1.1	09/28/2020	Yes			Yes
3.1.2	09/28/2020	Yes			Yes
3.1.3	09/28/2020	Yes			Yes
3.2					
Delegation to the Superintendent	09/28/2020	Yes			Yes
3.2.1	09/28/2020	Yes			Yes
3.2.2	09/28/2020	Yes			Yes
3.2.3	09/28/2020	Yes			Yes
3.2.4	09/28/2020	Yes			Yes
3.3					
Superintendent Accountability and Performance	09/28/2020	Yes			Yes
3.3.1	09/28/2020	Yes			Yes
3.3.2	09/28/2020	Yes			Yes
3.3.3	09/28/2020	Yes			Yes
3.3.4	09/28/2020	Yes			Yes
3.3.5	09/28/2020	Yes			Yes

Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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 Global Governance Commitment	10/26/2020	Yes			Yes
4.0.1	10/26/2020	Yes			Yes
4.0.2	10/26/2020	Yes			Yes
4.1 Governing Style	10/26/2020	Yes			Yes
4.1.1	10/26/2020	Yes			Yes
4.1.2	10/26/2020	Yes			Yes
4.1.3	10/26/2020	Yes			Yes
4.1.4	10/26/2020	Yes	The Board acknowledges that the coronavirus pandemic interrupted board development plans.	The board will monitor interest in and provision for development of new board members.	Yes
4.1.5	10/26/2020	Yes			Yes
4.1.6	10/26/2020	Yes			Yes
4.2 School Board Job Products	10/26/2020	Yes			Yes
4.2.1	10/26/2020	Yes			Yes
4.2.2	10/26/2020	Yes			Yes
4.2.2 - A	10/26/2020	Yes			Yes
4.2.2 - B	10/26/2020	Yes			Yes
4.2.2 - C	10/26/2020	Yes			Yes

Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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
4.2.2 - D	10/26/2020	Yes			Yes
4.2.3	10/26/2020	Yes			Yes
4.3 Annual Work Plan	10/26/2020	Yes			Yes
4.3.1	10/26/2020	Yes			Yes
4.3.2	10/26/2020	Yes	Annually in June, the Board should make a concentrated effort to either plot placeholder items or delete them.	Annually in June, the Board will make a concentrated effort to either plot placeholder items or delete them.	Yes
4.3.3	10/26/2020	Yes			Yes
4.4 Officer Roles	09/28/2020	Yes			Yes
4.4.1	09/28/2020	Yes			Yes
4.4.1.1	09/28/2020	Yes			Yes
4.4.1.2	09/28/2020	Yes			Yes
4.4.1.3	09/28/2020	Yes			Yes
4.4.1.4	09/28/2020	Yes			Yes
4.4.1.5	09/28/2020	Yes			Yes
4.4.1.6	09/28/2020	Yes			Yes
4.4.1.7	09/28/2020	Yes			Yes
4.4.1.8	09/28/2020	Yes			Yes
4.4.1.9	09/28/2020	Yes			Yes
4.4.2	09/28/2020	Yes			Yes
4.4.3	09/28/2020	Yes			Yes

Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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
4.4.4	09/28/2020	Yes			Yes
4.5 School Board Members' Code of Conduct	09/28/2020	Yes			Yes
4.5.1	09/28/2020	Yes			Yes
4.5.2	09/28/2020	Yes			Yes
4.5.2.1	09/28/2020	Yes			Yes
4.5.2.2	09/28/2020	Yes			Yes
4.5.2.3	09/28/2020	Yes			Yes
4.5.3	09/28/2020	Yes			Yes
4.5.3.1	09/28/2020	Yes			Yes
4.5.3.2	09/28/2020	Yes			Yes
4.5.4	09/28/2020	Yes			Yes
4.5.5	09/28/2020	Yes			Yes
4.5.6	09/28/2020	Yes			Yes
4.5.7	09/28/2020	Yes			Yes
4.5.8	09/28/2020	Yes			Yes
4.5.8.1	09/28/2020	Yes			Yes
4.5.8.2	09/28/2020	Yes		2019-20 MSBA Training Schedule Completed	Yes

Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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
4.5.8.3	09/28/2020	Yes			Yes
4.5.8.4	09/28/2020	Yes			Yes
4.5.8.5	09/28/2020	Yes			Yes
4.5.8.6	09/28/2020	Yes			Yes
4.5.8.7	09/28/2020	Yes			Yes
4.6 Process for Addressing School Board Member Violations	09/28/2020	Yes			Yes
4.6.1	09/28/2020	Yes			Yes
4.6.2	09/28/2020	Yes			Yes
4.6.3	09/28/2020	Yes			Yes
4.6.4	09/28/2020	Yes			Yes
4.6.4.1	09/28/2020	Yes			Yes
4.6.4.2	09/28/2020	Yes			Yes
4.7 School Board Committee Principles	09/28/2020	Yes			Yes
4.7.1	09/28/2020	Yes			Yes
4.7.2	09/28/2020	Yes			Yes
4.7.3	09/28/2020	Yes			Yes
4.7.4	09/28/2020	Yes			Yes
4.8					

Record of Board Self-Evaluation
Governance Policies
(July 1, 2020 – June 30, 2021)
Monitoring July 1, 2019 – June 30, 2020 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
School Board Committee Structure	09/28/2020	Yes			Yes
4.8.1	09/28/2020	Yes			Yes
4.8.2	09/28/2020	Yes			Yes
4.8.3	09/28/2020	Yes			Yes
4.8.4	09/28/2020	Yes			Yes
4.9 Governance Investment	10/26/2020	Yes			Yes
4.9.1	10/26/2020	Yes			Yes
4.9.1.1	10/26/2020	Yes			Yes
4.9.1.2	10/26/2020	Yes			Yes
4.9.1.3	10/26/2020	Yes			Yes
4.9.2	10/26/2020	Yes			Yes
4.9.3	10/26/2020	Yes			Yes
4.10 Operation of the School Board Governing Rules	09/28/2020	Yes			Yes
4.10.1	09/28/2020	Yes			Yes
4.10.1.1	09/28/2020	Yes			Yes
4.10.1.2	09/28/2020	Yes			Yes

**Record of Board Policy Monitoring
Ends and Executive Limitations
July 1, 2019 – June 30, 2020**

Monitoring 2019-2020 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	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			Yes	Yes		Yes
	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						
1.1.1 Each student is reading at grade level by the end of third grade	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			Yes	Yes		Yes
	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						
1.1.2 Each student achieves individual growth expectations and proficiency annually in, but	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			No	No	Propose to Re-monitor Ends 1.1.2	No

not limited to, Language Arts, Math and Science	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						
1.1.3 Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			Yes	Yes		Yes
	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						
1.2 Each student demonstrates the 21 st century skills needed to succeed in the global economy	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			Yes	Yes		Yes
	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						
1.3 Each student demonstrates the knowledge that citizens and residents of the United States need to contribute positively to society	19-20 OI 5/18/20	Yes	Yes				Yes
	Evidence 19-20 10/26/20			Yes	Yes		Yes
	20-21 OI 6/22/20	Yes	Yes				Yes
	21-22 OI 6/28/21						

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	12/14/20						
EL 2.1 Emergency Superintendent Succession	08/24/20	Yes	Yes	Yes	Yes		Yes
EL 2.2 Treatment of Students	08/24/20	Yes	Yes	Yes	Yes		Yes
EL 2.3 Treatment of Parents	09/28/20	Yes	Yes	Yes	Yes		Yes
EL 2.4 Treatment of Staff	10/26/20	Yes	Yes	Yes	Yes		Yes
EL 2.5 Financial Planning and Budgeting	12/14/20						
EL 2.6 Financial Management and Operations	09/28/20	Yes	Yes	Yes	Yes		Yes
EL 2.7 Asset Protection	08/24/20	Yes	Yes	Yes	Yes		Yes
EL 2.8 Compensation and Benefits	10/26/20	Yes	Yes	Yes	Yes		Yes
EL 2.9 Communication and Support to the School Board	11/23/20						

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:

Cedar Ridge Elementary:

- Donation of \$120.00 – The Blackbaud Giving Fund by its agent, YourCause, Charleston, SC – funds to be used for classroom supplies.

Eden Prairie School District:

- Donation of \$120.00 – The Blackbaud Giving Fund by its agent, YourCause, Charleston, SC – funds to be used for general fund expenditures (separate donation from the Cedar Ridge Elementary donation).

Oak Point Elementary:

- Donation of \$55.00 – Profile by Sanford, Eden Prairie – funds to be used for school supplies in the classrooms.
- Donation of Binders and Pencil Bags – Walmart Supercenter, Eden Prairie – funds to be used for school supplies in the classrooms

Forest Hills Elementary:

- Donation of \$20.00 – Brian and Jessica Engelstad, Eden Prairie, MN – funds to be used for the continued support of the school

SUPERINTENDENT CONSENT AGENDA

A. Semi-Monthly Reports

HUMAN RESOURCES

1. Human Resources – Administrative/Supervisory/Technical (AST)

a. Resignation/Retirements

Fitch, Heidi – Multi-Tiered Support Coordinator, Administrative Services Center, effective 1/4/2021.

2. Human Resources - Licensed Staff

a. New Hires

Bednar, William – Social Studies, 1.0 FTE, Eden Prairie High School, effective 11/09/2020 through 1/10/2021.

Bjerke, Debra – World Language – Spanish, 0.667 FTE, Eden Prairie High School, effective 11/9/2020 through 1/29/2021.

Nebeker, Elizabeth – Social Worker, 1.0 FTE, Eden Lake Elementary, effective 10/28/2020 through 2/4/2021.

Peterson, Karin – Permanent Building Substitute, 1.0 FTE, Central Middle School, effective 11/9/2020 through 5/14/2021.

3. Human Resources - Classified Staff

a. New Hires

BUILDING SERVICES

Benitez, Luis – Custodian (Non-Licensed), Administrative Services Center, 8 hours/day, 5 days/week, 260 days/year, effective 11/2/2020.

Johns, Carter – Groundsperson (Licensed), Transportation & Grounds, 8 hours/day, 5 days/week, 260 days/year, effective 11/9/2020.

CLASS

Groshens, Ann – Administrative Assistant – Personalized Learning, Administrative Services Center, 8 hours/day, 5 days/week, 260 days/year, effective 11/11/2020.

Whipps, Andrea – Office Professional – Student Support Services, Administrative Service Center, 8 hours/day, 5 days/week, 205 days/year, effective 10/26/2020.

MSEA

Ayra, Shipra – EP Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 10/26/2020.

Bolin, Lindsay – Special Education Paraprofessional, District-wide, 3 hours/day, 5 days/week, 178 days/year, effective 10/26/2020.

Carlstedt, Holly – EP Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 10/26/2020.

Junkermeier, Tamara – Kindergarten/Special Education Paraprofessional, Prairie View Elementary, 5 hours/day, 5 days/week, 136 days/year, effective 10/26/2020 through 5/28/2021.

Kartha, Vinita – EP Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 10/26/2020.

Jones, Kiara – Special Education Paraprofessional, Eden Lake Elementary, 5.5 hours/day, 5 days/week, 178 days/year, effective 11/9/2020.

Limpert, Grace – Avid Tutor, Central Middle School, 4.88 hours/day, 4 days/week, 104 days/year, effective 11/9/2020 through 5/27/2021.

Reilly, Natasha – Ep Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 10/27/2020.

Schwieters, Jan – Special Education Paraprofessional, Eden Lake Elementary, 6 hours/day, 5 days/week, 33 days/year, effective 10/28/2020 through 1/4/2021.

Whitlock, Serena – Lunchroom/Playground Paraprofessional, Eagle Heights Spanish Immersion, 3 hours/day, 5 days/week, 178 days/year, effective 10/27/2020.

TRANSPORTATION

Yu, Kwok – Bus Driver, Transportation, 4.42 hours/day, 5 days/week, 178 days/year, effective 10/23/2020.

b. Change in Assignment

MSEA

Hassan, Hodan – EP Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 11/2/2020.

Lindgren, Michael – From Permanent Building Substitute Teacher, Central Middle School, to Special Education Paraprofessional, Central Middle School, 6.25 hours/day, 5 days/week, 178 days/year, effective 11/9/2020.

Shah, Sheetal – EP Online Paraprofessional, District Wide, 5 hours/day, 5 days/week, 178 days/year, effective 10/26/2020.

c. Resignations/Retirements

CLASS

Pedersen, Jesse – Clerical Assistant/Paraprofessional, Cedar Ridge Elementary, effective 11/5/2020.

MSEA

Abdihakim, Maryama – Lunchroom/Playground Paraprofessional, Prairie View Elementary, effective 11/10/2020.

Kohles, Kristopher – Special Education Paraprofessional, Eden Prairie High School, effective 11/30/2020.

Larson, Michelle – Lunchroom/Playground Paraprofessional, Eagle Heights Spanish Immersion, effective 10/30/2020.

Ritter, Lauren – Paraprofessional, Prairie View Elementary, effective 1/8/2021.

Food Service Budget Reductions

1. Position Eliminations

Bicaldo, Diana – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Crowe, JoLynn – Food Service Assistant I, Prairie View Elementary, effective 12/1/2020.

Day, Elizabeth – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Fogarty, Ellyn – Food Service Assistant I, Prairie View Elementary, effective 12/1/2020.

Gmitro, Artina – Food Service Assistant I, Central Middle School, effective 12/1/2020.

Greening, Denise – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Hackett, Lori – Food Service Assistant I, Oak Point Elementary, effective 12/1/2020.

Hayden, Cynthia – Food Service Assistant I, Forest Hills Elementary, effective 12/1/2020.

Hook, Kristina – Food Service Assistant I, Oak Point Elementary, effective 12/1/2020.

Hornor, Valerie – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Johnson, Courtney – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Larson, Kevin – Food Service Assistant I, Central Middle School, effective 12/1/2020.

Letson, Crystal – Food Service Assistant I, Central Middle School, effective 12/1/2020.

Lim, Joseph – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Moen, Andrea – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Przybylski, Jennifer – Food Service Assistant I, Central Middle School, effective 12/1/2020.

Robertson, Danielle – Food Service Assistant I, Eden Lake Elementary, effective 12/1/2020.

Schiek, Jodi – Food Service Assistant I, Cedar Ridge Elementary, effective 12/1/2020.

Soendergaard, Sidsel – Food Service Assistant I, Oak Point Elementary, effective 12/1/2020.

Thorsett, David – Food Service Assistant I, Prairie View Elementary, effective 12/1/2020.

Voehl, Wendy – Food Service Assistant I, Eden Prairie High School, effective 12/1/2020.

Board Business

General Consent Agenda

Approval of Payments, all funds, October 2020

Check #408272-408479	\$2,357,169.56
Electronic Disbursements	\$13,431,549.10
TOTAL	\$15,788,718.66

Acknowledgment of Electronic Transfers October 2020

INVEST DATE	FROM	TO	INTEREST RATE	MATURITY DATE	PRINCIPAL
07/30/19	PMA Financial	MNTrust	1.831%	10/29/2020	\$2,045,850.25

EDEN PRAIRIE SCHOOLS
GENERAL FUNDS
MONTHLY REVENUE/EXPENDITURE REPORT
FOR THE MONTH ENDING: Oct-19

REVENUES/TRANSFERS IN (BY SOURCE CODE)					
SOURCE	DESCRIPTION	YEAR TO DATE RECEIVED	CURRENT FULL YEAR PROJECTION	THIS YEAR % RECEIVED	LAST YEAR % RECEIVED
001-020	TAXES	\$ 7,391,904	\$ 26,090,721	28.33%	25.91%
021-040	TUITION	-	70,000	0.00%	12.55%
041-089	FEES & ADMISSIONS	498,455	748,500	66.59%	58.58%
090-199	MISC REVENUE	515,332	927,000	55.59%	34.17%
200-399	STATE AID	24,476,364	80,053,775	30.57%	29.24%
400-499	FEDERAL PROGRAMS	9,030	2,647,553	0.34%	0.15%
600-649	SALES	31,064	56,100	55.37%	121.60%
		\$ 32,922,149	\$ 110,593,649	29.77%	28.01%
	CAPITAL OUTLAY	152,744	13,442,987	1.14%	0.84%
	STUDENT ACTIVITIES	1,169,013	1,800,000	64.95%	58.34%
	MEDICAL ASSISTANCE	18,188	300,000	6.06%	2.71%
Revenue Notes:					

EXPENDITURES/TRANSFERS OUT (BY OBJECT CODE)					
OBJECT	DESCRIPTION	YEAR TO DATE EXPENDED	CURRENT FULL YEAR PROJECTION	THIS YEAR % EXPENDED	LAST YEAR % EXPENDED
100	SALARIES	\$ 15,261,084	\$ 75,986,395	20.08%	19.66%
200	BENEFITS	5,130,485	23,987,000	21.39%	21.81%
300	PURCHASED SVCS	2,508,430	7,376,331	34.01%	29.36%
400	SUPPLIES & EQUIPMENT	942,824	3,090,644	30.51%	32.22%
800	OTHER EXPENSES	84,880	213,099	39.83%	49.65%
900	TRANSFERS & CONTINGENCY	-	193,186	0.00%	0.00%
		\$ 23,927,702	\$ 110,846,655	21.59%	21.14%
	CAPITAL OUTLAY	4,916,096	13,438,867	36.58%	67.32%
	STUDENT ACTIVITIES	900,572	1,800,000	50.03%	25.84%
	MEDICAL ASSISTANCE	93,652	464,931	20.14%	42.52%
Expenditure Notes:					

**Eden Prairie School Board
Community Linkage Committee Minutes
November 5, 2020
10:00 AM via Zoom Conferencing**

Charter per Board Policy GP 4.8: This committee will facilitate multiple methods of School Board communication with owners that provide input and inform the School Board of ownership values as they relate to School Board policies, as well as provide valuable information to owners.

Committee Members Present: Terri Swartout, Debjyoti Dwivedy, Aaron Casper
District Attendees: None

Agenda Items:

-Inspiring News

- Approval needed @ 11/23 meeting for 12/4 mailing
- Limit to 500 words
- Content ideas: Introduce New board members/thank outgoing board members
 - Introduction of the Member(s)
 - What inspired you to run?
 - What community means to you?
 - What is the best part of being part of EP Schools / City of Eden Prairie?

-Anything Else?

We are excited to welcome Beth Fletcher, Kim Ross, and C.J. Strehl to the Eden Prairie School Board. They will begin serving a four-year term in January 2021.

(Insert pictures)

The School Board is accountable to our community and to the State of Minnesota for governing the school district. The board writes policies to set goals for the District, hires the Superintendent to achieve those goals and approves the District's budget. The board then monitors the progress the district makes toward achieving the goals and evaluates the performance of the Superintendent yearly.

We would like to thank outgoing board members, Elaine Larabee, Holly Link and Terri Swartout for dedicating their time and energy serving our community. A special thank you to Chair Larabee for providing leadership in that role for the last five years.

Eden Prairie School Board
2020–21 WORK PLAN CHANGES
“Proposed” Changes for the
November 23, 2020 Meeting

Date of Meeting/Workshop	Changes Requested
Monday, November 23, 2020	
Monday, December 14, 2020	
Monday, January 4, 2021 (<i>Annual Meeting</i>)	
Monday, January 4, 2021 – Workshop	
Monday, January 25, 2021	
Monday, February 8, 2021 – Workshop	
Monday, February 22, 2021	- <i>Propose to Re-monitor Ends 1.1.2</i>
Monday, March 8, 2021 – Workshop	
Monday, March 22, 2021	- <i>Re-monitor progress of GP 4.5 for 2020-2021</i>
Monday, April 12, 2021 – Workshop	
Monday, April 26, 2021	
Monday, May 10, 2021 – Workshop	
Monday, May 24, 2021	
Monday, June 14, 2021 – Workshop	
Monday, June 28, 2021	
Placeholder – General Board Work	
<ul style="list-style-type: none"> • Cultural Proficiency Continuum • Board Development Training • School Board Listening Session Discussion 	
Placeholder – Policy Review	
<ul style="list-style-type: none"> • <i>Policy GP 4.9.1.1 to be sent to the Policy Committee to create language requested</i> • A review of all Board Policies as it relates to race inclusion for all students in all ethnic groups 	

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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			
*****2020***** Brief Business Meeting Wed, Jul 8, 2020 7:30 AM				<ul style="list-style-type: none"> Community Linkage Meeting Minutes Board Development Committee Minutes 			
Board Meeting Mon, Jul 27, 2020 7:30 AM		<ul style="list-style-type: none"> August Meeting Discussion 	<ul style="list-style-type: none"> Resolution to "Call the General Election" Schedule Candidate Information Sessions 		<ul style="list-style-type: none"> Monthly Reports Student Handbooks: <ul style="list-style-type: none"> - High School - Middle School - Elementary Schools (Summary Detail Included) 		
School Board "New Candidate" Information Session Monday (to be scheduled) ASC/EDC, 6:30 – 8:30 p.m.							
School Board "New Candidate" Information Session Monday (to be scheduled) ASC/EDC, 6:30 – 8:30 p.m.							
Brief Business Meeting Wed, Aug 5, 2020 7:30 AM -Cancelled-							
Regular Business Meeting Mon, Aug 10, 2020 6:00 PM							
Brief Business Meeting Thurs, Aug 13, 2020 Time: 6:00 PM			80				

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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			
-Cancelled-							
Board Meeting Mon, Aug 24, 2020 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"> •2020-21 School Site Visits •EP Online <hr/> <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 24, 2020							<ul style="list-style-type: none"> •School Board Mtg. Self-Assessment
Brief Business Meeting Mon, Sep 14, 2020 6:00 PM -Cancelled-					<ul style="list-style-type: none"> •Contract Agreements 		
Board Workshop Mon, Sep 14, 2020 6:00 PM							<ul style="list-style-type: none"> •2019-20 Budget Update •Update on School Openings •Morris Leatherman Survey •ADMIN Proposals for FY 2020-21 Workshops •NEW Policy Development Discussion (Ends & EL Policies)

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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"> • School Board Listening Session Discussion • Policy Monitoring: All BMD Policies – BMD 3.0-BMD 3.3 • Policy Monitoring: GP's: 4.4, 4.5, 4.6, 4.7, 4.8, & 4.10 • Confirm agenda for next Board Workshop
Board Meeting Mon, Sep 28, 2020 6:00 PM	<ul style="list-style-type: none"> • EL 2.3 Treatment of Parents • EL 2.6 Financial Management & Operations • • All BMD Policies: • BMD 3.0 Single Point of Connection • BMD 3.1 Unity of Control • BMD 3.2 Delegation to the Superintendent • BMD 3.3 Superintendent Accountability & Performance • GP 4.4 Officer Roles • GP 4.5 School Board Members Code of Conduct 	<ul style="list-style-type: none"> • School Site Visits • New Policy Introduction for GP 4.5 – School Board Electronic Devices (1st Reading) 	<ul style="list-style-type: none"> • Approval of Preliminary FY 2021-22 Levy - Tax Levy Comparison - Tax Levy Presentation Pay 21 • Resolution Authorizing the Sale of Facility Maintenance Bonds • Resolution Authorizing Sale of Refunding Bonds • Reassessment Update – Safe Schools Plan • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports 	<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> • FY 2019-2020 Year-end Preliminary Financial Report • FY 2020-2021 Preliminary Enrollment Report 	

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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 4.6 Process for Addressing School Board Member Violations •GP 4.7 School Board Committee Principles •GP 4.8 School Board Committee Structure •GP 4.10 Operation of the School Board Governing Rules 						
Post Meeting Board Workshop Mon, Sep 28, 2020							•School Board Mtg. Self-Assessment
Board Workshop Mon, Oct 12, 2020 6:00 PM			83				<ul style="list-style-type: none"> •Administration: Setting Stage for FY 2021-22 Budget Guidelines •Policy Monitoring Discussion: GP 4.4 & GP 4.4.1.4 •Policy Monitoring: GP 4.0, 4.1, 4.2, 4.3, 4.9 •Time Frame: Joint Workshop between School Board Members &

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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			
							ADMIN to discuss Enrollment <ul style="list-style-type: none"> • School Start Times • Site Visit Discussion - ADMIN • Confirm agenda for next Board Workshop
Board Meeting Mon, Oct 26, 2020 6:00 PM	<ul style="list-style-type: none"> • Ends 1.1, 1.2, 1.3 Evidence (FY 2018-19) <hr/> <ul style="list-style-type: none"> • EL 2.4 Treatment of Staff • EL 2.8 Compensation and Benefits <hr/> <ul style="list-style-type: none"> • GP 4.0 Global Governance Commitment • GP 4.1 Governing Style • GP 4.2 School Board Job Products • GP 4.3 Annual Work Plan • GP 4.9 Governance Investment • 2nd Reading – New Policy for GP 4.5 <ul style="list-style-type: none"> - (GP 4.5.6.1)– School Board Electronic Devices • Policy GP 4.4.1.4 	Re-Assessment: COVID-19 Re-monitor	<ul style="list-style-type: none"> • Future Board Workshop Topics • Resolution Awarding the Sale of Facility Maintenance Bonds (Moved from 11/23/20) • Resolution Authorizing Sale of Refunding Bonds Purchase (Moved from 11/23/20) <hr/> <ul style="list-style-type: none"> • Record of Board Self-Evaluation 	84	<ul style="list-style-type: none"> • Monthly Reports • FY 2020-21 Bus Purchase (Moved from 01/25/21) 	<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> • Enrollment Report as of Oct. 1, 2020 <ul style="list-style-type: none"> - Exec. Summary - Capture Rate - History & Projection Totals - Official October 1 Enrollment Count • World's Best Workforce Report • FY 2019-2020 Achievement Integration Summary Report 	

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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, Oct 26, 2020							• School Board Mtg. Self-Assessment
Brief Business Meeting Mon, Nov 9, 2020 6:00 PM Rescheduled on Nov 13, 2020			<ul style="list-style-type: none"> • Resolution Approving Canvassing of Elections • Resolution Authorizing Issuance of Certificates of Election 				
Board Workshop <u>Mon, Nov 9, 2020</u> 6:15 PM 6:00 PM							<ul style="list-style-type: none"> • Policy Monitoring Discussion: BMD's: 3.0 & 3.2.3 GP's: 4.5, 4.5.1, 4.5.3 (& Child Policies), 4.5.4, 4.5.6, 4.5.7 & 4.6, 4.6.4.2 & 4.10 • "New Policy Introductions" • Review of Treasurer's Annual Report • Student Enrollment • Discussion: Board Monitoring Process and Communication

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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"> Community Linkage Comm. to "draft" article for Inspiring News Confirm agenda for next Board Workshop
Brief Business Meeting Friday, Nov 13, 2020 2:00PM Zoom Conferencing			<ul style="list-style-type: none"> Resolution Approving Canvassing of Elections Resolution Authorizing Issuance of Certificates of Election 				
Board Meeting Mon, Nov 23, 2020 6:00 PM	<ul style="list-style-type: none"> EL 2.9 Communication and Support to the School Board Vote on Policies from the Nov 9, 2020 Workshop – Discussed and Re-monitored 	<ul style="list-style-type: none"> Re-Assessment: COVID-19 Re-monitor <u>Closed Session:</u> Review of FY 2019-20 Superintendent Annual Review -Minn. Stat. 13D.05, Subd. 3 	<ul style="list-style-type: none"> Resolution Awarding the Sale of Facility Maintenance Bonds Resolution Authorizing Sale of Refunding Bonds Purchase (moved to 10/26/20) Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports 	<ul style="list-style-type: none"> FY 2019-20 Audited Financial Presentation 	
Post Meeting Board Workshop Mon, Nov 23, 2020							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment
Board Meeting Mon, Dec 14, 2020 6:00 PM	<ul style="list-style-type: none"> EL 2.5 Financial Planning and Budgeting EL 2.0 Global Executive Constraint 	<ul style="list-style-type: none"> Board Site Visit Debrief Re-Assessment: COVID-19 Re-monitor 	<ul style="list-style-type: none"> Approval of Final FY 2021-22 Levy <u>86</u> 	<ul style="list-style-type: none"> Community Linkage Senior Citizen Listening Presentation for Discussion at the 	<ul style="list-style-type: none"> Monthly Reports 	<ul style="list-style-type: none"> Truth in Taxation Hearing 	

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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"> Record of Board Self-Evaluation 	January 2021 Workshop <ul style="list-style-type: none"> School Board Treasurer's Report 			
Post Meeting Board Workshop Mon, Dec 14, 2020							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment

<p>*****2021*****</p> <p>Annual Organizational Meeting Mon, Jan 4, 2021 6:00 PM</p>			<ul style="list-style-type: none"> 2021 Annual Organizational Mtg. <ul style="list-style-type: none"> Election of Officers School Board Compensation School Board Calendar Resolution for Combined Polling Places for the General Elections School Board Meeting Calendar: Jan 1, 2021 through Jun 30, 2021 Appointment of Intermediate District 287 Representative <hr/> <p style="text-align: center;">87</p>		<ul style="list-style-type: none"> 2021 Annual School District Organizational Items: <ul style="list-style-type: none"> 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 to Sign Contracts Local Education Agency (LEA) Representative 		
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EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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			
					- MDE Designation of Identified Official with Authority (IoWA) - Seek Bids		
Board Workshop Mon, Jan 4, 2021 6:15 PM Convene following the Annual Organizational Meeting							<ul style="list-style-type: none"> • 2021 Committees & Outside Organization Discussion • CLC: Senior Center Talking Points, Agenda & Attendance Discussion • Budget: 5-Year Financial Forecast • Levy's & Schedule • School Wide Enrichment Model (SEM) –1, (Move from the February 2021 Workshop) • Engagement Strategies • Confirm agenda for next Board Workshop
Board Meeting Mon, Jan 25, 2021 6:00 PM		<ul style="list-style-type: none"> • FY 2021-22 Final School Calendar (Draft) • FY 2022-23 Preliminary School Calendar (Draft) 	<ul style="list-style-type: none"> • FY 2020-21 Mid-Year Budget Approval • Record of Board Self-Evaluation <p style="text-align: center;">88</p>	<ul style="list-style-type: none"> • 2021 School Board Committee & Outside Organization Assignments 	<ul style="list-style-type: none"> • Monthly Reports • FY 2021-22 Bus Purchase (moved to 10/26/20) 		

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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"> FY 2021-22 Budget Timelines – First Reading FY 2021-22 Budget Assumptions – First Reading 					
Post Meeting Board Workshop Mon, Jan 25, 2021							<ul style="list-style-type: none"> School Board Meeting Self-Assessment
Board Workshop Mon, Feb 8, 2021 6:00 PM							<ul style="list-style-type: none"> Finance 101 Transportation: Funding & Options School-Wide Enrichment Model (SEM) – 1 (Move to January 2021 Workshop) Walk through School Board Agenda Confirm agenda for next Board Workshop
Board Meeting Mon, Feb 22, 2021 6:00 PM			<hr/> <ul style="list-style-type: none"> Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports Approval of FY 2021-22 School Calendar Approval of Preliminary FY 2022-23 School Calendar 		

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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, Feb 22, 2021							•School Board Meeting Self-Assessment
Board Workshop Mon, Mar 8, 2021 6:00 PM							<ul style="list-style-type: none"> •Communications •Define Policy under Policy Governance: Ends, EL's, GP's and BMD's •Policy Workshop: Discuss Potential Policy Changes •Confirm agenda for next Board Workshop
Board Meeting Mon, Mar 22, 2021 6:00 PM		<ul style="list-style-type: none"> • FY 2021-22 Capital Budget – <i>First Reading</i> • FY 2021-22 Capital Outlay 	<ul style="list-style-type: none"> •Resolution to Release Probationary Teachers •Final FY 2021-22 Budget Assumptions <hr/> <ul style="list-style-type: none"> •Record of Board Self-Evaluation 		<ul style="list-style-type: none"> •Monthly Reports •Achievement & Integration Budget 		
Post Meeting Board Workshop Mon, Mar 22, 2021							•School Board Meeting Self-Assessment
Board Workshop Mon, Apr 12, 2021 6:00 PM			90				•Agenda Items: Sample Agenda & Discussion of Agenda Elements

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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"> • Source of Agenda Items: Board Request for Information; Superintendent Information; Agenda Timeline • FY 2021-2022 Annual Work Plan Calendar Discussion • Discussion/Review all items in Placeholder area on "Work Plan Changes Document" • FY 2021-2022 School Board Meeting Calendar Discussion • FY 2021-2022 School Board Budget Discussion • Mechanics of Monitoring • Choice for Each: School Wide Enrichment Model (SEM) • Confirm agenda for next Board Workshop

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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, Apr 26, 2021 6:00 PM		<ul style="list-style-type: none"> FY 2021-22 School Board Work Plan – First Reading Closed Session: Negotiation Strategy FY 2021-22 School Board Budget – First Reading 	<ul style="list-style-type: none"> Approval of FY 2021-22 Capital Budget Approval of FY 2021-22 School Board Meeting Calendar <hr/> <ul style="list-style-type: none"> Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports ALC Fiscal Agent Agreement with District 287 		
Post Meeting Board Workshop Mon, Apr 26, 2021							<ul style="list-style-type: none"> School Board Meeting Self-Assessment
Board Workshop Mon, May 10, 2021 6:00 PM							<ul style="list-style-type: none"> Strategic Plan Community Ed Y-T-D Update and Plan Update Confirm agenda for next Board Workshop
Board Meeting Mon, May 24, 2021 6:00 PM		<ul style="list-style-type: none"> FY 2021-22 Budget – First Reading 	<ul style="list-style-type: none"> Approval of FY 2021-22 School Board Work Plan Approval of FY 2021-22 School Board Budget <hr/> <ul style="list-style-type: none"> Record of Board Self-Evaluation 		<ul style="list-style-type: none"> Monthly Reports MSHSL Resolution for Membership Approval of FY 2021-22 School Meal Prices 		

EDEN PRAIRIE SCHOOL BOARD
2020-2021 ANNUAL WORK PLAN

Board Meetings

Board Workshops

Other Meetings

November 23, 2020

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, May 24, 2021							•School Board Meeting Self-Assessment
Board Workshop Mon, June 14, 2021 6:00 PM							•General Fund Budget Q&A •Confirm agenda for next Board Workshop
Board Meeting Mon, June 28, 2021 6:00 PM	•Ends 1.1, 1.2, 1.3 OI		•Approval of FY 2021-22 Adopted Budget •ISD 287 10-Year Facilities Maintenance Resolution <hr/> •Record of Board Self-Evaluation		•Monthly Reports •EPS 10-Year Facilities Maintenance Plan •Q-Comp Annual Report •Annual Review of District Mandated Policies •Approval of Updated District Policies		
Post Meeting Board Workshop Mon, Jun 28, 2021							•School Board Meeting Self-Assessment

I. PURPOSE

The purpose of this policy is to set forth the provisions that must be followed when administering nonemergency prescription medication to students at school.

II. GENERAL STATEMENT OF POLICY

The school district acknowledges that some students may require prescribed drugs or medication during the school day. The school district's licensed school nurse, trained health clerk, principal, or teacher will administer prescribed medications, except any form of medical cannabis, in accordance with law and school district procedures.

III. REQUIREMENTS

- A. The administration of prescription medication or drugs at school requires a completed signed request from the student's parent. An oral request must be reduced to writing within two school days, provided that the school district may rely on an oral request until a written request is received.
- B. An "Administering Prescription Medications" form must be completed annually (once per school year) and/or when a change in the prescription or requirements for administration occurs. Prescription medication as used in this policy does not include any form of medical cannabis as defined in Minn. Stat. § 152.22, Subd. 6.
- C. Prescription medication must come to school in the original container labeled for the student by a pharmacist in accordance with law, and must be administered in a manner consistent with the instructions on the label.
- D. The school nurse may request to receive further information about the prescription, if needed, prior to administration of the substance.
- E. Prescription medications are not to be carried by the student, but will be left with the appropriate school district personnel. Exceptions to this requirement are: prescription asthma medications self-administered with an inhaler (See Part J.5. below), and medications administered as noted in a written agreement between the school district and the parent or as specified in an IEP (individualized education program), Section 504 plan, or IHP (individual health plan).

- F. The school must be notified immediately by the parent or student 18 years old or older in writing of any change in the student's prescription medication administration. A new medical authorization or container label with new pharmacy instructions shall be required immediately as well.
- G. For drugs or medicine used by children with a disability, administration may be as provided in the IEP, Section 504 plan or IHP.
- H. The school nurse, or other designated person, shall be responsible for the filing of the Administering Prescription Medications form in the health records section of the student file. The school nurse, or other designated person, shall be responsible for providing a copy of such form to the principal and to other personnel designated to administer the medication.
- I. Procedures for administration of drugs and medicine at school and school activities shall be developed in consultation with a school nurse, a licensed school nurse, or a public or private health organization or other appropriate party (if appropriately contracted by the school district under Minn. Stat. § 121A.21). The school district administration shall submit these procedures and any additional guidelines and procedures necessary to implement this policy to the school board for approval. Upon approval by the school board, such guidelines and procedures shall be an addendum to this policy.
- J. If the administration of a drug or medication described in this section requires the school district to store the drug or medication, the parent or legal guardian must inform the school if the drug or medication is a controlled substance. For a drug or medication that is not a controlled substance, the request must include a provision designating the school district as an authorized entity to transport the drug or medication for the purpose of destruction if any unused drug or medication remains in the possession of school personnel. For a drug or medication that is a controlled substance, the request must specify that the parent or legal guardian is required to retrieve the drug or controlled substance when requested by the school.

K. J. — Specific Exceptions:

- 1. Special health treatments and health functions such as catheterization, tracheostomy suctioning, and gastrostomy feedings do not constitute administration of drugs and medicine;
- 2. Emergency health procedures, including emergency administration of drugs and medicine are not subject to this policy;

3. Drugs or medicine provided or administered by a public health agency to prevent or control an illness or a disease outbreak are not governed by this policy;
4. Drugs or medicines used at school in connection with services for which a minor may give effective consent are not governed by this policy;
5. Drugs or medicines that are prescription asthma or reactive airway disease medications can be self-administered by a student with an asthma inhaler if:
 - a. the school district has received a written authorization from the pupil's parent permitting the student to self-administer the medication;
 - b. the inhaler is properly labeled for that student; and
 - c. the parent has not requested school personnel to administer the medication to the student.

The parent must submit written authorization for the student to self-administer the medication each school year. In a school that does not have a school nurse or school nursing services, the student's parent or guardian must submit written verification from the prescribing professional which documents that an assessment of the student's knowledge and skills to safely possess and use an asthma inhaler in a school setting has been completed.

If the School District employs a school nurse or provides school nursing services under another arrangement, the school nurse or other appropriate party must assess the student's knowledge and skills to safely possess and use an asthma inhaler in a school setting and enter into the student's school health record a plan to implement safe possession and use of asthma inhalers;

6. Medications:
 - a. that are used off school grounds;
 - b. that are used in connection with athletics or extracurricular activities; or

- c. that are used in connection with activities that occur before or after the regular school day are not governed by this policy.
7. **Nonprescription Medication.** A secondary student may possess and use nonprescription pain relief in a manner consistent with the labeling, if the school district has received written authorization from the student's parent or guardian permitting the student to self-administer the medication. The parent or guardian must submit written authorization for the student to self-administer the medication each school year. The school district may revoke a student's privilege to possess and use nonprescription pain relievers if the school district determines that the student is abusing the privilege. This provision does not apply to the possession or use of any drug or product containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients. Except as stated in this paragraph, only prescription medications are governed by this policy.
8. At the start of each school year or at the time a student enrolls in school, whichever is first, a student's parent, school staff, including those responsible for student health care, and the prescribing medical professional must develop and implement an individualized written health plan for a student who is prescribed epinephrine that enables the student to:
- a. possess epinephrine auto-injectors; or
 - b. if the parent and prescribing medical professional determine the student is unable to possess the epinephrine, have immediate access to of epinephrine auto-injectors in close proximity to the student at all times during the instructional day.

The plan must designate the school staff responsible for implementing the student's health plan, including recognizing anaphylaxis and administering injectors of epinephrine auto-injectors when required, consistent with state law. This health plan may be included in a student's § 504 plan.

9. A student may possess and apply a topical sunscreen product during the school day while on school property or at a school-sponsored event without a prescription, physician's note, or other documentation from a licensed health care professional. School personnel are not required to provide sunscreen or assist students in applying sunscreen.

L. ~~K.~~ “Parent” for students 18 years old or older is the student.

M. ~~L.~~ Districts and schools may obtain and possess epinephrine auto-injectors to be maintained and administered by school personnel to a student or other individual if, in good faith, it is determined that person is experiencing anaphylaxis regardless of whether the student or other individual has a prescription for an epinephrine auto-injector. The administration of an epinephrine auto-injector in accordance with this section is not the practice of medicine.

A district or school may enter into arrangements with manufacturers of epinephrine auto-injectors to obtain epinephrine auto-injectors at fair-market, free, or reduced prices. A third party, other than a manufacturer or supplier, may pay for a school’s supply of epinephrine auto-injectors.

N. Procedure regarding unclaimed drugs or medications.

1. The school district has adopted the following procedure for the collection and transport of any unclaimed or abandoned prescription drugs or medications remaining in the possession of school personnel in accordance with this policy. Before the transportation of any prescription drug or medication under this policy, the school district shall make a reasonable attempt to return the unused prescription drug or medication to the student's parent or legal guardian. Transportation of unclaimed or unused prescription drugs or medications will occur at least annually, but may occur more frequently at the discretion of the school district.
2. If the unclaimed or abandoned prescription drug is not a controlled substance as defined under Minnesota Statutes § 152.01, subdivision 4, or is an over-the-counter medication, the school district will either designate an individual who shall be responsible for transporting the drug or medication to a designated drop-off box or collection site or request that a law enforcement agency transport the drug or medication to a drop-off box or collection site on behalf of the school district.
3. If the unclaimed or abandoned prescription drug is a controlled substance as defined in Minnesota Statutes § 152.01, subdivision 4, the school district or school personnel is prohibited from transporting the prescription drug to a drop-off box or collection site for prescription drugs identified under this paragraph. The school district must request that a law enforcement agency

transport the prescription drug or medication to a collection bin that complies with Drug Enforcement Agency regulations, or if a site is not available, under the agency's procedure for transporting drugs.

Adopted: 8/14/2012

Revised: 11/25/2019; 11/23/2020

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS**I. PURPOSE**

The purpose of this policy is to establish broad curriculum parameters for the school district that encompass the Minnesota Graduation Standards and federal law and are aligned with creating the world's best workforce.

II. GENERAL STATEMENT OF POLICY

The policy of the school district is to establish the "world's best workforce" in which all learning in the school district should be directed and for which all school district learners should be held accountable.

III. DEFINITIONS

- A. "Academic standard" means a summary description of student learning in a required content area or elective content area.
- B. "Benchmark" means specific knowledge or skill that a student must master to complete part of an academic standard by the end of the grade level or grade band.
- C. "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge, skills, and career and college readiness.
- D. "Instruction" means methods of providing learning experiences that enable students to meet state and district academic standards and graduation requirements.
- E. "Performance measures" are measures to determine school district and school site progress in striving to create the world's best workforce and must include at least the following:
 - 1. the size of the academic achievement gap by student subgroup;
 - 2. student performance on the Minnesota Comprehensive Assessments;
 - 3. high school graduation rates; and
 - 4. career and college readiness under Minn. Stat. § 120B.30, Subd. 1.

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

- F. “World’s best workforce” means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.
- G. “Experiential learning” means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

IV. LONG-TERM STRATEGIC PLAN

- A. The school board, at a public meeting, shall adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world’s best workforce and includes the following:
1. clearly defined school district and school site goals and benchmarks for instruction and student achievement for all student categories identified in state and federal law;
 2. a process to assess and evaluate each student’s progress toward meeting state and local academic standards, assess and identify students for participation in gifted and talented programs and accelerate their instruction, adopt procedures for early admission to kindergarten or first grade of gifted and talented learners which are sensitive to under-represented groups. and identify the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students’ progress and growth toward career and college readiness and leading to the world’s best workforce;
 3. a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, students’ access to effective teachers who are members of populations under-represented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under Minn. Stat. § 120B.35, Subd. 3(b)(2), and teacher evaluations under Minn. Stat. § 122A.40, Subd. 8, or 122A.41, Subd. 5;

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

4. strategies for improving instruction, curriculum, and student achievement; including the English and, where practicable, the native language development and the academic achievement of English learners;
 5. education effectiveness practices that integrate high-quality instruction, rigorous curriculum, technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and;
 6. an annual budget for continuing to implement the school district plan.
- B. School district site and school site goals shall include the following:
1. All students will be required to demonstrate essential skills to effectively participate in lifelong learning. * These skills include the following:
 - a. reading, writing, speaking, listening, and viewing in the English language;
 - b. mathematical and scientific concepts;
 - c. locating, organizing, communicating, and evaluating information and developing methods of inquiry (i.e. problem solving);
 - d. creative and critical thinking, decision making, and study skills;
 - e. work readiness skills;
 - f. global and cultural understanding.
 2. Each student will have the opportunity and will be expected to develop and apply essential knowledge that enables that student to:
 - a. live as a responsible, productive citizen and consumer within local, state, national, and global political, social, and economic systems;
 - b. bring many perspectives, including historical, to contemporary issues;
 - c. develop an appreciation and respect for democratic institutions;
 - d. communicate and relate effectively in languages and with cultures other than the student's own;

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

- e. practice stewardship of the land, natural resources, and environment;
 - f. use a variety of tools and technology to gather and use information, enhance learning, solve problems, and increase human productivity.
3. Students will have the opportunity to develop creativity and self-expression through visual and verbal images, music, literature, world languages, movement, and the performing arts.
4. School practices and instruction will be directed toward developing within each student a positive self-image and a sense of personal responsibility for:
- a. establishing and achieving personal and career goals;
 - b. adapting to change;
 - c. leading a healthy and fulfilling life, both physically and mentally;
 - d. living a life that will contribute to the well-being of society;
 - e. becoming a self-directed learner;
 - f. exercising ethical behavior.
5. Students will be given the opportunity to acquire human relations skills necessary to:
- a. appreciate, understand, and accept human diversity and interdependence;
 - b. address human problems through team effort;
 - c. resolve conflicts with and among others;
 - d. function constructively within a family unit;
 - e. promote a multicultural, gender-fair, disability-sensitive society.

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

- C. Every child is reading at or above grade level no later than the end of grade 3, including English learners, and teachers provide comprehensive, scientifically based reading instruction, including a program or collection of instructional practices that is based on valid, replicable evidence showing that, when the programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, effective, balanced instruction in all five areas of reading (phonemic awareness, phonics, fluency, vocabulary development, and reading comprehension), as well as instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs.
1. The school district shall identify, before the end of kindergarten, grade 1, and grade 2, students who are not reading at grade level before the end of the current school year and shall identify students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher. Reading assessments in English and in the predominant languages of district students, where practicable, must identify and evaluate students' areas of academic need related to literacy. The school district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The school district must use locally adopted, developmentally appropriate, and culturally responsive assessment.
 2. At least annually, the school district must give the parent of each student who is not reading at or above grade level timely information about:
 - a. the student's reading proficiency as measured by a locally adopted assessment;
 - b. reading-related services currently being provided to the student; and the student's progress; and
 - c. strategies for parents to use at home in helping their students succeed in becoming grade-level proficient in reading English and their native languages.

This provision may not be used to deny a student's right to a special education evaluation.

SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

3. For each student who is not reading at or above grade level, the school district shall provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. If a student does not read at or above grade level by the end of grade 3, the school district must continue to provide reading intervention until the student reads at grade level. Intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods may include, but are not limited to, requiring attendance in summer school, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended day programs, or programs that strengthen students' cultural connections.
4. The school district must annually report to the Commissioner of Education by July 1 a summary of the district's efforts to screen and identify students ~~with:~~ who demonstrate characteristics of dyslexia using screening tools such as those recommended by the Minnesota Department of Education. With respect to students screened or identified under paragraph (1), the report must include:
 - (a) a summary of the district's efforts to screen for dyslexia;
 - (b) the number of students screened for that reporting year; and
 - (c) the number of students demonstrating characteristics of dyslexia for that year.

Adopted: 8/14/2012

Revised: 8/26/2019; 11/23/20

INDEPENDENT SCHOOL DISTRICT NO. 272 EDEN PRAIRIE, MINNESOTA

**Audit Report
Year Ended June 30, 2020**

- **Opinions on Financial Statements**
 - **District Audit**
 - **Schedule of Expenditures of Federal Awards**
- **Internal Controls and Compliance**
 - **Financial Statement Audits**
 - **Federal "Single Audit"**
 - **State Laws and Regulations**



AUDIT RESULTS – FINANCIAL STATEMENT AUDIT

- **Unmodified Opinion on Basic Financial Statements**
 - **Emphasis of GASB #84 standard implemented**
- **No Findings related to Internal Control or Compliance over Financial Reporting**
- **One Minnesota Legal Compliance Finding**
 - **Withholding Affidavit**



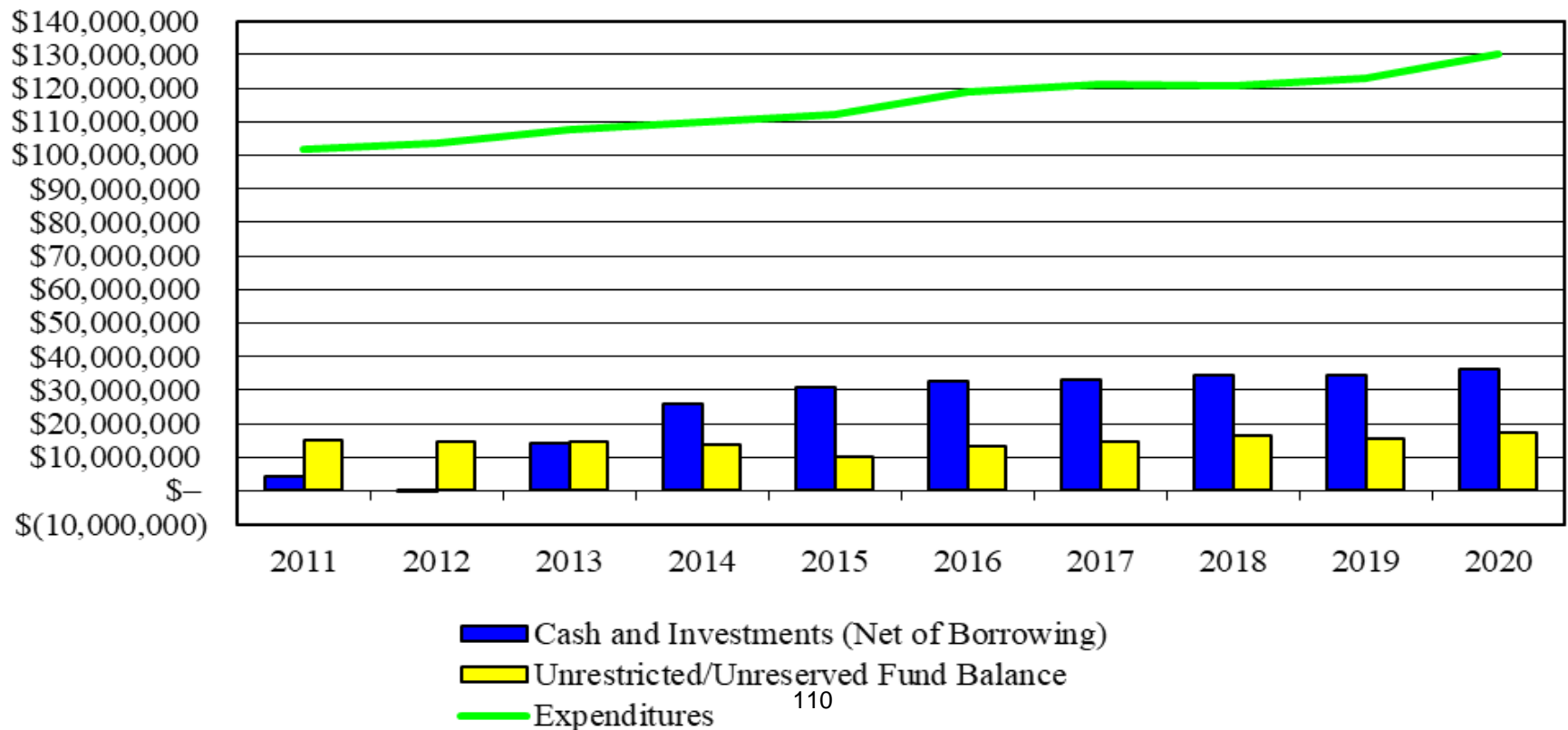
AUDIT RESULTS – FEDERAL SINGLE AUDIT

- **SEFA Fairly Stated in Relation to Basic Financial Statements**

- **Federal Internal Control Deficiencies and Compliance**
 - Internal Control and Compliance with Federal Eligibility Requirements
 - Internal Control over Compliance with Federal Special Tests and Provisions

GENERAL FUND FINANCIAL POSITION

General Fund Financial Position
 Year Ended June 30,



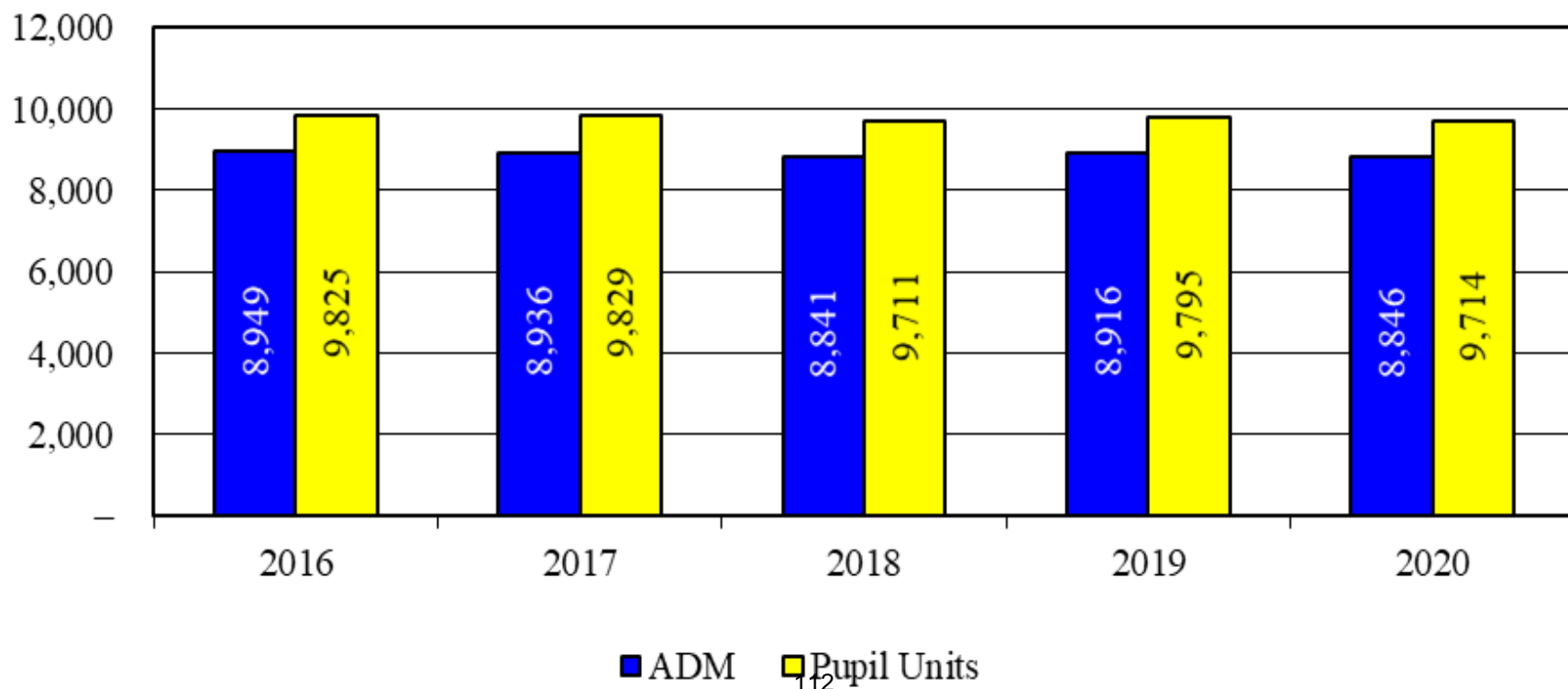


GENERAL FUND FINANCIAL POSITION

	June 30,		
	2018	2019	2020
Nonspendable fund balances	\$ 145,362	\$ 1,676,290	\$ 507,235
Restricted fund balances	2,106,412	1,403,680	1,461,779
Unrestricted fund balances			
Assigned	1,685,452	2,826,715	4,320,382
Unassigned	16,349,250	15,751,476	17,207,918
Total fund balance	<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>	<u>\$ 23,497,314</u>
Total expenditures	<u>\$ 120,809,427</u>	<u>\$ 122,810,797</u>	<u>\$ 130,053,168</u>
Unrestricted fund balances as a percentage of expenditures	<u>14.9%</u>	<u>15.1%</u>	<u>16.6%</u>
Unassigned fund balances as a percentage of expenditures	<u>11.3.5%</u>	<u>12.8%</u>	<u>13.2%</u>

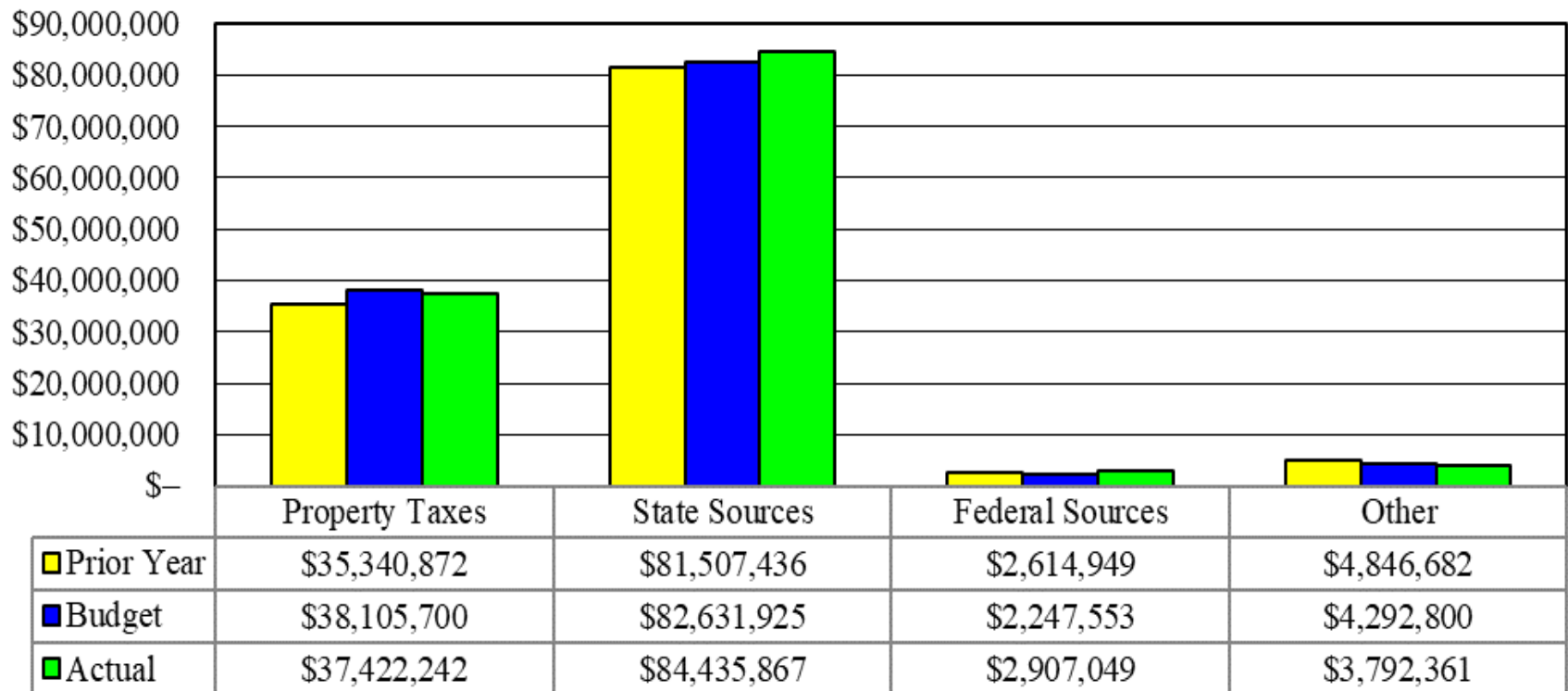
ADJUSTED ADM AND PUPIL UNITS SERVED

Adjusted ADM and Pupil Units Served



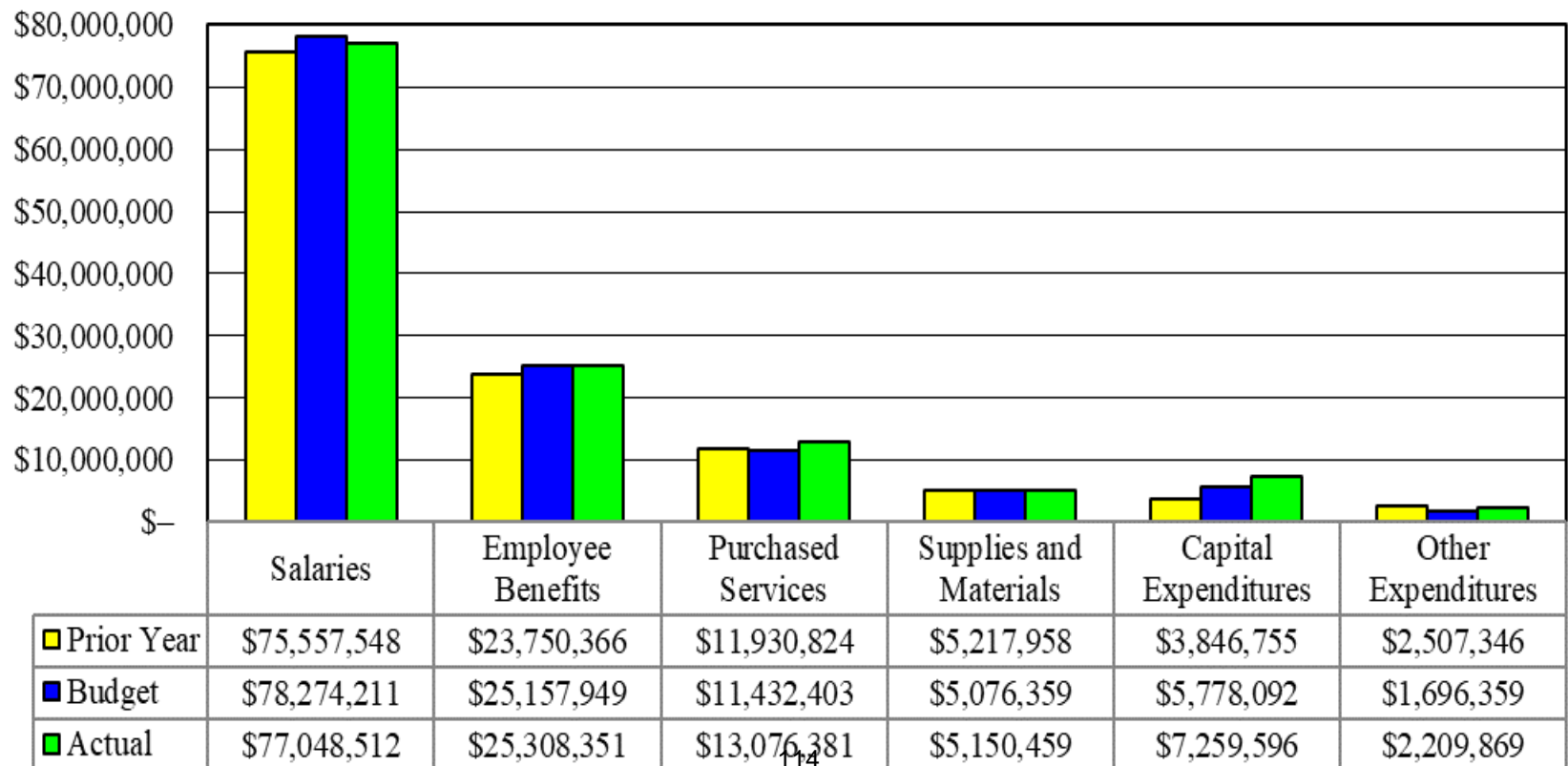
GENERAL FUND REVENUE

General Fund Revenue



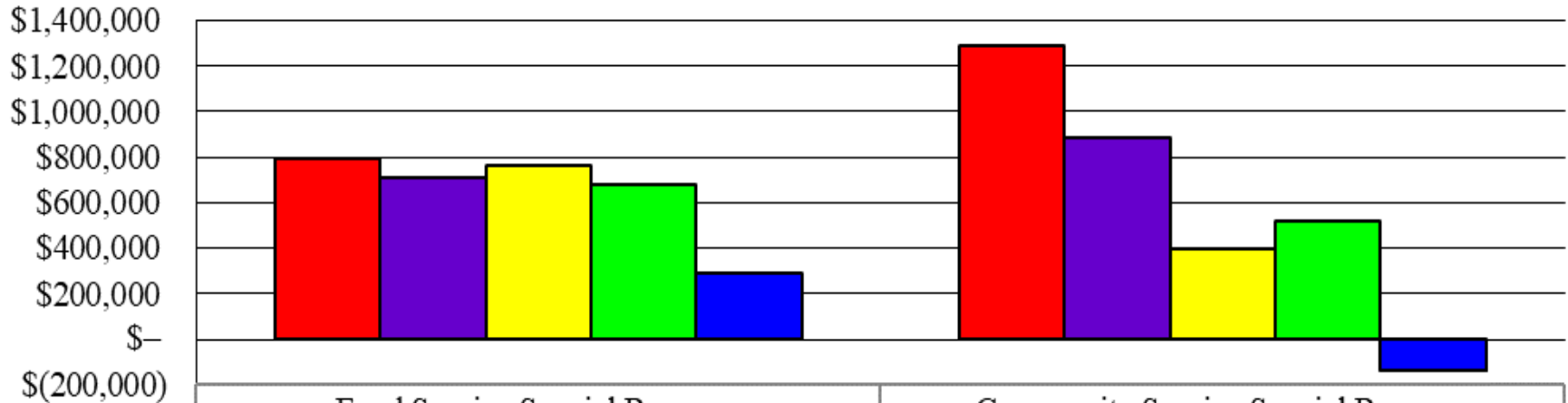
GENERAL FUND EXPENDITURES

General Fund Expenditures



OTHER OPERATING FUNDS – YEAR-END FUND BALANCES

Other Operating Funds
 Total Fund Balances



	Food Service Special Revenue	Community Service Special Revenue
2016	\$794,950	\$1,291,373
2017	\$712,332	\$888,231
2018	\$764,922	\$395,507
2019	\$676,389	\$516,454
2020	\$292,653	\$(138,197)

DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		
	2020	2019	Change
Net position – governmental activities			
Total fund balances – governmental funds	\$ 63,838,088	\$ 34,143,364	\$ 29,694,724
OPEB asset, net of deferments	3,483,196	2,844,280	638,916
Total capital assets, net of depreciation	97,393,207	94,565,500	2,827,707
Bonds and leases payable	(101,950,195)	(65,628,840)	(36,321,355)
Pension liability, net of deferments	(121,180,955)	(114,432,540)	(6,748,415)
Other adjustments	5,148,393	2,514,121	2,634,272
Total net position – governmental activities	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>	<u>\$ (7,274,151)</u>
Net position			
Net investment in capital assets	\$ 36,712,713	\$ 38,506,213	\$ (1,793,500)
Restricted	1,886,182	3,450,332	(1,564,150)
Unrestricted	<u>(91,867,161)</u>	<u>(87,950,660)</u>	<u>(3,916,501)</u>
Total net position	<u><u>\$ (53,268,266)</u></u>	<u><u>\$ (45,994,115)</u></u>	<u><u>\$ (7,274,151)</u></u>

Comprehensive Annual Financial Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

2020

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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

Matt Hippen • Director of Finance

Nicole Johnson • Finance Coordinator

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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 Special Revenue Fund	26
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Service Special Revenue 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	33–68

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	69
Schedule of District Contributions	69
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	70
Schedule of District Contributions	70
Pension Benefits Plan	
Schedule of Changes in the District's Total Pension Liability and Related Ratios	71
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	72
Schedule of Investment Returns	73
Notes to Required Supplementary Information	74–80
SUPPLEMENTAL INFORMATION	
General Fund	
Comparative Balance Sheet	81
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	82–84
Food Service Special Revenue Fund	
Comparative Balance Sheet	85
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	86
Community Service Special Revenue Fund	
Comparative Balance Sheet	87
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	88
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	89
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	90
Debt Service Fund	
Comparative Balance Sheet	91
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	92
Internal Service Funds	
Combining Statement of Net Position	93
Combining Statement of Revenue, Expenses, and Changes in Net Position	94
Combining Statement of Cash Flows	95

INDEPENDENT SCHOOL DISTRICT NO. 272

Table of Contents (continued)

	Page
SECTION III – STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	96–97
Changes in Net Position	98–99
Governmental Activities Tax Revenues by Source and Levy Type	100
Fund Balances of Governmental Funds	101–102
Changes in Fund Balances of Governmental Funds	103–104
General Governmental Tax Revenues by Source and Levy Type	105
Assessed and Actual Value of Taxable Property	106
Property Tax Rates – Direct and Overlapping Governments	107–108
Principal Property Taxpayers	109
Property Tax Levies, Collections, and Receivables	110–111
Ratios of Outstanding Debt by Type	112
Ratio of Net General Obligation Bonded Debt to Market Value and Net General Obligation Bonded Debt per Capita	113
Direct and Overlapping Debt	114
Legal Debt Margin Information	115–116
Demographic and Economic Statistics	117
Principal Employers	118
Employees by Classification	119–120
Operating Statistics	121
School Building Information	122–123
Food Service – School Lunch Program Data	124
Student Enrollment	125

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SECTION I – INTRODUCTORY SECTION

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EDEN PRAIRIE SCHOOLS

Inspiring each student every day

November 11, 2020

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, 2020. 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 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 MD&A complements this letter of transmittal and should be read in conjunction with it.

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 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 63,456. 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 30 years.

As one of the largest employers in the city with approximately 1,500 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 General Fund 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 School Board policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures to ensure financial health and viability. Each year, the School Board is presented with a 5-year financial forecast that considers enrollment projections, expenditure 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 2020, the District broke ground on the Central Middle School addition and remodel project. This project will span over three fiscal years and will be mostly funded by the voter approved 2019 Designing Pathways bond.

On March 16, 2020, Governor Walz ordered all districts in Minnesota to provide education through a Distance Learning Model, due to the COVID-19 pandemic. The pandemic has proven to have a significant impact on the District's General, Food Service, and Community Service Funds. The District, with \$3.4 million from the CARES Act, is optimistic that it will overcome the financial burdens that may be caused by the pandemic, while continuing to provide excellent educational services to the community.

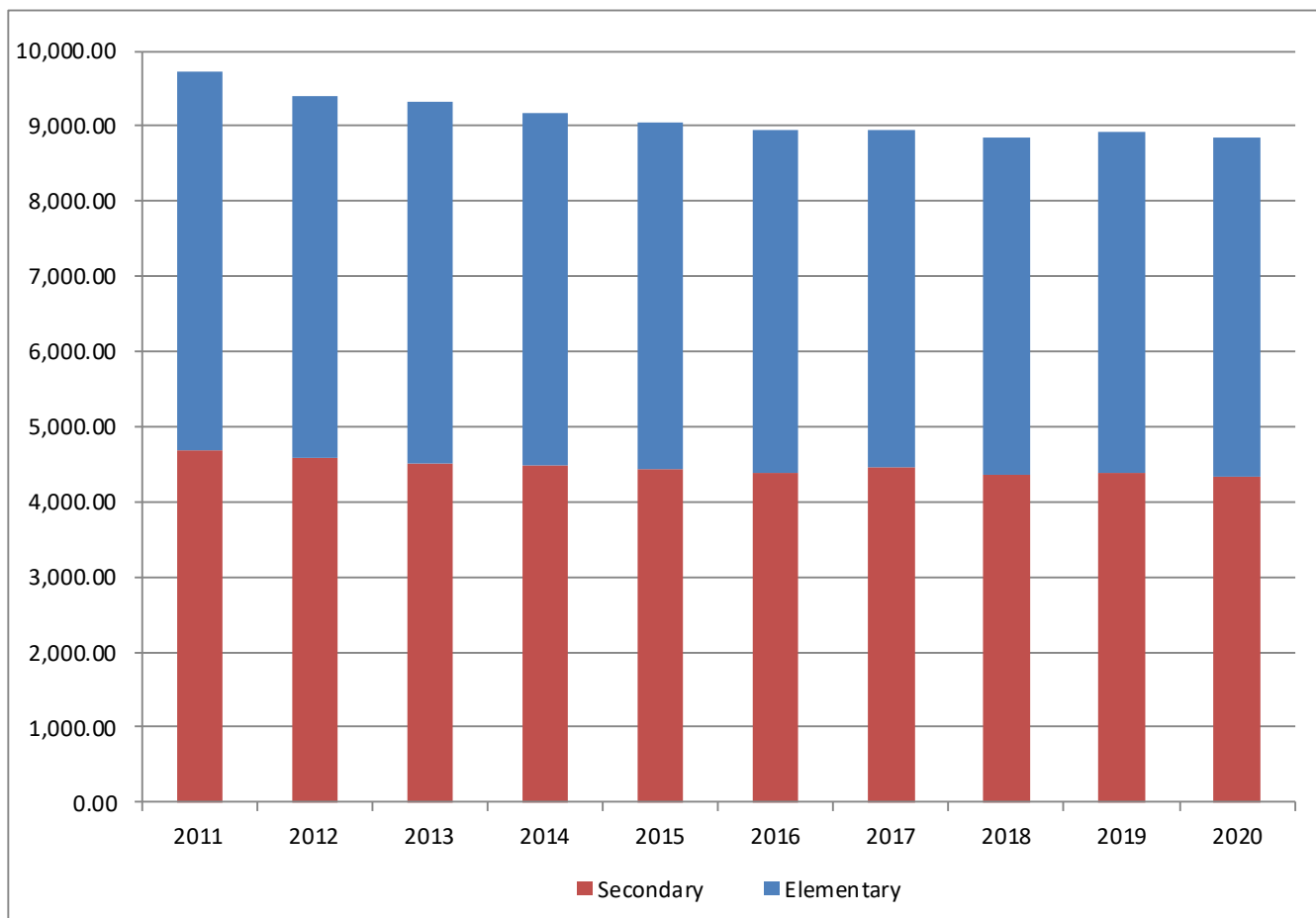
ENROLLMENT

Enrollment is a critical factor in determining funding levels. Approximately 66 percent of the General Fund revenue is enrollment driven. During fiscal year 2020, enrollment decreased 70 average daily memberships to 8,846.

Student Enrollment (Average Daily Membership)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pre-K and HCP-K	85.34	89.25	106.10	104.31	123.38	126.05	116.98	121.66	154.09	137.00
Reg K	663.98	578.66	629.48	560.27	595.08	561.73	561.06	564.94	560.81	583.72
Elementary	4,270.65	4,150.02	4,080.75	4,006.32	3,889.68	3,880.82	3,791.63	3,804.19	3,807.70	3,788.16
Secondary	4,694.38	4,593.11	4,500.90	4,492.37	4,445.20	4,380.66	4,466.26	4,350.39	4,393.78	4,337.57
Total Students for Aid	9,714.35	9,411.04	9,317.23	9,163.27	9,053.34	8,949.26	8,935.93	8,841.18	8,916.38	8,846.45
Percent Change	-0.89%	-3.12%	-1.00%	-1.65%	-1.20%	-1.15%	-0.15%	-1.06%	0.85%	-0.78%

Student Enrollment (Average Daily Membership)



The continued graduation of comparably large student cohorts coupled with smaller incoming kindergarten cohorts led to a 1.0 percent decline in enrollment over the past three years. While the District experienced a small enrollment gain in fiscal year 2019, that trend did not continue into fiscal year 2020 and we expect a similar decline into the future. 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 13,000 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 Association of School Business Officials (ASBO) International and the Government Finance Officers Association (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 20 financial years and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past six years.

ACKNOWLEDGMENTS

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

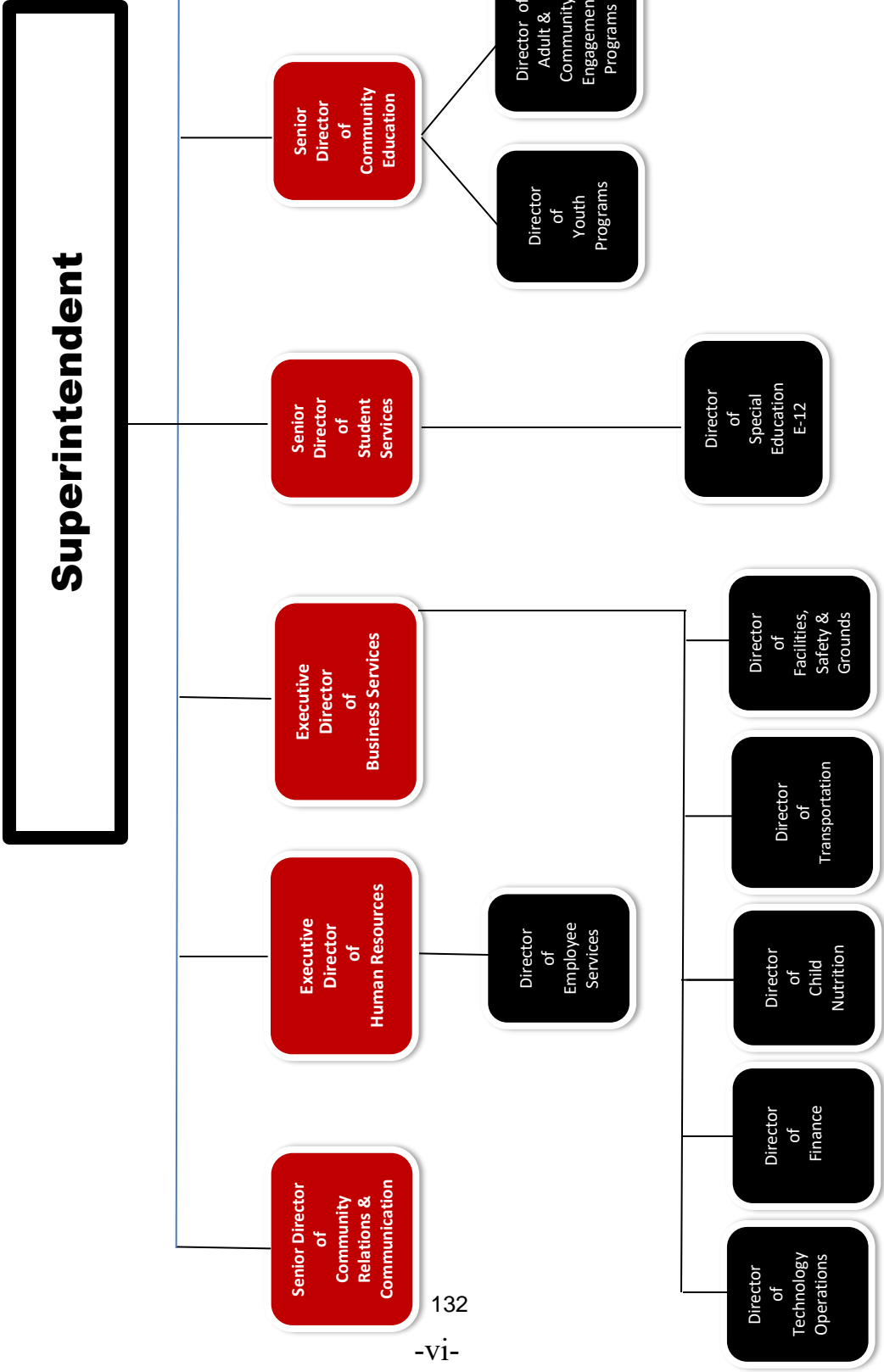
Sincerely,



Dr. Josh Swanson
Superintendent



Jason Mutzenberger
Executive Director of Business Services



INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

	<u>Board Position</u>
Elaine Larabee	Chairperson
Adam Seidel	Vice Chairperson
Aaron Casper	Treasurer
Debjyoti “DD” Dwivedy	Clerk
Holly Link	Director
Veronica Stoltz	Director
Terri Swartout	Director

ADMINISTRATION

Dr. Joshua Swanson	Superintendent
Dr. Stacie Stanley	Associate Superintendent of Academics and Innovation
Jason Mutzenberger	Executive Director of Business Services
Thomas May	Executive Director of Human Resources
Dr. Shawn Hoffman-Bram	Senior Director of Community Education
Michelle Ament	Senior Director of Personalized Learning
Dr. Christina Bemboom	Senior Director of Student Support Services
Brett Johnson	Senior Director of Community Relations and Communication



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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
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, 2019

Christopher P. Morill

Executive Director/CEO

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SECTION II – FINANCIAL SECTION

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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, 2020, 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, 2020, and 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. 84, *Fiduciary Activities*, during the year ended June 30, 2020. 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 2019 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 13, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 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 11, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 11, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 272

Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020. 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, 2020 by \$53,268,266 (net position deficit). The District's total net position decreased by \$7,365,518 during the fiscal year ended June 30, 2020, excluding the change in accounting principle 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. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reports certain fiduciary activities and student activities that were not previously reported within the District's reporting entity. The implementation of this standard increased beginning net position in the government-wide financial statements and beginning fund balance in the General Fund by \$91,367.
- Government-wide expenses totaled \$156,277,894 and were \$7,365,518 more than revenues of \$148,912,376.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1,747,786 over the prior year, compared to a \$315,870 decrease planned in the budget, excluding the change in accounting principle discussed above.

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 combining and 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 financial 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 financial 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 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, 2020 and 2019		
	2020	2019
Assets		
Current and other assets	\$ 138,441,984	\$ 102,403,642
Capital assets, net of depreciation	97,393,207	94,565,500
Total assets	\$ 235,835,191	\$ 196,969,142
Deferred outflows of resources		
Pension plan deferments	\$ 62,880,095	\$ 94,275,892
OPEB plan deferments	311,987	136,698
Total deferred outflows of resources	\$ 63,192,082	\$ 94,412,590
Liabilities		
Current and other liabilities	\$ 18,078,601	\$ 15,547,892
Long-term liabilities, including due within one year	184,730,059	149,640,226
Total liabilities	\$ 202,808,660	\$ 165,188,118
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 44,186,789	\$ 42,436,019
Pension plan deferments	101,927,977	125,462,651
OPEB plan deferments	3,372,113	4,289,059
Total deferred inflows of resources	\$ 149,486,879	\$ 172,187,729
Net position		
Net investment in capital assets	\$ 36,712,713	\$ 38,506,213
Restricted	1,886,182	3,450,332
Unrestricted	(91,867,161)	(87,950,660)
Total net position	\$ (53,268,266)	\$ (45,994,115)

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 are the long-term liabilities for compensated absences, pensions, and other post-employment benefits, which primarily impacts the unrestricted portion of net position.

Total net position decreased by \$7,365,518 excluding the change in accounting principle previously discussed. Much of the decrease is attributable to the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. The decrease in net position restricted for capital asset acquisition, food service, community service, and debt service contributed to the change in this portion of net position.

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, 2020 and 2019		
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 8,584,449	\$ 10,708,599
Operating grants and contributions	22,112,519	20,140,103
Capital grants and contributions	1,123,755	1,194,380
General revenues		
Property taxes	46,357,703	45,055,788
General grants and aids	67,105,133	61,010,762
Other	3,628,817	3,848,018
Total revenues	<u>148,912,376</u>	<u>141,957,650</u>
Expenses		
Administration	3,949,663	2,852,678
District support services	6,472,025	6,583,609
Elementary and secondary regular instruction	65,891,819	37,173,654
Vocational education instruction	2,852,493	2,020,289
Special education instruction	21,849,529	14,259,908
Instructional support services	10,049,498	7,114,901
Pupil support services	9,856,855	8,559,073
Sites and buildings	18,815,863	15,317,919
Fiscal and other fixed cost programs	391,759	476,818
Food service	4,722,595	4,917,671
Community service	7,941,070	7,449,706
Interest and fiscal charges	3,484,725	2,011,137
Total expenses	<u>156,277,894</u>	<u>108,737,363</u>
Change in net position	(7,365,518)	33,220,287
Net position – beginning, as previously reported	(45,994,115)	(79,214,402)
Change in accounting principle	91,367	–
Net position – beginning, as restated	<u>(45,902,748)</u>	<u>(79,214,402)</u>
Net position – ending	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>

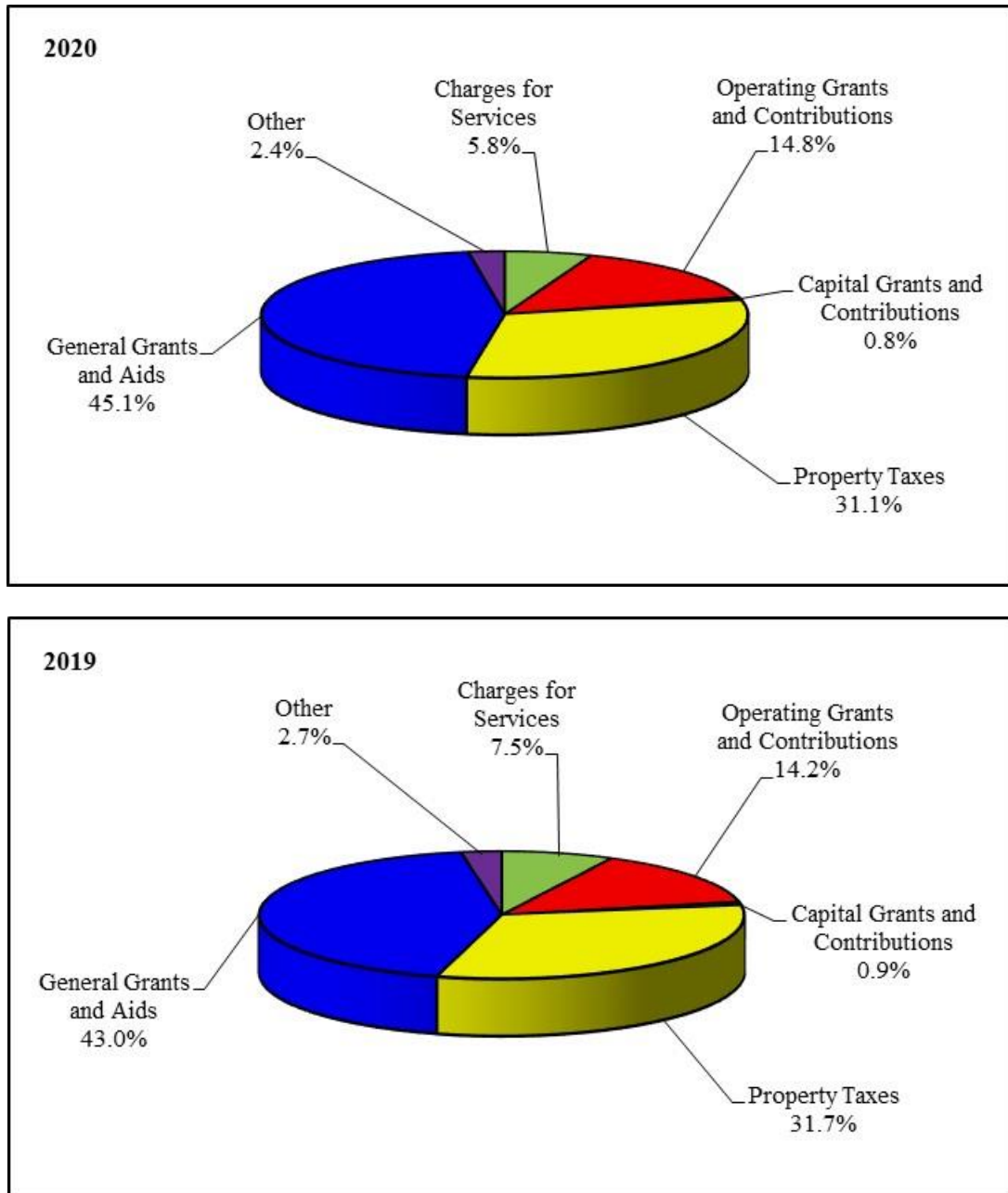
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$6,954,726 (4.9 percent) from the previous year, primarily attributable to increases in revenues from property taxes and improvements in the general education and special education funding.

Governmental activity expenses increased \$47,540,531 (43.7 percent) from last year, mainly due to the change in the PERA and the TRA multiple-employer defined benefit pension plans impacting functional areas based on salary and benefit levels.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2020 and 2019



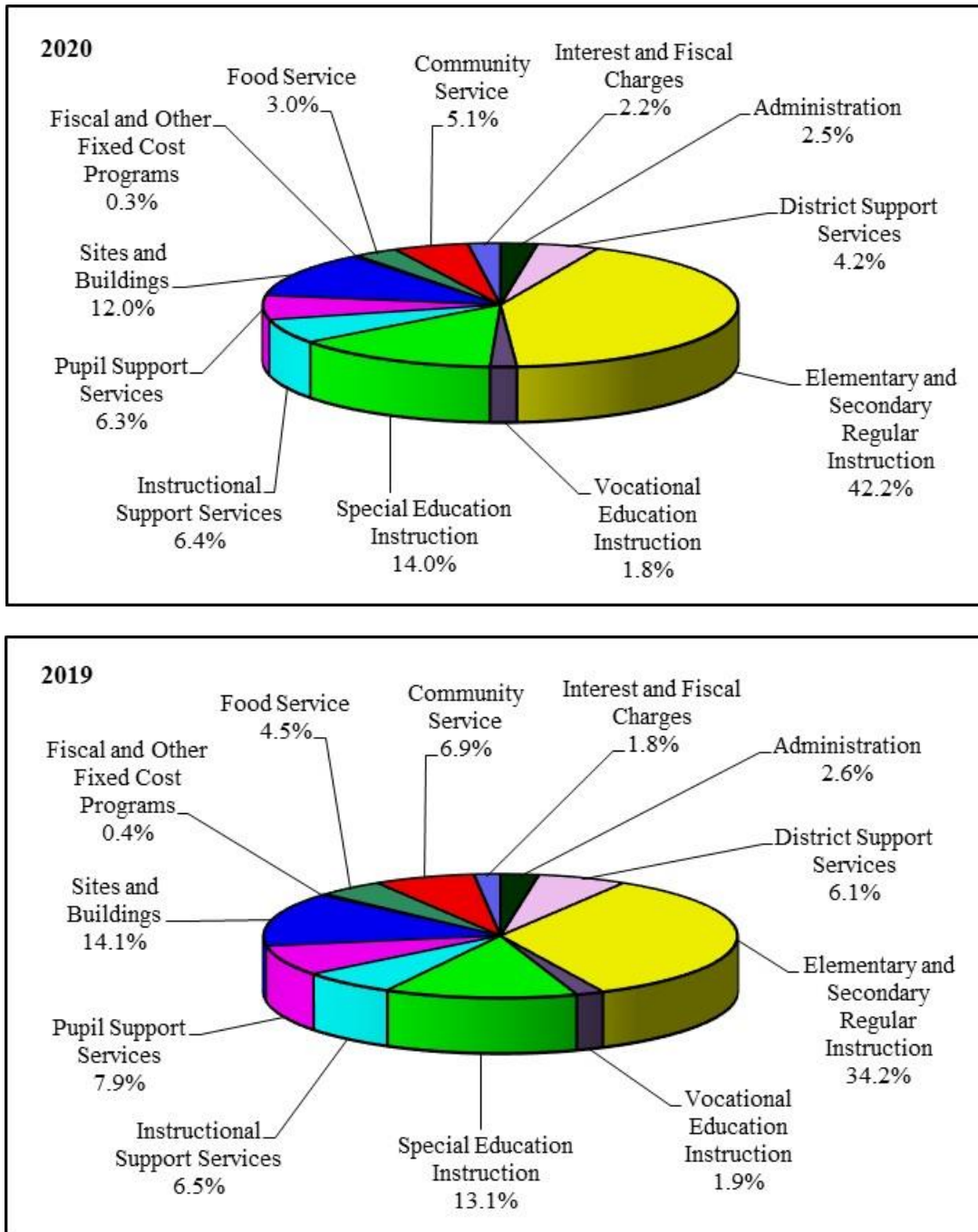
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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.

Charges for services were down from the prior year directly related to the COVID-19 pandemic beginning in March through the end of the fiscal year.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2020 and 2019



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.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above was attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

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, 2020 and 2019			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Major funds			
General	\$ 23,497,314	\$ 21,658,161	\$ 1,839,153
Food Service	292,653	676,389	(383,736)
Community Service	(138,197)	516,454	(654,651)
Capital Projects – Building			
Construction	38,765,065	9,569,553	29,195,512
Debt Service	<u>1,421,253</u>	<u>1,722,807</u>	<u>(301,554)</u>
Total governmental funds	<u>\$ 63,838,088</u>	<u>\$ 34,143,364</u>	<u>\$ 29,694,724</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, 2020, the District's governmental funds reported combined fund balances of \$63,838,088, an increase of \$29,694,724 in comparison with the prior year. Approximately 26.7 percent of this amount (\$17,048,987) 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 (\$687,354), 2) restricted for particular purposes (\$41,781,365), or 3) assigned for particular purposes (\$4,320,382). The majority of the increase was the result of the District issuing the 2019B General Obligation School Building Bonds to finance the acquisition and betterment of school sites and facilities.

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>Change</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 126,136,636</u>	<u>\$ 127,277,978</u>	<u>\$ 1,141,342</u>	<u>0.9%</u>
Expenditures and other financing uses	<u>\$ 126,562,178</u>	<u>\$ 127,593,848</u>	<u>\$ 1,031,670</u>	<u>0.8%</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>2020 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 132,022,592	\$ 4,744,614	3.7%	\$ 7,688,853	6.2%
Expenditures and other financing uses	<u>130,274,806</u>	<u>2,680,958</u>	2.1%	<u>7,312,752</u>	5.9%
Net change in fund balances	<u>\$ 1,747,786</u>	<u>\$ 2,063,656</u>		<u>\$ 376,101</u>	

The fund balance of the General Fund increased \$1,747,786, compared to a planned decrease of \$315,870 approved in the final budget. As previously discussed, the District reported a change in accounting principle that increased beginning fund balance by \$91,367.

General Fund revenues and other financing sources for 2020 increased \$7,688,853 (6.2 percent), compared to the prior year, and were \$4,744,614 (3.7 percent) more than budget. The largest revenue variance occurred in other financing sources (capital lease issued), which was \$3,354,150 more than projected in the budget. Favorable variances in special education and general education funding sources also contributed to revenues surpassing budget.

The increase from the prior year was mainly due to the capital lease issued, improvements in the general education funding formula, additional special education revenue, and more property tax revenue as approved with the annual levy.

Total General Fund expenditures and other financing uses for 2020 increased \$7,312,752 (5.9 percent) from the prior year. Current year expenditures and other financing uses of \$130,274,806 were \$2,680,958 (2.1 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 the additional expenditures related to capital projects and contractual salary increases.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing total fund balance by \$383,736, compared to a budgeted fund balance decrease of \$63,382. This variance was due to a decrease in meal sales that was not anticipated in the budget, as a result of the COVID-19 pandemic.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources by \$654,651, compared to a planned fund balance increase of \$170,586. This variance was due to less program participation, caused by the COVID-19 pandemic.

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, 2020, the District had a fund balance of \$5,417,938 restricted for long-term facilities maintenance and \$33,347,127 restricted for capital projects. Fund balance increased \$29,195,512 during the year, due to the issuance of bonds to finance the acquisition and betterment of school sites and facilities.

Debt Service Fund

The Debt Service Fund expenditures exceeded revenues and other financing sources by \$301,554 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 \$1,421,253 at June 30, 2020 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, 2020 was \$6,757,112, which represents a \$2,895,198 increase from the prior year. This was mainly due to more employees enrolling in the health insurance plans, a decrease in the health and dental benefit claims, due to COVID-19 and an increase in the health insurance premiums charged to the governmental funds in the current year.

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, 2020 and 2019:

Table 6 Capital Assets			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 6,774,893	\$ 6,774,893	\$ —
Construction in progress	7,472,665	2,908,007	4,564,658
Land improvements	10,722,413	9,881,519	840,894
Buildings and improvements	210,121,243	207,602,551	2,518,692
Equipment	26,342,058	25,003,366	1,338,692
Capital leased equipment	—	6,443,694	(6,443,694)
Less accumulated depreciation	<u>(164,040,065)</u>	<u>(164,048,530)</u>	<u>8,465</u>
Total	<u>\$ 97,393,207</u>	<u>\$ 94,565,500</u>	<u>\$ 2,827,707</u>
Depreciation expense	<u>\$ 7,087,318</u>	<u>\$ 7,879,929</u>	<u>\$ (792,611)</u>

By the end of 2020, 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 2020, 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			
	2020	2019	Change
General obligation bonds payable	\$ 95,585,000	\$ 63,630,000	\$ 31,955,000
Unamortized premiums/discount	3,860,559	1,239,056	2,621,503
Capital lease payable	2,504,636	759,784	1,744,852
Net pension liability	82,133,073	83,245,781	(1,112,708)
Compensated absences payable	646,791	765,605	(118,814)
Total	<u>\$ 184,730,059</u>	<u>\$ 149,640,226</u>	<u>\$ 35,089,833</u>

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

The increase in capital lease payable is due to the scheduled principal payments offset by the issuance of two technology equipment capital leases during fiscal year 2020.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

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	\$ 10,466,990,100
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,570,048,515</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 \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

The COVID-19 pandemic has impacted how the District provides instruction. The District completed the 2019–2020 school year with distance learning. Increased expenditures for personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	\$ 93,112,960	\$ 57,544,426
Receivables		
Current taxes	25,008,696	23,185,762
Delinquent taxes	444,658	380,856
Accounts and interest	1,064,806	521,769
Due from other governmental units	11,215,670	11,226,743
Due from post-employment benefit trust	364,518	702,747
Inventory	180,119	118,178
Prepaid items	507,235	1,726,520
Net OPEB asset	6,543,322	6,996,641
Capital assets		
Not depreciated	14,247,558	9,682,900
Depreciated, net of accumulated depreciation	83,145,649	84,882,600
Total capital assets, net of accumulated depreciation	<u>97,393,207</u>	<u>94,565,500</u>
Total assets	235,835,191	196,969,142
Deferred outflows of resources		
Pension plan deferments	62,880,095	94,275,892
OPEB plan deferments	311,987	136,698
Total deferred outflows of resources	<u>63,192,082</u>	<u>94,412,590</u>
Total assets and deferred outflows of resources	<u>\$ 299,027,273</u>	<u>\$ 291,381,732</u>
Liabilities		
Salaries payable	\$ 5,293,409	\$ 5,225,267
Accounts and contracts payable	7,784,203	5,992,564
Accrued interest payable	1,406,586	963,044
Due to other governmental units	944,015	622,339
Claims payable	720,000	689,614
Unearned revenue	1,930,388	2,055,064
Long-term liabilities		
Due within one year	7,240,966	6,740,402
Due in more than one year	177,489,093	142,899,824
Total long-term liabilities	<u>184,730,059</u>	<u>149,640,226</u>
Total liabilities	202,808,660	165,188,118
Deferred inflows of resources		
Property taxes levied for subsequent year	44,186,789	42,436,019
Pension plan deferments	101,927,977	125,462,651
OPEB plan deferments	3,372,113	4,289,059
Total deferred inflows of resources	<u>149,486,879</u>	<u>172,187,729</u>
Net position		
Net investment in capital assets	36,712,713	38,506,213
Restricted for		
Capital asset acquisition	919,564	1,120,157
Food service	292,653	676,389
Community service	30,238	525,422
Debt service	101,512	844,841
Other purposes (state and other funding restrictions)	542,215	283,523
Unrestricted	(91,867,161)	(87,950,660)
Total net position	<u>(53,268,266)</u>	<u>(45,994,115)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 299,027,273</u>	<u>\$ 291,381,732</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Activities
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

		2020		
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 3,949,663	\$ —	\$ —	\$ —
District support services	6,472,025	—	—	—
Elementary and secondary regular instruction	65,891,819	908,656	4,459,955	—
Vocational education instruction	2,852,493	—	—	—
Special education instruction	21,849,529	184,457	14,054,638	—
Instructional support services	10,049,498	—	—	—
Pupil support services	9,856,855	79,691	628,224	—
Sites and buildings	18,815,863	141,160	—	1,123,755
Fiscal and other fixed cost programs	391,759	—	—	—
Food service	4,722,595	2,376,776	1,903,063	—
Community service	7,941,070	4,893,709	1,066,639	—
Interest and fiscal charges	3,484,725	—	—	—
Total governmental activities	<u>\$ 156,277,894</u>	<u>\$ 8,584,449</u>	<u>\$ 22,112,519</u>	<u>\$ 1,123,755</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				

	2019
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (3,949,663)	\$ (2,852,678)
(6,472,025)	(6,583,609)
(60,523,208)	(32,540,640)
(2,852,493)	(2,017,289)
(7,610,434)	(959,685)
(10,049,498)	(7,114,901)
(9,148,940)	(7,470,711)
(17,550,948)	(14,042,882)
(391,759)	(476,818)
(442,756)	8,138
(1,980,722)	(632,069)
(3,484,725)	(2,011,137)
(124,457,171)	(76,694,281)
37,483,741	35,330,344
974,111	836,313
7,899,851	8,889,131
67,105,133	61,010,762
2,066,406	2,905,552
1,562,411	942,466
117,091,653	109,914,568
(7,365,518)	33,220,287
(45,994,115)	(79,214,402)
91,367	—
(45,902,748)	(79,214,402)
\$ (53,268,266)	\$ (45,994,115)

INDEPENDENT SCHOOL DISTRICT NO. 272

Balance Sheet
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Assets			
Cash and temporary investments	\$ 35,928,514	\$ 216,959	\$ 759,789
Receivables			
Current taxes	19,192,112	—	555,746
Delinquent taxes	348,309	—	9,504
Accounts and interest	432,757	4,300	113,609
Due from other governmental units	10,879,017	246,159	90,059
Due from other funds	364,518	—	—
Inventory	—	180,119	—
Prepaid items	507,235	—	—
	<u>\$ 67,652,462</u>	<u>\$ 647,537</u>	<u>\$ 1,528,707</u>
Liabilities			
Salaries payable	\$ 5,178,014	\$ 18,300	\$ 97,095
Accounts and contracts payable	4,708,696	16,340	59,641
Due to other governmental units	937,650	—	6,365
Unearned revenue	8,200	320,244	423,001
Total liabilities	10,832,560	354,884	586,102
Deferred inflows of resources			
Property taxes levied for subsequent year	32,974,279	—	1,071,298
Unavailable revenue – delinquent taxes	348,309	—	9,504
Total deferred inflows of resources	33,322,588	—	1,080,802
Fund balances (deficit)			
Nonspendable	507,235	180,119	—
Restricted	1,461,779	112,534	20,734
Assigned	4,320,382	—	—
Unassigned	17,207,918	—	(158,931)
Total fund balances (deficit)	23,497,314	292,653	(138,197)
	<u>\$ 67,652,462</u>	<u>\$ 647,537</u>	<u>\$ 1,528,707</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 67,652,462</u>	<u>\$ 647,537</u>	<u>\$ 1,528,707</u>

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2020	2019
\$ 41,272,301	\$ 6,279,342	\$ 84,456,905	\$ 51,842,818
–	5,260,838	25,008,696	23,185,762
–	86,845	444,658	380,856
491,960	22,180	1,064,806	521,769
330	105	11,215,670	11,226,743
–	–	364,518	702,747
–	–	180,119	118,178
–	–	507,235	1,726,520
<u>\$ 41,764,591</u>	<u>\$ 11,649,310</u>	<u>\$ 123,242,607</u>	<u>\$ 89,705,393</u>
\$ –	\$ –	\$ 5,293,409	\$ 5,225,267
2,999,526	–	7,784,203	5,992,564
–	–	944,015	622,339
–	–	751,445	904,984
<u>2,999,526</u>	<u>–</u>	<u>14,773,072</u>	<u>12,745,154</u>
–	10,141,212	44,186,789	42,436,019
–	86,845	444,658	380,856
<u>–</u>	<u>10,228,057</u>	<u>44,631,447</u>	<u>42,816,875</u>
–	–	687,354	1,844,698
38,765,065	1,421,253	41,781,365	13,720,475
–	–	4,320,382	2,826,715
–	–	17,048,987	15,751,476
<u>38,765,065</u>	<u>1,421,253</u>	<u>63,838,088</u>	<u>34,143,364</u>
<u>\$ 41,764,591</u>	<u>\$ 11,649,310</u>	<u>\$ 123,242,607</u>	<u>\$ 89,705,393</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	2020	2019
Total fund balances – governmental funds	\$ 63,838,088	\$ 34,143,364
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	261,433,272	258,614,030
Accumulated depreciation	(164,040,065)	(164,048,530)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(95,585,000)	(63,630,000)
Unamortized premiums/discount	(3,860,559)	(1,239,056)
Capital lease payable	(2,504,636)	(759,784)
Net pension liability	(82,133,073)	(83,245,781)
Compensated absences payable	(646,791)	(765,605)
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.	6,543,322	6,996,641
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.	6,757,112	3,861,914
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,406,586)	(963,044)
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 of resources – pension plan deferments	62,880,095	94,275,892
Deferred outflows of resources – OPEB plan deferments	311,987	136,698
Deferred inflows of resources – pension plan deferments	(101,927,977)	(125,462,651)
Deferred inflows of resources – OPEB plan deferments	(3,372,113)	(4,289,059)
Deferred inflows of resources – unavailable revenue – delinquent taxes	444,658	380,856
Total net position – governmental activities	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Revenue			
Local sources			
Property taxes	\$ 37,422,242	\$ —	\$ 973,575
Investment earnings	525,670	9,182	8,539
Other	3,266,691	2,443,691	5,175,059
State sources	84,435,867	150,562	811,669
Federal sources	2,907,049	1,752,503	21,757
Total revenue	<u>128,557,519</u>	<u>4,355,938</u>	<u>6,990,599</u>
Expenditures			
Current			
Administration	3,866,118	—	—
District support services	6,382,404	—	—
Elementary and secondary regular instruction	60,587,905	—	—
Vocational education instruction	2,768,252	—	—
Special education instruction	21,280,844	—	—
Instructional support services	9,872,363	—	—
Pupil support services	10,051,078	—	—
Sites and buildings	13,242,276	—	—
Fiscal and other fixed cost programs	391,759	—	—
Food service	—	4,668,771	—
Community service	—	—	7,866,888
Capital outlay	—	70,903	—
Debt service			
Principal	1,609,298	—	—
Interest and fiscal charges	871	—	—
Total expenditures	<u>130,053,168</u>	<u>4,739,674</u>	<u>7,866,888</u>
Excess (deficiency) of revenue over expenditures	(1,495,649)	(383,736)	(876,289)
Other financing sources (uses)			
Capital lease issued	3,354,150	—	—
Debt issued	—	—	—
Refunding debt issued	—	—	—
Premium on debt issued	—	—	—
(Discount) on debt issued	—	—	—
Payment on refunded debt	—	—	—
Sale of capital assets	110,923	—	—
Transfers in	—	—	221,638
Transfers (out)	(221,638)	—	—
Total other financing sources (uses)	<u>3,243,435</u>	<u>—</u>	<u>221,638</u>
Net change in fund balances	1,747,786	(383,736)	(654,651)
Fund balances (deficit)			
Beginning of year, as previously reported	21,658,161	676,389	516,454
Change in accounting principle	91,367	—	—
Beginning of year, as restated	<u>21,749,528</u>	<u>676,389</u>	<u>516,454</u>
End of year	<u>\$ 23,497,314</u>	<u>\$ 292,653</u>	<u>\$ (138,197)</u>

See notes to basic financial statements

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2020	2019
\$ –	\$ 7,898,084	\$ 46,293,901	\$ 45,070,839
897,162	56,752	1,497,305	873,891
6,438	–	10,891,879	13,820,831
–	1,045	85,399,143	82,421,906
–	–	4,681,309	4,094,548
<u>903,600</u>	<u>7,955,881</u>	<u>148,763,537</u>	<u>146,282,015</u>
–	–	3,866,118	3,821,305
–	–	6,382,404	6,614,803
–	–	60,587,905	55,929,788
–	–	2,768,252	2,621,806
–	–	21,280,844	20,817,558
–	–	9,872,363	8,816,341
–	–	10,051,078	10,058,348
–	–	13,242,276	11,583,684
–	–	391,759	476,818
–	–	4,668,771	4,999,856
–	–	7,866,888	8,082,430
11,501,714	–	11,572,617	5,873,791
–	5,810,000	7,419,298	8,317,049
435,957	2,996,087	3,432,915	2,401,758
<u>11,937,671</u>	<u>8,806,087</u>	<u>163,403,488</u>	<u>150,415,335</u>
(11,034,071)	(850,206)	(14,639,951)	(4,133,320)
–	–	3,354,150	–
37,216,348	548,652	37,765,000	9,995,000
–	–	–	8,410,000
3,013,235	–	3,013,235	575,432
–	–	–	(25,421)
–	–	–	(8,960,000)
–	–	110,923	23,800
–	–	221,638	151,257
–	–	(221,638)	(151,257)
<u>40,229,583</u>	<u>548,652</u>	<u>44,243,308</u>	<u>10,018,811</u>
29,195,512	(301,554)	29,603,357	5,885,491
9,569,553	1,722,807	34,143,364	28,257,873
–	–	91,367	–
<u>9,569,553</u>	<u>1,722,807</u>	<u>34,234,731</u>	<u>28,257,873</u>
<u>\$ 38,765,065</u>	<u>\$ 1,421,253</u>	<u>\$ 63,838,088</u>	<u>\$ 34,143,364</u>

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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, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Total net change in fund balances – governmental funds	\$ 29,603,357	\$ 5,885,491
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	9,915,025	5,713,112
Depreciation expense	(7,087,318)	(7,879,929)
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.	–	(23,800)
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	(37,765,000)	(9,995,000)
Refunding bonds payable	–	(8,410,000)
Capital lease payable	(3,354,150)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,810,000	15,420,000
Capital lease payable	1,609,298	1,857,049
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.	(443,542)	(19,974)
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.	(2,621,503)	(139,416)
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	1,112,708	142,373,818
Net OPEB asset	(453,319)	4,134,366
Compensated absences payable	118,814	79,642
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.	2,895,198	1,966,461
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 of resources – pension plan deferments	(31,395,797)	(31,892,533)
Deferred outflows of resources – OPEB plan deferments	175,289	136,698
Deferred inflows of resources – pension plan deferments	23,534,674	(82,335,773)
Deferred inflows of resources – OPEB plan deferments	916,946	(3,634,874)
Deferred inflows of resources – unavailable revenue – delinquent taxes	<u>63,802</u>	<u>(15,051)</u>
Change in net position – governmental activities	<u>\$ (7,365,518)</u>	<u>\$ 33,220,287</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	\$ 38,105,700	\$ 38,105,700	\$ 37,422,242	\$ (683,458)
Investment earnings	300,000	300,000	525,670	225,670
Other	3,992,800	3,992,800	3,266,691	(726,109)
State sources	81,090,583	82,631,925	84,435,867	1,803,942
Federal sources	2,647,553	2,247,553	2,907,049	659,496
Total revenue	<u>126,136,636</u>	<u>127,277,978</u>	<u>128,557,519</u>	<u>1,279,541</u>
Expenditures				
Current				
Administration	3,862,714	3,863,226	3,866,118	2,892
District support services	6,837,022	6,903,870	6,382,404	(521,466)
Elementary and secondary regular instruction	58,628,905	58,469,444	60,587,905	2,118,461
Vocational education instruction	1,989,634	2,054,919	2,768,252	713,333
Special education instruction	21,081,624	21,413,349	21,280,844	(132,505)
Instructional support services	9,217,370	9,925,304	9,872,363	(52,941)
Pupil support services	10,157,452	10,405,840	10,051,078	(354,762)
Sites and buildings	13,208,618	12,953,768	13,242,276	288,508
Fiscal and other fixed cost programs	350,000	390,000	391,759	1,759
Debt service				
Principal	1,033,067	1,033,067	1,609,298	576,231
Interest and fiscal charges	2,586	2,586	871	(1,715)
Total expenditures	<u>126,368,992</u>	<u>127,415,373</u>	<u>130,053,168</u>	<u>2,637,795</u>
Excess (deficiency) of revenue over expenditures	(232,356)	(137,395)	(1,495,649)	(1,358,254)
Other financing sources (uses)				
Capital lease issued	—	—	3,354,150	3,354,150
Sale of capital assets	—	—	110,923	110,923
Transfers (out)	(193,186)	(178,475)	(221,638)	(43,163)
Total other financing sources (uses)	<u>(193,186)</u>	<u>(178,475)</u>	<u>3,243,435</u>	<u>3,421,910</u>
Net change in fund balances	<u>\$ (425,542)</u>	<u>\$ (315,870)</u>	<u>1,747,786</u>	<u>\$ 2,063,656</u>
Fund balances				
Beginning of year, as previously reported			21,658,161	
Change in accounting principle			91,367	
Beginning of year, as restated			<u>21,749,528</u>	
End of year			<u>\$ 23,497,314</u>	

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 Special Revenue Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Investment earnings	\$ 12,000	\$ 12,000	\$ 9,182	\$ (2,818)
Other – primarily meal sales	3,512,083	3,512,083	2,443,691	(1,068,392)
State sources	172,425	172,425	150,562	(21,863)
Federal sources	1,301,750	1,301,750	1,752,503	450,753
Total revenue	4,998,258	4,998,258	4,355,938	(642,320)
Expenditures				
Current				
Salaries	1,933,735	1,933,735	2,101,043	167,308
Employee benefits	756,205	756,205	757,969	1,764
Purchased services	261,300	261,300	196,937	(64,363)
Supplies and materials	2,030,400	2,030,400	1,607,992	(422,408)
Other expenditures	5,000	5,000	4,830	(170)
Capital outlay	75,000	75,000	70,903	(4,097)
Total expenditures	5,061,640	5,061,640	4,739,674	(321,966)
Net change in fund balances	\$ (63,382)	\$ (63,382)	(383,736)	\$ (320,354)
Fund balances				
Beginning of year			676,389	
End of year			\$ 292,653	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Community Service Special Revenue Fund
Year Ended June 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	\$ 1,047,397	\$ 1,047,397	\$ 973,575	\$ (73,822)
Investment earnings	18,000	18,000	8,539	(9,461)
Other – primarily tuition and fees	6,049,150	6,049,150	5,175,059	(874,091)
State sources	747,509	747,509	811,669	64,160
Federal sources	–	–	21,757	21,757
Total revenue	7,862,056	7,862,056	6,990,599	(871,457)
Expenditures				
Current				
Salaries	4,753,975	4,753,975	5,043,358	289,383
Employee benefits	1,463,990	1,463,990	1,501,339	37,349
Purchased services	1,261,805	1,261,805	1,129,966	(131,839)
Supplies and materials	331,900	331,900	182,576	(149,324)
Other expenditures	27,200	27,200	9,649	(17,551)
Capital outlay	2,600	2,600	–	(2,600)
Total expenditures	7,841,470	7,841,470	7,866,888	25,418
Excess (deficiency) of revenue over expenditures	20,586	20,586	(876,289)	(896,875)
Other financing sources				
Transfers in	150,000	150,000	221,638	71,638
Net change in fund balances	\$ 170,586	\$ 170,586	(654,651)	\$ (825,237)
Fund balances (deficit)				
Beginning of year			516,454	
End of year			\$ (138,197)	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
Internal Service Fund
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 8,656,055	\$ 5,701,608
Liabilities		
Current liabilities		
Unearned revenue	1,178,943	1,150,080
Claims payable	<u>720,000</u>	<u>689,614</u>
Total current liabilities	<u>1,898,943</u>	<u>1,839,694</u>
Net position		
Unrestricted	<u>\$ 6,757,112</u>	<u>\$ 3,861,914</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 14,732,160	\$ 14,260,761
Operating expenses		
Health benefit claims	10,820,462	11,107,103
Dental benefit claims	<u>1,081,606</u>	<u>1,255,772</u>
Total operating expenses	<u>11,902,068</u>	<u>12,362,875</u>
Operating income	2,830,092	1,897,886
Nonoperating revenue		
Investment earnings	<u>65,106</u>	<u>68,575</u>
Change in net position	2,895,198	1,966,461
Net position		
Beginning of year	<u>3,861,914</u>	<u>1,895,453</u>
End of year	<u><u>\$ 6,757,112</u></u>	<u><u>\$ 3,861,914</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 14,761,023	\$ 14,398,711
Payment for health claims	(10,775,462)	(10,928,103)
Payment for dental claims	(1,096,220)	(1,249,862)
Net cash flows from operating activities	<u>2,889,341</u>	<u>2,220,746</u>
Cash flows from investing activities		
Investment income received	<u>65,106</u>	<u>68,575</u>
Net change in cash and cash equivalents	2,954,447	2,289,321
Cash and cash equivalents		
Beginning of year	<u>5,701,608</u>	<u>3,412,287</u>
End of year	<u><u>\$ 8,656,055</u></u>	<u><u>\$ 5,701,608</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 2,830,092	\$ 1,897,886
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Unearned revenue	28,863	137,950
Claims payable	<u>30,386</u>	<u>184,910</u>
Net cash flows from operating activities	<u><u>\$ 2,889,341</u></u>	<u><u>\$ 2,220,746</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position
as of June 30, 2020

	Custodial Fund	Post-Employment Benefits Trust Fund
Assets		
Receivables		
Accounts and interest	\$ —	\$ 32,257
Investments, at fair value		
Treasury securities	—	1,700,940
Corporate obligations	—	2,960,804
Equities	—	4,483,317
Real estate investment trusts	—	72,352
Mutual funds	—	7,951,045
Total assets	—	17,200,715
Liabilities		
Due to governmental funds	—	364,518
Net position		
Restricted for OPEB	\$ —	\$ 16,836,197

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Custodial Fund	Post-Employment Benefits Trust Fund
Additions		
Contributions		
Miscellaneous	\$ 835	\$ —
Investment earnings		
Total investment earnings	—	838,189
Less investment expense	—	128,754
Net investment earnings	—	709,435
Total additions	835	709,435
Deductions		
Miscellaneous	835	—
OPEB	—	364,518
Total deductions	835	364,518
Change in net position	—	344,917
Net position		
Beginning of year	—	16,491,280
End of year	\$ —	\$ 16,836,197

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INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Basic Financial Statements June 30, 2020

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.

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. Transactions representing interfund services provided and used are not eliminated in the consolidation process to 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.

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 custodial. 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 (MDE). 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 debt service account is used for all general obligation bond debt service.

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

Custodial Fund – The Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to an organization, with no financial benefit to the District.

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets 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, 2020, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess
General	\$ 127,415,373	\$ 130,053,168	\$ 2,637,795
Community Service Special Revenue	\$ 7,841,470	\$ 7,866,888	\$ 25,418
Debt Service	\$ 8,804,937	\$ 8,806,087	\$ 1,150

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, 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 may also be 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, 2020, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 11,169,757
Due from other Minnesota school districts	40,405
Due from other governmental units	<u>5,508</u>
Total due from other governmental units	<u>\$ 11,215,670</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 \$4,021,907 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 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 governmental fund financial statements, 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, in the current period.

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 healthcare 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 net 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, multiple-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 2020.
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
2019	\$ 28,704	\$ 1,255,772	\$ 1,249,862	\$ 34,614
2020	\$ 34,614	\$ 1,081,606	\$ 1,096,220	\$ 20,000

Changes in the balance of health 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
2019	\$ 476,000	\$ 11,107,103	\$ 10,928,103	\$ 655,000
2020	\$ 655,000	\$ 10,820,462	\$ 10,775,462	\$ 700,000

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 economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, changes in proportion, 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, internal service funds, and fiduciary 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 the reported amounts and disclosures 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, 2019, 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, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the extracurricular student activity funds in the General Fund and its governmental activities, rather than excluding them from the reporting entity as it has in the past. The District also previously presented a trust fund for scholarship activity, which has also been combined into the General Fund and its governmental activities with the implementation of this new standard. The standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund and Net Position of Governmental Activities as of June 30, 2019. The restatement resulted in an increase in fund balance and net position of \$91,367 as of July 1, 2019.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 25,955,125
Investments	84,319,959
Cash on hand	<u>6,334</u>
Total	<u>\$ 110,281,418</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 93,112,960
Statement of Fiduciary Net Position	
Investments	
Employee benefit trust funds	<u>17,168,458</u>
Total	<u>\$ 110,281,418</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 \$25,955,125. At June 30, 2020, all deposits were fully covered by federal deposit 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			Fair Value Measurements Using	Interest Risk – Maturity Duration in Years					
	Credit Risk			No Maturity Date	Less Than 1	1 to 5	6 to 10	Total	
	Rating	Agency							
District investments									
U.S. agency securities	AA	S&P	Level 2	\$ –	\$ 1,021,988	\$ –	\$ –	\$ 1,021,988	
Negotiable certificates of deposit		Not rated	Level 2	\$ –	\$ 498,000	\$ 1,237,000	\$ –	\$ 1,735,000	
State and local bonds	AAA	S&P	Level 2	\$ –	\$ 450,000	\$ –	\$ –	\$ 450,000	
State and local bonds	AA	S&P	Level 2	\$ –	\$ 7,591,460	\$ –	\$ –	\$ 7,591,460	
State and local bonds	AA	Moody's	Level 2	\$ –	\$ 600,261	\$ –	\$ –	\$ 600,261	
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 34,609,999	\$ –	\$ –	\$ –	\$ 34,609,999	
MNTrust Term Series		Not rated	N/A	\$ –	\$ 16,500,000	\$ –	\$ –	\$ 16,500,000	
MNTrust Limited Term Duration	AAA	S&P	N/A	\$ 3,250,000	\$ –	\$ –	\$ –	\$ 3,250,000	
MSDLAF Liquid Class	AAA	S&P	N/A	\$ 1,392,793	\$ –	\$ –	\$ –	\$ 1,392,793	
OPEB trust investments									
U.S. treasury securities	N/A	N/A	Level 1	\$ –	\$ 251,260	\$ 1,449,680	\$ –	\$ 1,700,940	
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 110,381	\$ –	\$ 110,381	
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 152,662	\$ 161,167	\$ –	\$ 313,829	
Corporate obligations	A	S&P	Level 1	\$ –	\$ 378,752	\$ 662,306	\$ 154,957	\$ 1,196,015	
Corporate obligations	A	Moody's	Level 1	\$ –	\$ –	\$ 597,115	\$ –	\$ 597,115	
Corporate obligations	BAA	Moody's	Level 1	\$ –	\$ –	\$ 255,716	\$ –	\$ 255,716	
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ –	\$ 487,748	\$ –	\$ 487,748	
Equities		Not rated	Level 1	\$ 4,483,317	\$ –	\$ –	\$ –	\$ 4,483,317	
Real estate investment trusts		Not rated	Level 2	\$ 72,352	\$ –	\$ –	\$ –	\$ 72,352	
Investment pools/mutual funds		Not rated	Level 1	\$ 7,231,929	\$ –	\$ –	\$ –	\$ 7,231,929	
Real asset mutual funds		Not rated	Level 2	\$ 719,116	\$ –	\$ –	\$ –	\$ 719,116	
Total investments								\$ 84,319,959	

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 investments 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 the MSDLAF Liquid Class investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required. MNTrust Term Series are intended to be held until maturity; withdrawal prior to maturity will require seven days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

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 5.0 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. At June 30, 2020, the District’s investment portfolio includes Hawaii State (state and local bonds) at 5.4 percent of the total portfolio.

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, 2020 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 6,774,893	\$ –	\$ –	\$ –	\$ 6,774,893
Construction in progress	2,908,007	7,958,516	–	(3,393,858)	7,472,665
Total capital assets, not depreciated	9,682,900	7,958,516	–	(3,393,858)	14,247,558
Capital assets, depreciated					
Land improvements	9,881,519	–	–	840,894	10,722,413
Buildings and improvements	207,602,551	171,695	–	2,346,997	210,121,243
Equipment	25,003,366	1,784,814	(652,089)	205,967	26,342,058
Capital leased equipment	6,443,694	–	(6,443,694)	–	–
Total capital assets, depreciated	248,931,130	1,956,509	(7,095,783)	3,393,858	247,185,714
Less accumulated depreciation for					
Land improvements	(5,939,872)	(343,280)	–	–	(6,283,152)
Buildings and improvements	(133,710,377)	(5,444,136)	–	–	(139,154,513)
Equipment	(17,954,587)	(1,299,902)	652,089	–	(18,602,400)
Capital leased equipment	(6,443,694)	–	6,443,694	–	–
Total accumulated depreciation	(164,048,530)	(7,087,318)	7,095,783	–	(164,040,065)
Net capital assets, depreciated	84,882,600	(5,130,809)	–	3,393,858	83,145,649
Total capital assets, net	\$ 94,565,500	\$ 2,827,707	\$ –	\$ –	\$ 97,393,207

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

District support services	\$ 132,732
Elementary and secondary regular instruction	2,954,146
Special education instruction	30,086
Instructional support services	18,562
Pupil support services	721,682
Sites and buildings	3,063,481
Food service	111,281
Community service	55,348
Total depreciation expense	\$ 7,087,318

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	02/17/2011	4.000–4.375%	\$ 11,000,000	02/01/2027	\$ 10,415,000
Capital facilities bond	02/17/2011	2.000–4.000%	1,070,000	02/01/2021	110,000
Alternative facilities bonds	02/27/2013	2.000–2.250%	11,000,000	02/01/2024	8,875,000
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
Alternative facilities refunding bonds	11/15/2018	5.000%	8,410,000	02/01/2022	7,175,000
Facilities maintenance bonds	03/21/2019	2.875–4.000%	9,995,000	02/01/2036	9,995,000
School building bonds	07/18/2019	3.000–5.000%	37,765,000	02/01/2040	37,765,000
Total general obligation bonds payable					<u>\$ 95,585,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, or to finance the retirement (refunding) of prior bond issues. 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 Lease 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. The lease schedules have interest rates ranging from zero percent to 0.99 percent and mature in fiscal year 2023. 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. If the District does not pay the lease payments on the date which payments are due, the District shall pay lessor a charge at the rate of 12.00 percent per annum or the highest lawful rate, whichever is less, from such due date until paid. If the District breaches any term of this agreement, the lessor may require that the District return the equipment and pay any and all amounts which may then be due and payable under the lease, plus all lease payments remaining through the end of the then current fiscal period.

The assets acquired through this capital lease were not capitalized as individual asset amounts do not meet the capitalization threshold requirements.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. 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.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-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, 2020, are as follows:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 20,661,037	\$ 2,913,348	\$ 3,691,686	\$ 2,841,552
State-wide, multiple-employer – TRA	61,133,235	59,918,229	98,229,857	10,885,841
Single-employer – District	338,801	48,518	6,434	44,897
Total	<u>\$ 82,133,073</u>	<u>\$ 62,880,095</u>	<u>\$ 101,927,977</u>	<u>\$ 13,772,290</u>

D. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 63,630,000	\$ 37,765,000	\$ 5,810,000	\$ 95,585,000	\$ 6,295,000
Unamortized premiums/discount	1,239,056	3,013,235	391,732	3,860,559	–
Capital lease payable	759,784	3,354,150	1,609,298	2,504,636	831,171
Net pension liability	83,245,781	7,677,961	8,790,669	82,133,073	–
Compensated absences payable	765,605	53,818	172,632	646,791	114,795
	<u>\$ 149,640,226</u>	<u>\$ 51,864,164</u>	<u>\$ 16,774,331</u>	<u>\$ 184,730,059</u>	<u>\$ 7,240,966</u>

E. 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 Lease	
	Principal	Interest	Principal	Interest
2021	\$ 6,295,000	\$ 3,364,800	\$ 831,171	\$ 18,344
2022	6,390,000	3,115,950	836,173	13,341
2023	5,315,000	2,842,750	837,292	8,289
2024	5,510,000	2,669,663	–	–
2025	5,670,000	2,486,650	–	–
2026–2030	25,105,000	9,249,994	–	–
2031–2035	21,020,000	5,049,956	–	–
2036–2040	20,280,000	1,829,850	–	–
	<u>\$ 95,585,000</u>	<u>\$ 30,609,613</u>	<u>\$ 2,504,636</u>	<u>\$ 39,974</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, 2020, 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	\$ –	\$ 180,119	\$ –	\$ –	\$ –	\$ 180,119
Prepaid items	507,235	–	–	–	–	507,235
Total nonspendable	507,235	180,119	–	–	–	687,354
Restricted						
Student activities	46,206	–	–	–	–	46,206
Scholarships	46,518	–	–	–	–	46,518
Capital projects levy	512,698	–	–	–	–	512,698
Operating capital	406,866	–	–	–	–	406,866
Achievement and integration	181,580	–	–	–	–	181,580
Safe schools levy	144,282	–	–	–	–	144,282
Medical Assistance	123,629	–	–	–	–	123,629
Food service	–	112,534	–	–	–	112,534
School readiness	–	–	20,734	–	–	20,734
Long-term facilities maintenance	–	–	–	5,417,938	–	5,417,938
Capital projects	–	–	–	33,347,127	–	33,347,127
Debt service	–	–	–	–	1,421,253	1,421,253
Total restricted	1,461,779	112,534	20,734	38,765,065	1,421,253	41,781,365
Assigned						
Site carryover	540,140	–	–	–	–	540,140
Activity accounts	447,771	–	–	–	–	447,771
Construction	1,680,179	–	–	–	–	1,680,179
Curriculum adoption	600,000	–	–	–	–	600,000
Subsequent year's budget	552,292	–	–	–	–	552,292
COVID-19	500,000	–	–	–	–	500,000
Total assigned	4,320,382	–	–	–	–	4,320,382
Unassigned	17,207,918	–	–	–	–	17,207,918
Unassigned – community education programs restricted account deficit	–	–	(153,846)	–	–	(153,846)
Unassigned – early childhood family education programs restricted account deficit	–	–	(5,085)	–	–	(5,085)
Total unassigned	17,207,918	–	(158,931)	–	–	17,048,987
Total	<u>\$ 23,497,314</u>	<u>\$ 292,653</u>	<u>\$ (138,197)</u>	<u>\$ 38,765,065</u>	<u>\$ 1,421,253</u>	<u>\$ 63,838,088</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, 2020, the unassigned fund balance of the General Fund was 16.1 percent of fiscal 2020 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.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by the state of Minnesota.

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.

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.

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. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with the minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit at least one month but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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 benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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

C. 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 2020 and 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, 2020, were \$2,033,580. 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,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2020, were \$4,455,324. 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:

	<i>in thousands</i>
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA's contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 437,714</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, 2020, the District reported a liability of \$20,661,037 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3737 percent at the end of the measurement period and 0.3705 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 \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts 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 the net pension liability	\$ 20,661,037
State's proportionate share of the net pension liability associated with the District	\$ 642,139

For the year ended June 30, 2020, the District recognized pension expense of \$2,793,462 for its proportionate share of the GERS's pension expense. In addition, the District recognized an additional \$48,090 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERS.

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

At June 30, 2020, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 568,525	\$ –
Changes in actuarial assumptions	–	1,607,826
Difference between projected and actual investment earnings	–	2,083,860
Changes in proportion	311,243	–
District's contributions to the GERF subsequent to the measurement date	2,033,580	–
Total	<u>\$ 2,913,348</u>	<u>\$ 3,691,686</u>

A total of \$2,033,580 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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
2021	\$ (920,181)
2022	\$ (1,559,501)
2023	\$ (365,534)
2024	\$ 33,298

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$61,133,235 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2019, 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 0.9591 percent at the end of the measurement period and 0.9925 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 the net pension liability	\$ 61,133,235
State's proportionate share of the net pension liability associated with the District	\$ 5,410,224

For the year ended June 30, 2020, the District recognized pension expense of \$10,474,600. It also recognized \$411,241 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

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

At June 30, 2020, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 1,532,189
Changes in actuarial assumptions	54,831,934	84,239,217
Difference between projected and actual investment earnings	–	5,216,284
Changes in proportion	630,971	7,242,167
District's contributions to the TRA subsequent to the measurement date	4,455,324	–
Total	<u>\$ 59,918,229</u>	<u>\$ 98,229,857</u>

A total of \$4,455,324 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, 2021. 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
2021	\$ 2,416,517
2022	\$ (941,849)
2023	\$ (25,959,196)
2024	\$ (17,819,458)
2025	\$ (462,966)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50%	2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25%	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2019 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP plan was completed in 2019. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90 %
Fixed income	20.0	0.75 %
International equity	17.5	5.30/5.90 %
Cash equivalents	2.0	– %
Total	100.0 %	

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

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 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 not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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	\$ 33,965,630	\$ 20,661,037	\$ 9,675,448
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 97,461,325	\$ 61,133,235	\$ 31,181,262

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

H. Pension Plan Fiduciary Net Position

Detailed information about the GERP'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 on 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.

I. Subsequent Events and the COVID-19 Pandemic Subsequent to Year-End

The United States and global markets experienced declines in values, resulting from uncertainty caused by COVID-19. The resulting declines are expected to have a negative impact on the PERA's and the TRA's discount rate, as well as the value of each plan's investments. Any impact caused by the resulting declines have not been included in the schedules as of June 30, 2019.

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 (AST) Employees 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 (VEBA) account (OPEB) and 40 percent to a 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.

Eden Prairie Supervisors and Specialists (EPSS) Pension Benefits – EPSS employees hired before July 1, 1999 are eligible to receive an additional retirement incentive benefit. EPSS employees accumulate one day of credit for each full year of service to the District from July 1, 1989. For employees who have completed at least 18 years of continuous service with the District and are at least age 55, the benefit increases to the maximum of one day of credit for each full year of service to the District from July 1, 1989 or 30 days. 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 50 percent to a VEBA account (OPEB) and 50 percent to a 403(b) account (pension).

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

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
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D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2018, and a measurement date as of June 30, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.40%
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 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.

E. Discount Rate

The discount rate used to measure the total pension liability was 2.40 percent. The District discount rate used in the prior measurement date was 3.10 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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)**F. Changes in the Total Pension Liability**

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2019	\$ 353,670
Changes for the year	
Service cost	27,541
Interest	10,811
Assumption changes	12,240
Benefit payments	(65,461)
Total net changes	<u>(14,869)</u>
Ending balance – June 30, 2020	<u>\$ 338,801</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.10 percent to 2.40 percent.

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District's total 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	1.40%	2.40%	3.40%
Total pension liability	\$ 359,601	\$ 338,801	\$ 318,172

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

For the current year ended, the District recognized pension expense of \$44,897. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 32,229	\$ –
Changes in actuarial assumptions	16,289	6,434
Total	<u>\$ 48,518</u>	<u>\$ 6,434</u>

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan, will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 6,545
2022	\$ 6,545
2023	\$ 6,545
2024	\$ 6,545
2025	\$ 6,551
Thereafter	\$ 9,353

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.

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

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, 2020.

D. Membership

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

Retirees and beneficiaries receiving benefits	108
Active plan members	<u>1,342</u>
Total members	<u><u>1,450</u></u>

E. Net OPEB Liability (Asset) of the District

The District's net OPEB (asset) was measured as of June 30, 2020, 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	\$ 10,292,875
Plan fiduciary net position	<u>(16,836,197)</u>
District's net OPEB liability (asset)	<u><u>\$ (6,543,322)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>163.6%</u></u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, and a measurement date as of June 30, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.80%
Expected long-term investment return	5.80% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.25% grading to 5.00% over 5 years

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 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 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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	32.00 %	3.10 %
Domestic equity	39.00	7.30 %
International equity	13.00	6.90 %
Real estate	6.00	7.70 %
Other (event driven hedge, equity hedge)	10.00	5.60 %
Total	100.00 %	5.80 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 4.30 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 5.80 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 considered. The District discount rate used in the prior measurement date was 6.10 percent.

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

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2019	\$ 9,494,639	\$ 16,491,280	\$ (6,996,641)
Changes for the year			
Service cost	450,254	–	450,254
Interest	595,685	–	595,685
Assumption changes	116,815	–	116,815
Projected investment return	–	956,494	(956,494)
Differences between expected and actual experience	–	(247,059)	247,059
Benefit payments – paid by trust	(364,518)	(364,518)	–
Total net changes	798,236	344,917	453,319
Ending balance – June 30, 2020	\$ 10,292,875	\$ 16,836,197	\$ (6,543,322)

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 6.10 percent to 5.80 percent.
- The discount rate was changed from 6.10 percent to 5.80 percent.

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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.80%	5.80%	6.80%
Net OPEB liability (asset)	\$ (6,064,832)	\$ (6,543,322)	\$ (6,993,434)

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:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB healthcare trend rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
Net OPEB liability (asset)	\$ (7,286,509)	\$ (6,543,322)	\$ (5,687,801)

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

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

For the current year ended, the District recognized negative OPEB expense of \$638,916. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 3,312,680
Changes in actuarial assumptions	214,042	59,433
Differences between projected and actual investment earnings	97,945	–
Total	<u>\$ 311,987</u>	<u>\$ 3,372,113</u>

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

Year Ending June 30,	OPEB Expense Amount
2021	\$ (728,357)
2022	\$ (585,495)
2023	\$ (551,386)
2024	\$ (588,510)
2025	\$ (623,065)
Thereafter	\$ 16,687

NOTE 9 – FLEXIBLE BENEFIT PLAN

Plan Description

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 General Fund.

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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 \$364,518 due from the Post-Employment Benefits Trust Fund at June 30, 2020, 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 the Post-Employment Benefit Trust Fund in the governmental activities on the Statement of Net Position.

The District transferred \$221,638 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 – 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.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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,	Amount
2021	\$ 377,165
2022	386,915
2023	396,665
2024	406,415
	<u>\$ 1,567,160</u>

Expenditures under the operating lease for the year ended June 30, 2020 was \$389,627.

D. Construction Contracts

At June 30, 2020, the District had commitments totaling \$34,328,752 under various construction contracts for which the work was not yet completed.

E. Purchase Power Commitment

Solar Gardens

During fiscal year 2016, the District entered into five community solar garden subscription agreements with SunE Nesvold, LLC. The District is committed to purchasing up to 40 percent of the annual delivered energy of the solar systems for a period of 25 years from the commercial operation date of January 1, 2018.

During fiscal year 2017, the District entered into five community solar garden subscription agreements with SunE Feely, LLC. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar systems for a period of 25 years from the expected commercial operation date of January 2019.

During fiscal year 2017, the District entered into five community solar garden subscription agreements with Randolph CSG 1, LLC. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar systems for a period of 25 years from the expected commercial operation date of February 2019.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Solar Panels

During fiscal year 2018, the District entered into various power purchase agreements to purchase the energy generated by solar panels contributed to the District and installed on various buildings of the District. At June 30, 2020, the equipment capitalized through these agreements is \$1,559,500, with accumulated depreciation of \$311,900. Future power purchase payments are as follows:

Year Ending June 30,	Amount
2021	\$ 36,402
2022	38,033
2023	39,735
2024	41,513
2025	43,371
2026–2030	238,770
2031–2035	136,200
2036–2038	73,465
	<u>\$ 647,489</u>

NOTE 12 – SUBSEQUENT EVENTS

A. General Obligation Bonds

The District awarded the sale of \$26,285,000 of General Obligation Facilities Maintenance and Refunding Bonds, Series 2020A. The bonds bear an interest rate between 2.00–4.00 percent and mature in 2041.

B. COVID-19

The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

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, 2020

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%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,507	\$ 23,794,768	\$ 23,755,883	98.92%	75.90%
06/30/2019	06/30/2018	0.3705%	\$ 20,553,821	\$ 674,285	\$ 21,228,106	\$ 24,941,557	82.41%	79.50%
06/30/2020	06/30/2019	0.3737%	\$ 20,661,037	\$ 642,139	\$ 21,303,176	\$ 26,428,327	78.18%	80.20%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2020

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%
06/30/2018	\$ 1,867,386	\$ 1,867,386	\$ —	\$ 24,941,557	7.49%
06/30/2019	\$ 1,983,618	\$ 1,983,618	\$ —	\$ 26,428,327	7.51%
06/30/2020	\$ 2,033,580	\$ 2,033,580	\$ —	\$ 27,116,265	7.50%

Note: 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, 2020

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%
06/30/2018	06/30/2017	1.0112%	\$201,853,864	\$ 19,511,695	\$221,365,559	\$ 54,659,806	369.29%	51.57%
06/30/2019	06/30/2018	0.9925%	\$ 62,338,290	\$ 5,856,612	\$ 68,194,902	\$ 54,876,205	113.60%	78.07%
06/30/2020	06/30/2019	0.9591%	\$ 61,133,235	\$ 5,410,224	\$ 66,543,459	\$ 54,469,575	112.23%	78.21%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2020

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%
06/30/2018	\$ 4,106,891	\$ 4,106,891	\$ —	\$ 54,876,205	7.48%
06/30/2019	\$ 4,196,913	\$ 4,196,913	\$ —	\$ 54,469,575	7.71%
06/30/2020	\$ 4,455,324	\$ 4,455,324	\$ —	\$ 56,157,098	7.93%

Note: 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
Total Pension Liability and Related Ratios
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 27,541	\$ 24,635	\$ 30,311	\$ 31,507
Interest	10,811	9,931	9,186	11,500
Assumption changes	12,240	7,441	(10,298)	—
Plan changes	—	17,075	—	—
Difference between expected and actual experience	—	42,973	—	—
Benefit payments	<u>(65,461)</u>	<u>(14,859)</u>	<u>(97,642)</u>	<u>(145,219)</u>
Net change in total pension liability	(14,869)	87,196	(68,443)	(102,212)
Total pension liability – beginning of year	<u>353,670</u>	<u>266,474</u>	<u>334,917</u>	<u>437,129</u>
Total pension liability – end of year	<u>\$ 338,801</u>	<u>\$ 353,670</u>	<u>\$ 266,474</u>	<u>\$ 334,917</u>
Covered-employee payroll	<u>\$ 2,377,158</u>	<u>\$ 2,307,920</u>	<u>\$ 2,629,505</u>	<u>\$ 2,478,561</u>
Total pension liability as a percentage of covered-employee payroll	<u>14.25%</u>	<u>15.32%</u>	<u>10.13%</u>	<u>13.51%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: 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, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 450,254	\$ 417,686	\$ 541,720	\$ 542,422
Interest	595,685	853,059	790,171	766,806
Assumption changes	116,815	159,481	(104,010)	–
Plan changes	–	(13,266)	389,295	–
Differences between expected and actual experience	–	(4,637,752)	–	–
Benefit payments – employer-financed	–	(100,000)	–	(132,324)
Benefit payments – paid by trust	(364,518)	(702,747)	(1,006,882)	(714,186)
Net change in total OPEB liability	798,236	(4,023,539)	610,294	462,718
Total OPEB liability – beginning of year	9,494,639	13,518,178	12,907,884	12,445,166
Total OPEB liability – end of year	10,292,875	9,494,639	13,518,178	12,907,884
Plan fiduciary net position				
Contributions – employer	–	100,000	–	132,324
Projected investment earnings	956,494	999,208	1,020,373	1,645,487
Differences between expected and actual experience	(247,059)	(185,634)	170,558	–
Benefit payments – employer-financed	–	(100,000)	–	(132,324)
Benefit payments – paid by trust	(364,518)	(702,747)	(1,006,882)	(714,186)
Net change in plan fiduciary net position	344,917	110,827	184,049	931,301
Plan fiduciary net position – beginning of year	16,491,280	16,380,453	16,196,404	15,265,103
Plan fiduciary net position – end of year	16,836,197	16,491,280	16,380,453	16,196,404
Net OPEB liability (asset)	\$ (6,543,322)	\$ (6,996,641)	\$ (2,862,275)	\$ (3,288,520)
Fiduciary net position as a percentage of the total OPEB liability	163.57%	173.69%	121.17%	125.48%
Covered-employee payroll	\$ 78,733,722	\$ 76,440,507	\$ 75,075,856	\$ 72,889,181
Net OPEB (asset) as a percentage of covered-employee payroll	(8.31%)	(9.15%)	(3.81%)	(4.51%)

Note: 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, 2020

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	10.78%
2018	7.40%
2019	5.00%
2020	4.30%

Note: 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

Notes to Required Supplementary Information
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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 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.

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2020

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA 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.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2020

PENSION BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN PLAN PROVISIONS

- The Eden Prairie Supervisor and Specialist post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL 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.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2020

OTHER POST-EMPLOYMENT BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.10 percent to 5.80 percent.
- The discount rate was changed from 6.10 percent to 5.80 percent.

2019 CHANGES IN PLAN PROVISIONS

- The Eden Prairie Supervisor and Specialist post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.
- The Classified Administrative and Support Staff post-employment subsidized benefit was extended through June 30, 2019.
- A subsidized lump sum benefit of \$1,000 payable to a VEBA was added for MSEA paraprofessionals retiring before June 30, 2019.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 6.30 percent to 6.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive was offered for teachers retiring at the end of the 2017–2018 school year. Teachers retiring after age 55 with 10 years of service will receive \$15,000 placed in a VEBA account. Plan A teachers (hired before October 1, 1993) receive the payment on June 30, 2023. Plan B teachers receive the payment no later than June 30, 2018.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.
- The discount rate was changed from 6.10 percent to 6.30 percent.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2020

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL 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.

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 35,928,514	\$ 33,695,445
Receivables		
Current taxes	19,192,112	18,750,030
Delinquent taxes	348,309	286,810
Accounts and interest	432,757	325,718
Due from other governmental units	10,879,017	11,138,357
Due from other funds	364,518	702,747
Prepaid items	<u>507,235</u>	<u>1,676,290</u>
Total assets	<u><u>\$ 67,652,462</u></u>	<u><u>\$ 66,575,397</u></u>
Liabilities		
Salaries payable	\$ 5,178,014	\$ 5,027,295
Accounts and contracts payable	4,708,696	5,208,243
Due to other governmental units	937,650	622,339
Unearned revenue	<u>8,200</u>	<u>268,201</u>
Total liabilities	<u>10,832,560</u>	<u>11,126,078</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	32,974,279	33,504,348
Unavailable revenue – delinquent taxes	<u>348,309</u>	<u>286,810</u>
Total deferred inflows of resources	<u>33,322,588</u>	<u>33,791,158</u>
Fund balances		
Nonspendable for prepaid items	507,235	1,676,290
Restricted for student activities	46,206	–
Restricted for scholarships	46,518	–
Restricted for capital projects levy	512,698	504,823
Restricted for operating capital	406,866	615,334
Restricted for achievement and integration	181,580	–
Restricted for safe schools levy	144,282	–
Restricted for Medical Assistance	123,629	283,523
Assigned for site carryover	540,140	319,357
Assigned for activity accounts	447,771	409,399
Assigned for construction	1,680,179	1,172,417
Assigned for curriculum adoption	600,000	500,000
Assigned for subsequent year's budget	552,292	425,542
Assigned for COVID-19	500,000	–
Unassigned	<u>17,207,918</u>	<u>15,751,476</u>
Total fund balances	<u>23,497,314</u>	<u>21,658,161</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 67,652,462</u></u>	<u><u>\$ 66,575,397</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 38,105,700	\$ 37,422,242	\$ (683,458)	\$ 35,340,872
Investment earnings	300,000	525,670	225,670	633,410
Other	3,992,800	3,266,691	(726,109)	4,213,272
State sources	82,631,925	84,435,867	1,803,942	81,507,436
Federal sources	2,247,553	2,907,049	659,496	2,614,949
Total revenue	127,277,978	128,557,519	1,279,541	124,309,939
Expenditures				
Current				
Administration				
Salaries	2,872,888	2,857,727	(15,161)	2,808,605
Employee benefits	843,214	887,703	44,489	868,145
Purchased services	60,300	46,771	(13,529)	72,453
Supplies and materials	6,950	4,584	(2,366)	5,152
Capital expenditures	—	—	—	3,935
Other expenditures	79,874	69,333	(10,541)	63,015
Total administration	3,863,226	3,866,118	2,892	3,821,305
District support services				
Salaries	2,476,851	2,476,944	93	2,390,930
Employee benefits	731,772	779,308	47,536	772,811
Purchased services	1,888,106	1,617,653	(270,453)	1,898,732
Supplies and materials	1,376,066	1,032,483	(343,583)	1,043,316
Capital expenditures	402,750	458,668	55,918	490,063
Other expenditures	28,325	17,348	(10,977)	18,951
Total district support services	6,903,870	6,382,404	(521,466)	6,614,803
Elementary and secondary regular instruction				
Salaries	40,687,671	40,358,605	(329,066)	39,720,721
Employee benefits	12,745,702	12,817,530	71,828	11,928,301
Purchased services	2,821,943	1,409,320	(1,412,623)	1,660,714
Supplies and materials	1,685,378	2,143,788	458,410	2,051,372
Capital expenditures	189,847	3,580,089	3,390,242	224,070
Other expenditures	338,903	278,573	(60,330)	344,610
Total elementary and secondary regular instruction	58,469,444	60,587,905	2,118,461	55,929,788

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,281,267	1,281,449	182	1,259,331
Employee benefits	367,711	385,123	17,412	351,885
Purchased services	359,643	990,803	631,160	921,621
Supplies and materials	21,750	76,914	55,164	71,808
Capital expenditures	17,000	6,835	(10,165)	—
Other expenditures	7,548	27,128	19,580	17,161
Total vocational education instruction	2,054,919	2,768,252	713,333	2,621,806
Special education instruction				
Salaries	14,469,562	13,913,577	(555,985)	13,660,985
Employee benefits	4,683,629	4,624,938	(58,691)	4,261,709
Purchased services	2,027,057	2,566,768	539,711	2,526,201
Supplies and materials	120,460	93,676	(26,784)	82,420
Capital expenditures	2,250	—	(2,250)	192,225
Other expenditures	110,391	81,885	(28,506)	94,018
Total special education instruction	21,413,349	21,280,844	(132,505)	20,817,558
Community service				
Salaries	—	—	—	150,583
Employee benefits	—	—	—	50,287
Total community service	—	—	—	200,870
Instructional support services				
Salaries	5,823,312	5,617,992	(205,320)	5,246,907
Employee benefits	1,762,127	1,810,516	48,389	1,534,755
Purchased services	873,419	1,055,866	182,447	1,143,282
Supplies and materials	97,358	197,054	99,696	115,467
Capital expenditures	1,327,700	1,135,666	(192,034)	725,179
Other expenditures	41,388	55,269	13,881	50,751
Total instructional support services	9,925,304	9,872,363	(52,941)	8,816,341
Pupil support services				
Salaries	5,969,968	5,910,428	(59,540)	5,819,461
Employee benefits	2,397,662	2,417,619	19,957	2,478,531
Purchased services	395,975	242,434	(153,541)	212,665
Supplies and materials	844,505	677,040	(167,465)	857,008
Capital expenditures	770,000	771,532	1,532	663,070
Other expenditures	27,730	32,025	4,295	27,613
Total pupil support services	10,405,840	10,051,078	(354,762)	10,058,348

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,692,692	4,631,790	(60,902)	4,500,025
Employee benefits	1,626,132	1,585,614	(40,518)	1,503,942
Purchased services	2,615,960	4,766,507	2,150,547	3,018,338
Supplies and materials	923,892	924,920	1,028	991,415
Capital expenditures	3,068,545	1,306,806	(1,761,739)	1,548,213
Other expenditures	26,547	26,639	92	21,751
Total sites and buildings	12,953,768	13,242,276	288,508	11,583,684
Fiscal and other fixed cost programs				
Purchased services	390,000	380,259	(9,741)	476,818
Other expenditures	—	11,500	11,500	—
Total fiscal and other fixed cost programs	390,000	391,759	1,759	476,818
Debt service				
Principal	1,033,067	1,609,298	576,231	1,857,049
Interest and fiscal charges	2,586	871	(1,715)	12,427
Total debt service	1,035,653	1,610,169	574,516	1,869,476
Total expenditures	127,415,373	130,053,168	2,637,795	122,810,797
Excess (deficiency) of revenue over expenditures	(137,395)	(1,495,649)	(1,358,254)	1,499,142
Other financing sources (uses)				
Capital lease issued	—	3,354,150	3,354,150	—
Sale of capital assets	—	110,923	110,923	23,800
Transfers (out)	(178,475)	(221,638)	(43,163)	(151,257)
Total other financing sources (uses)	(178,475)	3,243,435	3,421,910	(127,457)
Net change in fund balances	\$ (315,870)	1,747,786	\$ 2,063,656	1,371,685
Fund balances				
Beginning of year, as previously reported		21,658,161		20,286,476
Change in accounting principle		91,367		—
Beginning of year, as restated		21,749,528		20,286,476
End of year		\$ 23,497,314		\$ 21,658,161

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 216,959	\$ 798,544
Receivables		
Accounts and interest	4,300	2,581
Due from other governmental units	246,159	23,239
Inventory	<u>180,119</u>	<u>118,178</u>
Total assets	<u>\$ 647,537</u>	<u>\$ 942,542</u>
Liabilities		
Salaries payable	\$ 18,300	\$ 9,447
Accounts and contracts payable	16,340	49,131
Unearned revenue	<u>320,244</u>	<u>207,575</u>
Total liabilities	354,884	266,153
Fund balances		
Nonspendable for inventory	180,119	118,178
Restricted for food service	<u>112,534</u>	<u>558,211</u>
Total fund balances	<u>292,653</u>	<u>676,389</u>
Total liabilities and fund balances	<u>\$ 647,537</u>	<u>\$ 942,542</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 12,000	\$ 9,182	\$ (2,818)	\$ 14,490
Other – primarily meal sales	3,512,083	2,443,691	(1,068,392)	3,364,687
State sources	172,425	150,562	(21,863)	147,729
Federal sources	1,301,750	1,752,503	450,753	1,479,599
Total revenue	<u>4,998,258</u>	<u>4,355,938</u>	<u>(642,320)</u>	<u>5,006,505</u>
Expenditures				
Current				
Salaries	1,933,735	2,101,043	167,308	2,001,336
Employee benefits	756,205	757,969	1,764	805,921
Purchased services	261,300	196,937	(64,363)	281,311
Supplies and materials	2,030,400	1,607,992	(422,408)	1,899,498
Other expenditures	5,000	4,830	(170)	11,790
Capital outlay	75,000	70,903	(4,097)	95,182
Total expenditures	<u>5,061,640</u>	<u>4,739,674</u>	<u>(321,966)</u>	<u>5,095,038</u>
Net change in fund balances	<u>\$ (63,382)</u>	<u>(383,736)</u>	<u>\$ (320,354)</u>	<u>(88,533)</u>
Fund balances				
Beginning of year		<u>676,389</u>		<u>764,922</u>
End of year		<u>\$ 292,653</u>		<u>\$ 676,389</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 759,789	\$ 1,444,797
Receivables		
Current taxes	555,746	486,573
Delinquent taxes	9,504	8,968
Accounts and interest	113,609	169,443
Due from other governmental units	90,059	65,074
Prepaid items	<u>—</u>	<u>50,230</u>
Total assets	<u>\$ 1,528,707</u>	<u>\$ 2,225,085</u>
Liabilities		
Salaries payable	\$ 97,095	\$ 188,525
Accounts and contracts payable	59,641	102,141
Due to other governmental units	6,365	—
Unearned revenue	<u>423,001</u>	<u>429,208</u>
Total liabilities	586,102	719,874
Deferred inflows of resources		
Property taxes levied for subsequent year	1,071,298	979,789
Unavailable revenue – delinquent taxes	<u>9,504</u>	<u>8,968</u>
Total deferred inflows of resources	1,080,802	988,757
Fund balances (deficit)		
Nonspendable for prepaid items	—	50,230
Restricted for community education programs	—	99,364
Restricted for early childhood family education programs	—	336,947
Restricted for school readiness	20,734	29,913
Unassigned – community education programs restricted account deficit	(153,846)	—
Unassigned – early childhood family education programs restricted account deficit	<u>(5,085)</u>	<u>—</u>
Total fund balances (deficit)	<u>(138,197)</u>	<u>516,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,528,707</u>	<u>\$ 2,225,085</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,047,397	\$ 973,575	\$ (73,822)	\$ 837,071
Investment earnings	18,000	8,539	(9,461)	5,739
Other – primarily tuition and fees	6,049,150	5,175,059	(874,091)	6,242,872
State sources	747,509	811,669	64,160	766,148
Federal sources	–	21,757	21,757	–
Total revenue	<u>7,862,056</u>	<u>6,990,599</u>	<u>(871,457)</u>	<u>7,851,830</u>
Expenditures				
Current				
Salaries	4,753,975	5,043,358	289,383	4,880,847
Employee benefits	1,463,990	1,501,339	37,349	1,448,913
Purchased services	1,261,805	1,129,966	(131,839)	1,250,449
Supplies and materials	331,900	182,576	(149,324)	298,339
Other expenditures	27,200	9,649	(17,551)	3,012
Capital outlay	2,600	–	(2,600)	580
Total expenditures	<u>7,841,470</u>	<u>7,866,888</u>	<u>25,418</u>	<u>7,882,140</u>
Excess (deficiency) of revenue over expenditures	20,586	(876,289)	(896,875)	(30,310)
Other financing sources				
Transfers in	<u>150,000</u>	<u>221,638</u>	<u>71,638</u>	<u>151,257</u>
Net change in fund balances	<u>\$ 170,586</u>	<u>(654,651)</u>	<u>\$ (825,237)</u>	<u>120,947</u>
Fund balances (deficit)				
Beginning of year		<u>516,454</u>		<u>395,507</u>
End of year		<u>\$ (138,197)</u>		<u>\$ 516,454</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 41,272,301	\$ 10,192,117
Receivables		
Accounts and interest	491,960	10,485
Due from other governmental units	<u>330</u>	<u>—</u>
Total assets	<u>\$ 41,764,591</u>	<u>\$ 10,202,602</u>
Liabilities		
Accounts and contracts payable	\$ 2,999,526	\$ 633,049
Fund balances		
Restricted for long-term facilities maintenance	5,417,938	9,569,553
Restricted for capital projects	<u>33,347,127</u>	<u>—</u>
Total fund balances	<u>38,765,065</u>	<u>9,569,553</u>
Total liabilities and fund balances	<u>\$ 41,764,591</u>	<u>\$ 10,202,602</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, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 200,000	\$ 897,162	\$ 697,162	\$ 135,551
Other	–	6,438	6,438	–
Total revenue	200,000	903,600	703,600	135,551
Expenditures				
Capital outlay				
Salaries	66,169	66,169	–	–
Employee benefits	14,081	14,139	58	–
Purchased services	12,789,828	8,214,182	(4,575,646)	5,778,029
Capital expenditures	–	3,207,224	3,207,224	–
Debt service				
Fiscal charges and other	–	435,957	435,957	–
Total expenditures	12,870,078	11,937,671	(932,407)	5,778,029
Excess (deficiency) of revenue over expenditures	(12,670,078)	(11,034,071)	1,636,007	(5,642,478)
Other financing sources (uses)				
Debt issued	37,765,000	37,216,348	(548,652)	9,670,157
Premium on debt issued	3,013,235	3,013,235	–	–
(Discount) on debt issued	–	–	–	(25,421)
Total other financing sources (uses)	40,778,235	40,229,583	(548,652)	9,644,736
Net change in fund balances	\$ 28,108,157	29,195,512	\$ 1,087,355	4,002,258
Fund balances				
Beginning of year		9,569,553		5,567,295
End of year		\$ 38,765,065		\$ 9,569,553

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 6,279,342	\$ 5,711,915
Receivables		
Current taxes	5,260,838	3,949,159
Delinquent taxes	86,845	85,078
Accounts and interest	22,180	13,542
Due from other governmental units	<u>105</u>	<u>73</u>
Total assets	<u><u>\$ 11,649,310</u></u>	<u><u>\$ 9,759,767</u></u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 10,141,212	\$ 7,951,882
Unavailable revenue – delinquent taxes	<u>86,845</u>	<u>85,078</u>
Total deferred inflows of resources	10,228,057	8,036,960
Fund balances		
Restricted for debt service	<u>1,421,253</u>	<u>1,722,807</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 11,649,310</u></u>	<u><u>\$ 9,759,767</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 7,950,385	\$ 7,898,084	\$ (52,301)	\$ 8,892,896
Investment earnings	29,000	56,752	27,752	84,701
State sources	44	1,045	1,001	593
Total revenue	<u>7,979,429</u>	<u>7,955,881</u>	<u>(23,548)</u>	<u>8,978,190</u>
Expenditures				
Debt service				
Principal	5,810,000	5,810,000	—	6,460,000
Interest	2,991,337	2,991,337	—	2,263,370
Fiscal charges and other	3,600	4,750	1,150	125,961
Total expenditures	<u>8,804,937</u>	<u>8,806,087</u>	<u>1,150</u>	<u>8,849,331</u>
Excess (deficiency) of revenue over expenditures	(825,508)	(850,206)	(24,698)	128,859
Other financing sources (uses)				
Debt issued	—	548,652	548,652	324,843
Refunding debt issued	—	—	—	8,410,000
Premium on debt issued	—	—	—	575,432
Payment on refunded debt	—	—	—	(8,960,000)
Transfers in	—	—	—	749,994
Transfers (out)	—	—	—	(749,994)
Total other financing sources (uses)	<u>—</u>	<u>548,652</u>	<u>548,652</u>	<u>350,275</u>
Net change in fund balances	<u>\$ (825,508)</u>	<u>(301,554)</u>	<u>\$ 523,954</u>	<u>479,134</u>
Fund balances				
Beginning of year		<u>1,722,807</u>		<u>1,243,673</u>
End of year		<u>\$ 1,421,253</u>		<u>\$ 1,722,807</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2020
(With Comparative Totals as of June 30, 2019)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Assets				
Current assets				
Cash and temporary investments	\$ 7,997,392	\$ 658,663	\$ 8,656,055	\$ 5,701,608
Liabilities				
Current liabilities				
Unearned revenue	1,083,731	95,212	1,178,943	1,150,080
Claims payable	700,000	20,000	720,000	689,614
Total current liabilities	<u>1,783,731</u>	<u>115,212</u>	<u>1,898,943</u>	<u>1,839,694</u>
Net position				
Unrestricted	<u>\$ 6,213,661</u>	<u>\$ 543,451</u>	<u>\$ 6,757,112</u>	<u>\$ 3,861,914</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 13,448,250	\$ 1,283,910	\$ 14,732,160	\$ 14,260,761
Operating expenses				
Health benefit claims	10,820,462	—	10,820,462	11,107,103
Dental benefit claims	—	1,081,606	1,081,606	1,255,772
Total operating expenses	<u>10,820,462</u>	<u>1,081,606</u>	<u>11,902,068</u>	<u>12,362,875</u>
Operating income	2,627,788	202,304	2,830,092	1,897,886
Nonoperating revenue				
Investment earnings	<u>60,492</u>	<u>4,614</u>	<u>65,106</u>	<u>68,575</u>
Change in net position	2,688,280	206,918	2,895,198	1,966,461
Net position				
Beginning of year	<u>3,525,381</u>	<u>336,533</u>	<u>3,861,914</u>	<u>1,895,453</u>
End of year	<u>\$ 6,213,661</u>	<u>\$ 543,451</u>	<u>\$ 6,757,112</u>	<u>\$ 3,861,914</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Cash flows from operating activities				
Contributions from governmental funds	\$ 13,480,104	\$ 1,280,919	\$ 14,761,023	\$ 14,398,711
Payment for health benefit claims	(10,775,462)	—	(10,775,462)	(10,928,103)
Payment for dental benefit claims	—	(1,096,220)	(1,096,220)	(1,249,862)
Net cash flows from operating activities	2,704,642	184,699	2,889,341	2,220,746
Cash flows from investing activities				
Investment income received	60,492	4,614	65,106	68,575
Net change in cash and cash equivalents	2,765,134	189,313	2,954,447	2,289,321
Cash and cash equivalents				
Beginning of year	5,232,258	469,350	5,701,608	3,412,287
End of year	\$ 7,997,392	\$ 658,663	\$ 8,656,055	\$ 5,701,608
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 2,627,788	\$ 202,304	\$ 2,830,092	\$ 1,897,886
Adjustments to reconcile operating income to net cash flows from operating activities				
Changes in assets and liabilities				
Unearned revenue	31,854	(2,991)	28,863	137,950
Claims payable	45,000	(14,614)	30,386	184,910
Net cash flows from operating activities	\$ 2,704,642	\$ 184,699	\$ 2,889,341	\$ 2,220,746

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
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 31,238,048	\$ 37,922,925	\$ 41,721,166	\$ 46,150,573
Restricted	4,458,122	3,827,113	4,933,513	5,314,896
Unrestricted	14,590,499	14,591,609	13,424,028	12,945,749
Total governmental activities net position	<u>\$ 50,286,669</u>	<u>\$ 56,341,647</u>	<u>\$ 60,078,707</u>	<u>\$ 64,411,218</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.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020, reported as a change in accounting principle as a result of implementing this standard, which increased restricted net position by approximately \$91,000. Prior year amounts have not been restated.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 49,968,770	\$ 46,495,778	\$ 43,813,793	\$ 41,716,939	\$ 38,506,213	\$ 36,712,713
4,820,097	4,148,442	4,598,772	3,970,336	3,450,332	1,886,182
<u>(65,730,130)</u>	<u>(59,580,118)</u>	<u>(100,181,524)</u>	<u>(124,901,677)</u>	<u>(87,950,660)</u>	<u>(91,867,161)</u>
<u><u>\$ (10,941,263)</u></u>	<u><u>\$ (8,935,898)</u></u>	<u><u>\$ (51,768,959)</u></u>	<u><u>\$ (79,214,402)</u></u>	<u><u>\$ (45,994,115)</u></u>	<u><u>\$ (53,268,266)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
Administration	\$ 3,995,200	\$ 4,138,483	\$ 4,453,035	\$ 3,659,478
District support services	3,054,468	3,237,176	3,223,136	6,767,218
Elementary and secondary regular instruction	50,112,864	49,895,524	53,349,424	53,878,287
Vocational education instruction	1,832,713	1,869,260	1,746,242	1,698,280
Special education instruction	17,219,661	17,253,839	17,062,035	17,107,046
Instructional support services	5,308,108	6,096,063	5,583,066	7,971,692
Pupil support services	8,436,663	8,905,444	8,630,429	9,376,195
Sites and buildings	16,928,520	15,980,936	14,734,120	11,067,099
Fiscal and other fixed cost programs	271,816	281,021	290,451	368,206
Food service	4,284,420	4,511,845	4,633,990	4,908,136
Community service	4,868,967	5,042,537	5,439,220	5,811,208
Interest and fiscal charges	3,562,030	3,164,787	3,211,059	2,743,155
Total governmental activities expenses	119,875,430	120,376,915	122,356,207	125,356,000
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,262,449	1,469,962	1,359,191	4,084,921
Special education instruction	—	—	—	433,841
Pupil support services	189,926	165,634	173,782	148,748
Sites and buildings	36,313	61,642	80,293	71,671
Food service	3,394,632	3,166,996	3,118,787	3,090,246
Community service	2,277,723	2,788,349	3,324,895	3,462,217
Operating grants and contributions	16,624,548	17,088,039	17,795,374	18,304,009
Capital grants and contributions	3,176,925	3,446,645	1,040,292	383,805
Total governmental activities program revenues	26,962,516	28,187,267	26,892,614	29,979,458
Net (expense) revenue	(92,912,914)	(92,189,648)	(95,463,593)	(95,376,542)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	37,366,027	23,222,475	25,272,782	16,665,577
Property taxes, levied for community service	1,838,319	1,203,912	1,332,721	721,453
Property taxes, levied for building construction	—	—	499,999	—
Property taxes, levied for debt service	12,004,142	13,271,401	13,328,797	12,206,366
General grants and aids	46,802,152	59,604,896	58,089,586	68,326,914
Unrestricted investment earnings	90,399	29,272	40,833	238,990
Gain on sale of capital assets	—	—	—	22,966
Miscellaneous	690,353	912,670	635,935	1,526,787
Total general revenues and other changes in net position	98,791,392	98,244,626	99,200,653	99,709,053
Change in net position	\$ 5,878,478	\$ 6,054,978	\$ 3,737,060	\$ 4,332,511

2015	2016	2017	2018	2019	2020
\$ 3,318,266	\$ 3,827,612	\$ 4,736,758	\$ 4,520,405	\$ 2,852,678	\$ 3,949,663
6,168,708	5,337,689	5,682,115	5,860,095	6,583,609	6,472,025
53,765,254	59,627,119	82,848,774	80,606,299	37,173,654	65,891,819
1,845,940	1,929,401	2,875,255	2,799,977	2,020,289	2,852,493
18,620,390	19,886,753	27,120,384	26,612,680	14,259,908	21,849,529
7,201,154	7,722,877	9,535,521	8,946,008	7,114,901	10,049,498
9,119,888	8,897,020	10,719,258	10,510,787	8,559,073	9,856,855
11,811,681	13,696,744	14,574,619	15,048,481	15,317,919	18,815,863
329,667	252,593	312,351	381,996	476,818	391,759
4,919,568	4,893,018	5,084,197	4,983,613	4,917,671	4,722,595
4,156,097	4,492,095	6,168,308	6,674,630	7,449,706	7,941,070
2,034,145	2,442,183	2,315,611	2,181,273	2,011,137	3,484,725
123,290,758	133,005,104	171,973,151	169,126,244	108,737,363	156,277,894
1,385,244	1,455,096	1,086,487	1,308,532	1,048,161	908,656
463,135	883,511	843,310	326,560	312,860	184,457
127,424	128,862	120,717	118,929	119,335	79,691
38,760	83,193	38,813	123,089	80,657	141,160
3,046,821	3,183,516	3,282,523	3,414,483	3,298,481	2,376,776
2,131,108	2,427,585	2,946,131	3,714,217	5,849,105	4,893,709
17,531,443	19,955,518	20,243,863	20,056,189	20,140,103	22,112,519
886,495	869,776	744,095	2,562,744	1,194,380	1,123,755
25,610,430	28,987,057	29,305,939	31,624,743	32,043,082	31,820,723
(97,680,328)	(104,018,047)	(142,667,212)	(137,501,501)	(76,694,281)	(124,457,171)
25,962,472	33,216,511	33,659,448	34,452,614	35,330,344	37,483,741
1,171,597	1,006,495	1,011,306	839,740	836,313	974,111
—	—	—	—	—	—
12,320,333	7,746,601	7,833,737	7,891,071	8,889,131	7,899,851
60,176,831	61,289,944	65,912,935	63,786,229	61,010,762	67,105,133
35,877	98,806	240,592	520,155	942,466	1,562,411
—	—	—	—	—	—
2,749,324	2,665,055	2,492,689	2,566,249	2,905,552	2,066,406
102,416,434	106,023,412	111,150,707	110,056,058	109,914,568	117,091,653
\$ 4,736,106	\$ 2,005,365	\$ (31,516,505)	\$ (27,445,443)	\$ 33,220,287	\$ (7,365,518)

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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		
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	
2018	34,452,614	839,740	–	7,891,071	43,183,425	
2019	35,330,344	836,313	–	8,889,131	45,055,788	
2020	37,483,741	974,111	–	7,899,851	46,357,703	

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			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 278,350	\$ 337,027	\$ 244,799	\$ 952,663
Restricted	2,514,651	1,880,684	684,054	810,854
Assigned	2,830,859	804,305	708,318	1,834,953
Unassigned	<u>12,132,508</u>	<u>13,936,928</u>	<u>13,722,291</u>	<u>11,824,573</u>
Total General Fund	<u>\$ 17,756,368</u>	<u>\$ 16,958,944</u>	<u>\$ 15,359,462</u>	<u>\$ 15,423,043</u>
All other governmental funds				
Nonspendable	\$ 118,730	\$ 113,711	\$ 145,478	\$ 111,767
Restricted	15,507,318	22,525,907	15,744,487	10,746,472
Unassigned, reported in special revenue funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total all other governmental funds	<u>\$ 15,626,048</u>	<u>\$ 22,639,618</u>	<u>\$ 15,889,965</u>	<u>\$ 10,858,239</u>
Total all governmental funds	<u>\$ 33,382,416</u>	<u>\$ 39,598,562</u>	<u>\$ 31,249,427</u>	<u>\$ 26,281,282</u>

2015	2016	2017	2018	2019	2020
\$ 422,808	\$ 462,195	\$ 717,276	\$ 145,362	\$ 1,676,290	\$ 507,235
1,256,917	1,207,446	1,871,785	2,106,412	1,403,680	1,461,779
3,036,146	2,727,888	2,409,257	1,685,452	2,826,715	4,320,382
10,281,140	13,111,310	14,636,325	16,349,250	15,751,476	17,207,918
<u>\$ 14,997,011</u>	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>	<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>	<u>\$ 23,497,314</u>
\$ 154,926	\$ 199,906	\$ 186,341	\$ 154,757	\$ 168,408	\$ 180,119
15,064,990	9,241,713	13,284,487	8,120,963	12,316,795	40,319,586
(184,509)	(321,863)	(321,860)	(304,323)	—	(158,931)
<u>\$ 15,035,407</u>	<u>\$ 9,119,756</u>	<u>\$ 13,148,968</u>	<u>\$ 7,971,397</u>	<u>\$ 12,485,203</u>	<u>\$ 40,340,774</u>
<u>\$ 30,032,418</u>	<u>\$ 26,628,595</u>	<u>\$ 32,783,611</u>	<u>\$ 28,257,873</u>	<u>\$ 34,143,364</u>	<u>\$ 63,838,088</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Local sources				
Property taxes	\$ 51,404,212	\$ 40,992,041	\$ 40,508,045	\$ 29,522,943
Investment earnings	90,399	29,272	40,807	238,771
Other	7,851,396	8,799,079	9,315,124	12,469,887
State sources	62,158,520	71,410,243	72,240,750	82,458,725
Federal sources	4,445,105	5,313,914	4,062,261	4,032,872
Total revenues	125,949,632	126,544,549	126,166,987	128,723,198
Expenditures				
Current				
Administration	3,968,529	4,126,012	4,544,080	3,721,836
District support services	3,366,929	3,203,924	3,221,560	6,578,632
Elementary and secondary regular instruction	45,677,557	46,664,877	52,948,572	52,490,337
Vocational education instruction	1,832,713	1,869,260	1,746,242	1,855,742
Special education instruction	17,024,148	17,263,273	17,046,948	17,512,064
Instructional support services	5,713,290	6,116,035	5,575,141	7,803,481
Pupil support services	8,089,888	8,244,509	8,322,069	8,983,572
Sites and buildings	12,576,180	12,692,387	13,580,178	8,831,002
Fiscal and other fixed cost programs	271,816	281,021	290,451	368,206
Food service	4,237,186	4,448,639	4,695,697	5,080,318
Community service	4,816,407	4,989,977	5,386,661	5,758,648
Capital outlay	9,001,838	10,217,981	5,459,202	4,945,754
Debt service				
Principal	8,850,329	9,813,895	9,632,857	11,313,922
Interest and fiscal charges	4,042,152	3,993,854	4,391,302	3,291,854
Total expenditures	129,468,962	133,925,644	136,840,960	138,535,368
Excess of revenues over (under) expenditures	(3,519,330)	(7,381,095)	(10,673,973)	(9,812,170)
Other financing sources (uses)				
Sale of capital assets	—	—	—	22,966
Insurance recovery proceeds	—	—	—	871,675
Capital lease issued	—	—	3,865,771	3,949,384
Debt issued	12,070,000	11,520,000	25,170,000	—
Premium on debt issued	98,809	2,077,241	684,067	—
Payment on refunded debt	—	—	(27,695,000)	—
Transfer in	608,124	509,805	513,349	345,710
Transfer (out)	(608,124)	(509,805)	(513,349)	(345,710)
Total other financing sources (uses)	12,168,809	13,597,241	2,024,838	4,844,025
Net change in fund balances	\$ 8,649,479	\$ 6,216,146	\$ (8,649,135)	\$ (4,968,145)
Debt service as a percentage of noncapital expenditures	10.5%	11.0%	11.0%	11.3%

2015	2016	2017	2018	2019	2020
\$ 39,380,714	\$ 42,043,669	\$ 42,513,230	\$ 43,113,033	\$ 45,070,839	\$ 46,293,901
35,818	98,544	235,548	502,542	873,891	1,497,305
10,254,894	11,199,258	11,196,024	11,841,851	13,820,831	10,891,879
74,137,366	77,667,614	78,997,964	80,447,376	82,421,906	85,399,143
3,987,082	4,075,184	4,366,037	4,260,545	4,094,548	4,681,309
127,795,874	135,084,269	137,308,803	140,165,347	146,282,015	148,763,537
3,339,290	3,584,683	3,685,730	3,742,489	3,821,305	3,866,118
6,252,752	5,494,082	5,420,285	5,793,381	6,614,803	6,382,404
52,144,459	57,391,706	57,571,373	56,621,307	55,929,788	60,587,905
1,868,424	1,946,168	2,198,932	2,226,472	2,621,806	2,768,252
18,874,537	19,999,874	19,933,386	21,373,181	20,817,558	21,280,844
7,278,407	7,755,337	7,470,572	7,421,018	8,816,341	9,872,363
9,048,612	9,002,606	9,574,415	9,481,647	10,058,348	10,051,078
8,953,223	11,225,225	10,607,283	11,870,809	11,583,684	13,242,276
329,667	252,593	312,351	381,996	476,818	391,759
4,806,685	4,834,354	4,903,381	4,872,931	4,999,856	4,668,771
4,052,806	4,469,778	5,547,410	6,252,847	8,082,430	7,866,888
6,069,185	5,738,416	6,830,546	4,391,705	5,873,791	11,572,617
13,544,547	7,424,957	9,790,936	7,767,965	8,317,049	7,419,298
2,915,695	2,760,168	2,583,448	2,577,313	2,401,758	3,432,915
139,478,289	141,879,947	146,430,048	144,775,061	150,415,335	163,403,488
(11,682,415)	(6,795,678)	(9,121,245)	(4,609,714)	(4,133,320)	(14,639,951)
1,935,052	70,551	1,389,100	83,976	23,800	110,923
—	—	—	—	—	—
2,925,198	3,321,304	2,620,690	—	—	3,354,150
10,310,000	—	10,940,000	—	18,405,000	37,765,000
263,301	—	326,471	—	550,011	3,013,235
—	—	—	—	(8,960,000)	—
213,684	187,683	162,423	178,419	151,257	221,638
(213,684)	(187,683)	(162,423)	(178,419)	(151,257)	(221,638)
15,433,551	3,391,855	15,276,261	83,976	10,018,811	44,243,308
\$ 3,751,136	\$ (3,403,823)	\$ 6,155,016	\$ (4,525,738)	\$ 5,885,491	\$ 29,603,357
12.6%	7.7%	9.0%	7.4%	7.4%	7.1%

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					Total
	General Fund	Community Service Fund	Capital Projects – Building Construction	Debt Service Fund		
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	
2018	34,390,488	838,786	–	7,883,759	43,113,033	
2019	35,340,872	837,071	–	8,892,896	45,070,839	
2020	37,422,242	973,575	–	7,898,084	46,293,901	

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
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
2018	6,929,195,500	2,943,607,000	9,872,802,500	9,476,978,643	20.53
2019	6,809,813,100	3,399,801,800	10,209,614,900	9,927,938,697	20.76
2020	7,382,068,800	3,281,195,300	10,663,264,100	10,389,399,230	21.56

(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
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%
2018	11.331%	0.791%	8.403%	20.525%	42.127%	22.667%
2019	12.789%	0.874%	7.093%	20.756%	41.581%	21.105%
2020	11.926%	0.920%	8.709%	21.555%	41.082%	21.176%

(1) Tax capacity rate method.

(2) Special districts include Metropolitan Mosquito Control District, Metropolitan 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	Three Rivers Park District	Other	Total Eden Prairie Resident
31.239%	24.660%	2.949%	45.840%	3.765%	3.765%	115.978%
33.250%	26.247%	3.084%	48.231%	3.943%	2.941%	120.741%
34.617%	27.216%	3.242%	49.461%	4.054%	4.187%	124.628%
34.709%	27.920%	3.335%	49.959%	4.169%	4.547%	124.536%
33.954%	26.605%	3.006%	46.398%	3.789%	2.990%	112.167%
32.327%	27.137%	2.899%	45.356%	3.601%	4.263%	109.394%
32.667%	28.271%	2.821%	44.087%	3.365%	4.390%	109.195%
32.526%	27.849%	2.683%	42.808%	3.161%	4.333%	106.036%
31.690%	27.499%	2.542%	41.861%	2.961%	3.047%	102.857%
31.676%	28.082%	2.461%	41.084%	2.859%	2.899%	102.534%

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INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 3,092,230	1	2.36 %	\$ 483,530	8	0.40 %
CAPREF Eden Prairie LLC (Eden Prairie Mall)	1,859,250	2	1.42	2,399,250	1	1.99
FPACP3 Eden, LLC (Arrive Eden Prairie Apts.)	1,103,138	3	0.84	—	—	—
REEP-MF Fountain Place LLC (Fountain Place Apts.)	1,061,289	4	0.81	—	—	—
DCHR Acquisition LLC (C.H. Robinson Campus)	1,036,360	5	0.79	—	—	—
AGNL Health (Optum Campus)	898,500	6	0.69	—	—	—
FPA/WC Parkway (Renew Eden Prairie)	760,600	7	0.58	—	—	—
Kroll Ontrack Campus (WPT Lsnd 2 LP)	659,250	8	0.50	—	—	—
EP Senior Housing LLC (Summit Place Senior Campus)	644,100	9	0.49	—	—	—
Lifetouch, Inc.	642,382	10	0.49	699,250	4	0.58
ADC Telecommunications Inc.	—	—	—	959,250	2	0.80
Geneva Office Exchange LLC	—	—	—	719,810	3	0.60
Liberty Property LTD Partnership	—	—	—	639,250	5	0.53
DCX Flying Cloud Drive DST	—	—	—	519,910	6	0.43
Flying Cloud Office Inc.	—	—	—	499,250	7	0.41
EP-MN LLC	—	—	—	472,390	9	0.39
IRET-MR9, LLC	—	—	—	471,110	10	0.39
Total principal taxpayers	11,757,099		8.99	7,863,000		6.53
All other taxpayers	119,015,944		91.01	112,620,124		93.47
Total	<u>\$ 130,773,043</u>		<u>100.00 %</u>	<u>\$ 120,483,124</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	Total Tax Levy	Current Tax Collection	Percentage of Levy
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
2018	35,153,927	837,634	4,890,176	4,008,136	44,889,873	24,600,000	54.8
2019	37,754,091	979,789	7,951,882	—	46,685,762	23,500,000	50.3
2020	36,996,190	1,071,298	10,141,208	—	48,208,696	23,200,000	48.1

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent
	Total Tax Collection	Percentage of Levy		
\$ 21,004,290	\$ 41,384,663	100.0 %	\$ —	— %
20,170,614	40,323,138	100.0	—	—
19,609,288	39,506,860	99.8	68,356	0.2
19,679,766	39,476,507	100.1	(21,394)	(0.1)
21,516,109	42,255,582	100.0	(13,330)	—
21,161,391	42,569,908	99.9	34,464	0.1
21,616,290	43,460,649	99.9	29,612	0.1
20,165,462	44,765,462	99.7	124,411	0.3
22,963,223	46,463,223	99.5	222,539	0.5
—	23,200,000	48.1	<u>—</u>	—
			<u>\$ 444,658</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		
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
2018	61,744,640	—	2,616,833	—	64,361,473	—	1,019
2019	64,869,056	—	759,784	—	65,628,840	—	1,030
2020	99,445,559	—	2,504,636	—	101,950,195	—	1,607

(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
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
2018	61,744,640	1,243,673	60,500,967	9,476,978,643	0.64	63,163	958
2019	64,869,056	1,722,807	63,146,249	9,927,938,697	0.64	63,726	991
2020	99,445,559	1,421,253	98,024,306	10,389,399,230	0.94	63,456	1,545

(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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Direct and Overlapping Debt
as of June 30, 2020

Governmental Unit	2019-2020 Taxable Net Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 116,409,534	\$ 101,950,195	100.00 %	\$ 101,950,195
Overlapping debt				
Hennepin County	2,112,707,400	996,820,000	6.00	59,809,200
City of Bloomington	163,408,311	53,745,000	0.29	156,340
City of Chanhassen	53,309,670	4,970,000	2.00	99,400
City of Eden Prairie	123,047,160	26,590,000	93.00	24,728,700
City of Edina	141,311,302	40,650,000	1.00	406,500
Metropolitan Council	4,576,187,142	230,225,000	3.00	6,906,750
Three Rivers Park District	1,487,545,247	46,875,000	8.00	3,750,000
Total overlapping debt				<u>95,856,890</u>
Total direct and overlapping debt				<u>\$ 197,807,085</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			
	2011	2012	2013	2014
Debt limit	\$ 1,260,243	\$ 1,188,806	\$ 1,174,647	\$ 1,247,515
Total debt applicable to the limit	85,370	87,270	75,315	65,610
Legal debt margin	<u>\$ 1,174,873</u>	<u>\$ 1,101,536</u>	<u>\$ 1,099,332</u>	<u>\$ 1,181,905</u>
Total debt applicable to the limit as a percentage of debt limit	6.77%	7.34%	6.41%	5.26%

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

2015	2016	2017	2018	2019	2020
\$ 1,285,487	\$ 1,354,606	\$ 1,388,302	\$ 1,438,249	\$ 1,503,556	\$ 1,570,049
66,315	60,970	66,540	60,645	63,630	94,164
<u>\$ 1,219,172</u>	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>	<u>\$ 1,377,604</u>	<u>\$ 1,439,926</u>	<u>\$ 1,475,885</u>

5.16%	4.50%	4.79%	4.22%	4.23%	6.00%
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Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$ 10,466,990
Debt limit (15% of market value)	1,570,049
Debt applicable to the limit	
General obligation bonds	95,585
Less amount set aside for repayment of general obligation debt	(1,421)
Total net debt applicable to the limit	<u>94,164</u>
Legal debt margin	<u>\$ 1,475,885</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Eden Prairie			School Enrollment	Unemployment Rate
	Population	Personal Income (1)	Per Capita Personal Income (1)		
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	—	—	8,835	2.6
2018	63,163	—	—	8,780	2.4
2019	63,726	—	—	8,861	2.6
2020	63,456	—	—	8,759	2.2

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

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Optum	3,312	1	19.37 %	—	—	— %
Eden Prairie Mall LLC/Homart Development	2,310	2	13.51	—	—	—
C.H. Robinson	2,200	3	12.87	1,348	4	12.54
Starkey Labs	2,000	4	11.70	1,500	2	13.96
Emerson Process Management	1,500	5	8.77	—	—	—
ISD No. 272 (Eden Prairie)	1,477	6	8.64	1,700	1	15.82
Element Fleet Management	1,200	7	7.02	—	—	—
Super Valu Stores, Inc.	1,100	8	6.43	1,500	2	13.96
MTS Systems Corporation	1,000	9	5.85	700	8	6.51
Eaton Corp	1,000	9	5.85	—	—	—
Ingenix, Inc.	—	—	—	1,000	5	9.31
Deli Express	—	—	—	855	6	7.96
Kroll Ontrack	—	—	—	808	7	7.52
GE Capital Fleet Services	—	—	—	673	9	6.26
Digital River	—	—	—	662	10	6.16
Total	<u>17,099</u>		<u>100.00 %</u>	<u>10,746</u>		<u>100.00 %</u>
Total ISD No. 272 population (see the Demographic and Economic Statistics)	<u>63,456</u>			<u>60,797</u>		
Percent of principal employers to total ISD No. 272 population	<u>26.9%</u>			<u>17.7%</u>		

Note: Total number of employees working for employers in the District's boundaries is not readily available. The District has provided total population to provide a comparison to reference between current year and nine years ago.

Source: Ehlers & Associates

INDEPENDENT SCHOOL DISTRICT NO. 272

Employees by Classification
Last Ten Fiscal Years

Licensed Employees	Fiscal Year			
	2011	2012	2013	2014
Administrative staff	19.8	19.8	20.8	23.7
Support service staff	56.4	57.7	55.8	56.6
Classroom teachers	561.6	553.7	540.5	548.9
Special education teachers	40.4	54.0	43.1	21.7
Total	678.2	685.2	660.2	650.9

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

2015	2016	2017	2018	2019	2020
24.5	24.5	20.8	19.8	21.0	22.0
51.0	53.0	51.9	53.5	54.8	53.7
544.9	570.7	558.2	557.2	558.8	561.0
19.0	20.7	25.5	34.1	34.6	35.4
639.4	668.9	656.4	664.6	669.2	672.1

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INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
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
2018	8,780	144,775,061	16,489	(0.5)	557.2	15.8
2019	8,861	150,415,335	16,975	2.9	558.8	15.9
2020	8,759	163,403,488	18,655	9.9	561.0	15.6

Note: Enrollment is as of October 1.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Elementary Schools				
Eden Lake (1987)				
Enrollment (1)	853.94	812.58	940.20	900.91
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	582.25	548.82	654.51	724.90
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	559.10	542.05	651.84	658.30
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	904.32	707.59	842.69	776.56
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)	1,336.08	1,305.10	795.10	782.16
Eagle Heights Spanish Immersion (2)				
Enrollment (1)	692.48	806.28	830.92	814.63
Middle School				
Central Middle School (1960)				
Enrollment (1)	1,450.82	1,416.84	1,396.94	1,424.11
Square feet	242,699	242,699	242,699	242,699
High School				
Eden Prairie High School (1981)				
Enrollment (1)	3,107.86	3,022.32	2,934.10	2,929.31
Square feet	689,771	689,771	689,771	689,771
Total enrollment	9,486.85	9,161.58	9,046.30	9,010.88
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 partially at the Oak Point facility from 2009 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.

2015	2016	2017	2018	2019	2020
881.27	727.95	803.15	823.88	773.34	779.38
110,469	110,469	110,469	110,469	110,469	110,469
752.10	773.48	636.19	650.28	694.65	617.64
93,000	93,000	93,000	93,000	93,000	93,000
657.17	682.87	709.83	727.42	728.39	753.58
95,063	95,063	95,063	95,063	95,063	95,063
750.92	723.29	673.38	631.72	641.40	632.36
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
757.16	757.58	738.30	740.28	742.68	813.15
808.76	814.13	824.38	830.05	825.85	815.57
1,415.40	1,377.65	1,368.09	1,341.93	1,317.97	1,321.25
242,699	242,699	242,699	242,699	242,699	242,699
3,026.64	2,893.37	2,989.96	2,937.77	2,962.76	2,904.26
689,771	689,771	689,771	689,771	689,771	689,771
9,049.42	8,750.32	8,743.28	8,683.33	8,687.04	8,637.19
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

<u>Year Ended June 30,</u>	<u>Program Adult Meals</u>	<u>Meals Served Students</u>	<u>Full Price Meals Served</u>	<u>Free Meals Served</u>	<u>Reduced-Price Meals Served</u>
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
2018	17,224	782,399	524,985	213,101	44,313
2019	17,556	770,876	518,229	211,279	41,368
2020	14,319	556,852	371,326	151,699	33,827

<u>Year Ended June 30,</u>	<u>Student Regular Lunch Prices</u>		
	<u>Elementary</u>	<u>Middle</u>	<u>High School (1)</u>
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
2018	2.85	3.20	3.20
2019	2.85	3.20	3.20
2020	3.00	3.35	3.35

(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	
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	116.98	561.06	3,791.63	4,466.26	8,935.93	9,829.18
2018	121.66	564.94	3,804.19	4,350.39	8,841.18	9,711.27
2019	154.09	560.81	3,807.70	4,393.78	8,916.38	9,795.13
2020	137.00	583.72	3,788.16	4,337.57	8,846.45	9,713.96

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 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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PROJECTED FUND BALANCES THROUGH JUNE 30, 2020

FUND DESCRIPTION	6/30/2019 AUDITED BALANCE	2019-20 ACTUAL REVENUES	TRANSFERS INTO FUNDS	2019-20 ACTUAL EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/2020 ACTUAL BALANCE	6/30/2020 PROJECTED BALANCE	DIFFERENCE
GENERAL FUND								
A. UNASSIGNED	17,427,766	110,058,729	-	109,549,704	221,638	17,715,153	17,588,576	126,576
B. ASSIGNED								
Site Carryover	319,357	220,783	-	-	-	540,140	319,357	220,783
Construction	1,172,417	700,000	-	192,238	-	1,680,179	1,172,417	507,762
Curriculum Adoption	500,000	100,000	-	-	-	600,000	500,000	100,000
Student Activities/Fundraising	419,018	1,290,368	-	1,261,615	-	447,771	409,399	38,372
Budgeted Deficit	425,542	126,750	-	-	-	552,292	-	552,292
COVID-19	-	500,000	-	-	-	500,000	-	500,000
C. RESTRICTED/RESERVED								
Medical Assistance	283,523	178,842	-	338,736	-	123,629	118,592	5,037
Student Activities	35,730	35,321	-	24,845	-	46,206	-	46,206
Scholarships	46,018	12,000	-	11,500	-	46,518	-	46,518
Achievement & Integration	-	1,546,069	-	1,364,490	-	181,580	-	181,580
Safe Schools	-	805,853	-	661,571	-	144,282	-	144,282
TOTAL GENERAL FUND	20,629,370	115,574,716	-	113,404,699	221,638	22,577,749	20,108,341	2,469,408
				Total exp including transfers	113,626,337			
CAPITAL								
Operating Capital	542,367	3,351,594	-	3,603,202	-	290,759	472,553	(181,795)
Assigned - Cell Tower	72,966	78,984	-	35,843	-	116,107	72,966	43,141
LTFM	-	2,555,184	-	2,555,184	-	-	-	-
Capital Projects Levy	504,823	7,108,800	-	7,100,925	-	512,698	688,429	(175,731)
TOTAL CAPITAL OUTLAY	1,120,157	13,094,561	-	13,295,154	-	919,564	1,233,949	(314,384)
FOOD SERVICE	676,389	4,355,938	-	4,739,674	-	292,653	613,007	(320,354)
COMMUNITY SERVICE								
Regular Community Education	149,593	4,525,028	207,950	5,036,418	-	(153,847)	190,883	(344,730)
Local Collaborative Time Study (LCTS)	-	234,810	-	234,810	-	-	-	-
Early Child Family Education	336,947	792,391	-	1,134,423	-	(5,085)	448,811	(453,896)
School Readiness	29,913	1,394,407	-	1,403,587	-	20,734	43,995	(23,262)
Non Public/Preschool Screening	-	57,650	-	57,650	-	-	3,350	(3,350)
TOTAL COMMUNITY SERVICE	516,453	7,004,286	207,950	7,866,887	-	(138,198)	687,039	(825,237)
		Total rev including transfers	7,212,236					
BUILDING CONSTRUCTION FUNDS								
Long Term Facilities Maintenance (LTFM)	9,569,554	132,213	-	4,283,829	-	5,417,938	5,879,726	(461,787)
Designing Pathways	-	41,000,970	-	7,653,843	-	33,347,127	31,797,985	1,549,142
TOTAL BUILDING CONSTRUCTION FUNDS	9,569,554	41,133,183	-	11,937,672	-	38,765,065	37,677,711	1,087,355
DEBT SERVICE	1,722,805	8,504,533	-	8,806,087	-	1,421,251	897,298	523,954
INTERNAL SERVICE FUND								
Self Funded Medical	3,525,382	13,508,741	-	10,820,462	-	6,213,661	4,125,382	2,088,279
Self Funded Dental	336,534	1,288,525	-	1,081,607	-	543,452	346,534	196,918
TOTAL INTERNAL SERVICE FUND	3,861,916	14,797,266	-	11,902,068	-	6,757,113	4,471,916	2,285,198
TRUST & AGENCY								
Post-Employment Benefits Irrevocable Trust	16,491,280	709,435	-	364,518	-	16,836,196	16,291,280	544,917
Trust & Agency	-	-	-	-	-	-	56,276	(56,276)
TOTAL TRUST & AGENCY	16,491,280	709,435	-	364,518	-	16,836,196	16,347,556	488,640
TOTAL	54,587,923	205,173,918	207,950	172,316,759	221,638	87,431,394	82,036,816	5,394,578
		Total rev including transfers	205,381,868	Total exp including transfers	172,538,397			
General Fund (Unassigned)	17,427,766	110,058,729	-	109,549,704	221,638	17,715,153	17,588,576	126,576
General Fund Balance %	16.0%					16.1%	15.8%	

Management Report
for
Independent School District No. 272
Eden Prairie, Minnesota
June 30, 2020

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
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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, Eden Prairie, Minnesota's (the District) financial statements for the year ended June 30, 2020. 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 District's financial reporting process comments resulting from our audit 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 11, 2020

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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, 2020. 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 basic financial statements for the year ended June 30, 2020:

- We have issued an unmodified opinion on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year. 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 an instance of noncompliance with requirements that could have a direct and material effect on its major federal programs:
 1. Two of forty student applications tested for compliance with eligibility requirements applicable to the child nutrition cluster federal programs were being provided free or reduced-priced meals, when they were only eligible to receive full-priced or reduced-priced meals.

- We reported two matters involving the internal controls over compliance with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. We considered one of these matters to be a material weakness and one of these matters to be a significant deficiency in our testing of major federal programs:
 1. The District's controls over compliance with eligibility requirements applicable to the child nutrition cluster federal programs were not sufficient to prevent the material instances of noncompliance discussed above, resulting in a material weakness.
 2. The District did not have adequate controls in place to assure compliance with special tests and provisions requirements applicable to the child nutrition cluster federal programs for the accurate completion of verification testing for error-prone free and reduced-price applications, resulting in a significant deficiency.
- We reported one finding based on our testing of the District's compliance with Minnesota laws and regulations:
 1. For one of three contracts selected for testing that were completed during the 2020 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.

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, 2020, 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, 2019, 4 of 40 disbursements tested were 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. Based on our testing, there was no similar finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Impact of Novel Coronavirus (COVID-19)

Starting in March 2020, the onset of the novel coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way schools, governments, businesses, and individuals function. Minnesota school districts may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, significant increases in the number and frequency of employees working remotely, challenges in processing general and payroll disbursements, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to current and potential federal relief subsidies. As your district continues to adapt to the new normal of operating in a post-COVID-19 world, the assessment of and responses to new risks that may accompany operational changes will be critical to the safeguarding of resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

Electronic Funds Transfer Fraud

As the use of electronic funds transfers and payment methods has become more prevalent, we have seen increases in both the incidences of fraud related to these transactions and the dollar amounts involved. Unfortunately, operational changes related to the COVID-19 pandemic, including greater reliance on technology and more employees working remotely, tend to increase risk in this area. We urge districts to carefully review controls over these transactions, and consider best practices to address this risk, such as:

- Ensuring segregation of duties over these transactions by involving more than one employee in the process.
- Requiring multi-factor authentication of requests for electronic payments from new vendors or for changes in wiring instructions for existing vendors. It is recommended that changes for existing vendors be verified with the vendor through trusted contact information used previously for that vendor, not as provided in the change request, to verify the accuracy of the change.
- Educate employees on the controls in place to protect the organization's financial assets and ensure management is supportive and accepting of the processes in place. These scams are often initiated using the profile of a supervisor. Employees must be comfortable questioning unusual transactions or requests, and instructed not to circumvent internal control procedures regardless of whom they believe initiated the transaction.
- Recommended cyber security measures, such as limiting network access and requiring robust passwords that are changed regularly, should be implemented and followed by all district employees, not just those directly involved with financial transactions.
- Review insurance policies to understand the coverage provided for financial losses due to cybersecurity risks, and evaluate whether they provide adequate coverage based on management's assessment of these risks.

Activities Fund Cash Receipts

Internal controls, processes, and procedures are never perfected and need to be continually reviewed to make sure transaction cycles are performing properly and efficiently. During our audit testing, we reviewed internal controls over cash receipts in the Activities Office, during which we noted inconsistencies in processes and procedures related to securing deposits. With recent changes in student activity accounting managed under board control and impacts of COVID-19, we recommend the District reassess internal controls in this area to verify controls are properly designed and consistently implemented.

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, 2020. However, the District implemented the following governmental accounting standard during the fiscal year ended June 30, 2020:

- GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities of local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. This change in accounting principle is detailed in Note 1 to the basic financial statements.

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 Minnesota Department of Education (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 other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68, 73, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is 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 clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that 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 11, 2020.

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 the 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 included later in this report gives an indication of how complicated the funding system is. This section provides selected state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

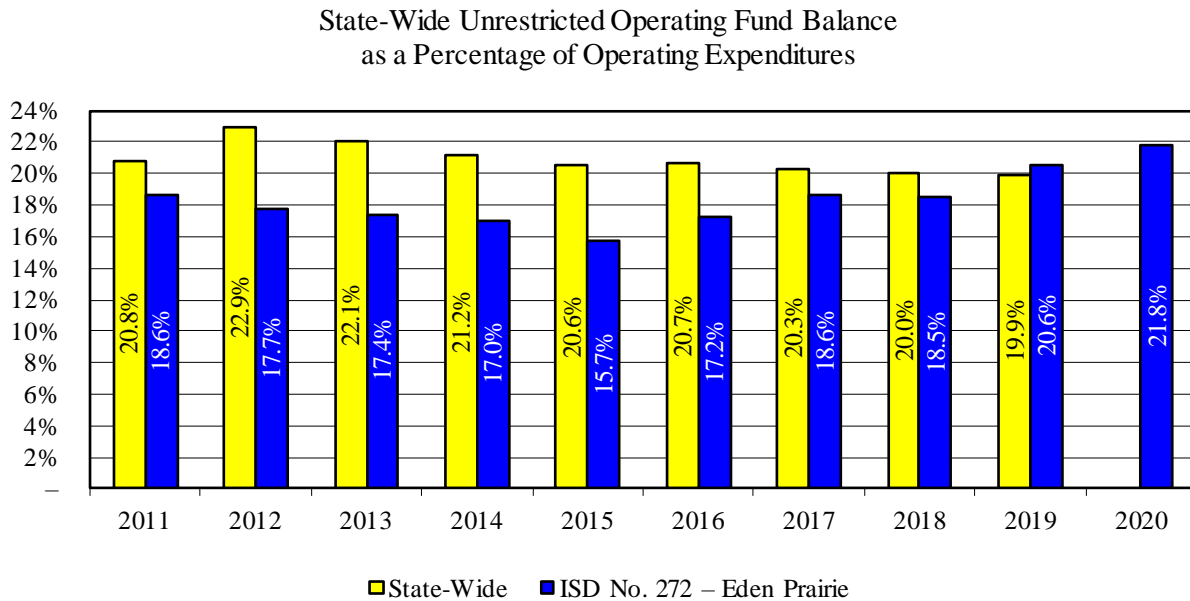
The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled 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 next year. 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
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 %
2020	\$ 6,438	2.0 %
2021	\$ 6,567	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 2020.

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 and funding stabilized in subsequent years, this ratio decreased gradually to 19.9 percent at the end of fiscal 2019.

As of June 30, 2020, this ratio was 21.8 percent for the District, as compared to 20.6 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 and Post-Employment Benefits Debt Service Funds. 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		Metro Area		ISD No. 272 – Eden Prairie			
	2018	2019	2018	2019	2018	2019	2020	
General Fund								
Property taxes	\$ 2,024	\$ 2,140	\$ 2,638	\$ 2,796	\$ 3,862	\$ 3,929	\$ 4,201	
Other local sources	520	556	433	454	534	539	426	
State	9,614	9,883	9,625	9,885	8,933	9,061	9,480	
Federal	450	475	474	499	322	291	326	
Total General Fund	12,608	13,054	13,170	13,634	13,651	13,820	14,433	
Special revenue funds								
Food Service	559	559	554	556	563	557	489	
Community Service	642	676	752	797	627	873	785	
Debt Service Fund	1,128	1,229	1,120	1,287	442	549	893	
Total revenue	<u>\$ 14,937</u>	<u>\$ 15,518</u>	<u>\$ 15,596</u>	<u>\$ 16,274</u>	<u>\$ 15,283</u>	<u>\$ 15,799</u>	<u>\$ 16,600</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,905</u>	<u>8,995</u>	<u>8,907</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.

Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The District earned \$147,859,937 in the governmental funds reflected above in fiscal 2020, an increase of \$5,755,101 (4.0 percent) from the prior year, or an increase of \$801 per ADM served. Total General Fund revenue increased \$613 per ADM. General Fund state revenue increased \$419 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 \$272 per ADM, due to the increased property tax levy. Revenues in the Food Service Special Revenue and Community Service Special Revenue Funds decreased, due to the COVID-19 pandemic resulting in decreased program participation. Debt Service Fund revenues increased \$344 per ADM, due to increased property tax levies for debt service.

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		Metro Area		ISD No. 272 – Eden Prairie			
	2018	2019	2018	2019	2018	2019	2020	
General Fund								
District and school administration	\$ 1,031	\$ 1,065	\$ 1,045	\$ 1,078	\$ 1,029	\$ 1,105	\$ 1,099	
Elementary and secondary regular instruction	5,646	5,787	5,976	6,112	6,334	6,193	6,400	
Vocational education instruction	170	180	154	165	250	291	310	
Special education instruction	2,298	2,380	2,418	2,505	2,377	2,293	2,389	
Community education	–	–	–	–	–	22	–	
Instructional support services	658	669	748	751	824	900	981	
Pupil support services	1,118	1,178	1,209	1,282	1,035	1,045	1,042	
Sites and buildings and other	936	960	896	907	1,388	1,377	1,565	
Total General Fund – noncapital	11,857	12,219	12,446	12,800	13,237	13,226	13,786	
General Fund capital expenditures	658	721	636	675	330	428	815	
Total General Fund	12,515	12,940	13,082	13,475	13,567	13,654	14,601	
Special revenue funds								
Food Service	553	561	545	556	557	566	532	
Community Service	640	675	750	799	702	876	883	
Debt Service Fund	1,308	1,313	1,230	1,308	517	542	989	
Total expenditures	\$ 15,016	\$ 15,489	\$ 15,607	\$ 16,138	\$ 15,343	\$ 15,638	\$ 17,005	
ADM served per MDE School District Profiles Report (current year estimated)					8,905	8,995	8,907	
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 \$151,465,817 in the governmental funds reflected above in fiscal 2020, an increase of \$10,799,898 (7.7 percent) from the prior year, or an increase of \$1,367 per ADM served. General Fund expenditures, excluding capital, increased \$560 per ADM, with higher expenditures for elementary and secondary education (\$207 per ADM), sites and buildings and other (\$188 per ADM), and special education instruction (\$96 per ADM). General Fund capital expenditures increased \$387 per ADM, due to the capital leases issued in the current year for technology. Debt Service Fund expenditures increased \$447 per ADM, consistent with the increase in property tax levies previously discussed and as scheduled for outstanding bond issues.

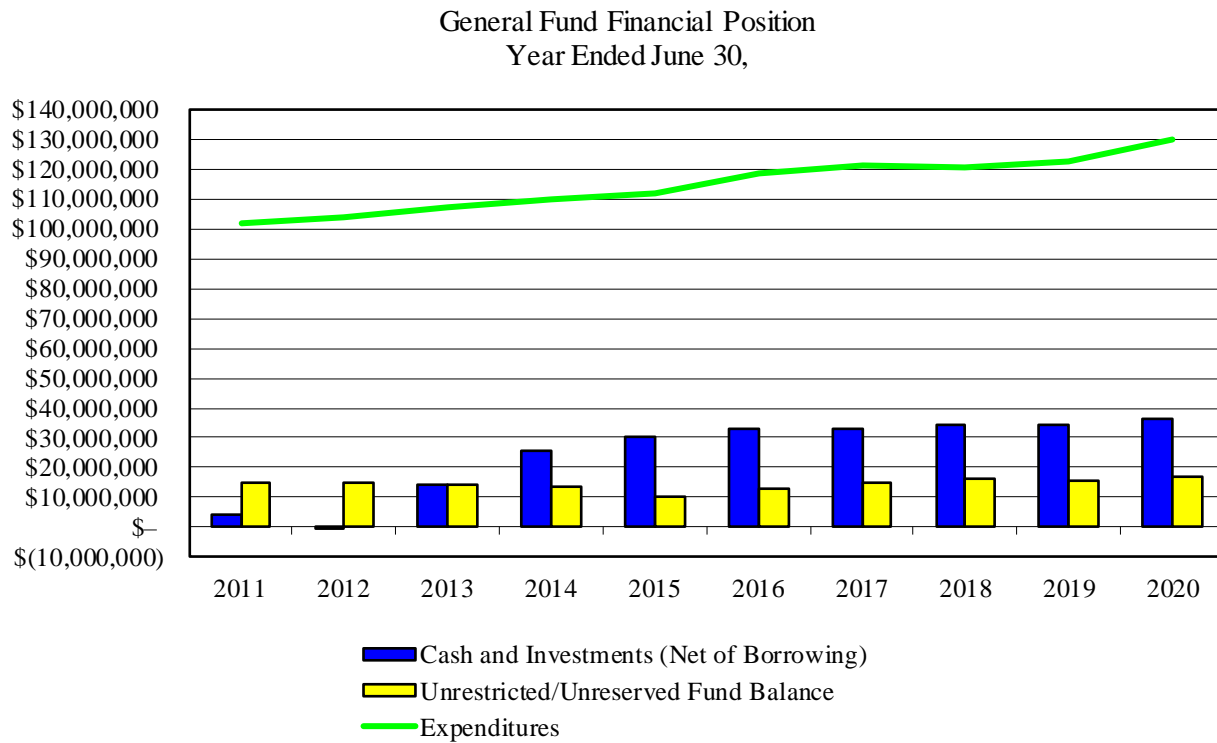
SUMMARY

Funding for Minnesota school districts generally has not kept pace with inflation and an increasing need for services, despite recent enhancements to the basic general education state aid formula and other categorical aids. This has increased reliance on local revenue sources like voter-approved operating referenda and user fees to maintain district programs. The recent COVID-19 pandemic has and will continue to create additional financial challenges, as districts struggle to provide a safe and effective learning experience for their students under unprecedented circumstances.

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, 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 2020 was \$36,293,032, an increase of \$1,894,840 from the prior year.

Total fund balance at year-end was \$23,497,314, an increase of \$1,839,153. The year-end unassigned fund balance, excluding restricted account deficits, was \$17,207,918.

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 graph above.

GENERAL FUND COMPONENTS OF FUND BALANCE

The following table presents the components of the General Fund balance for the past five years:

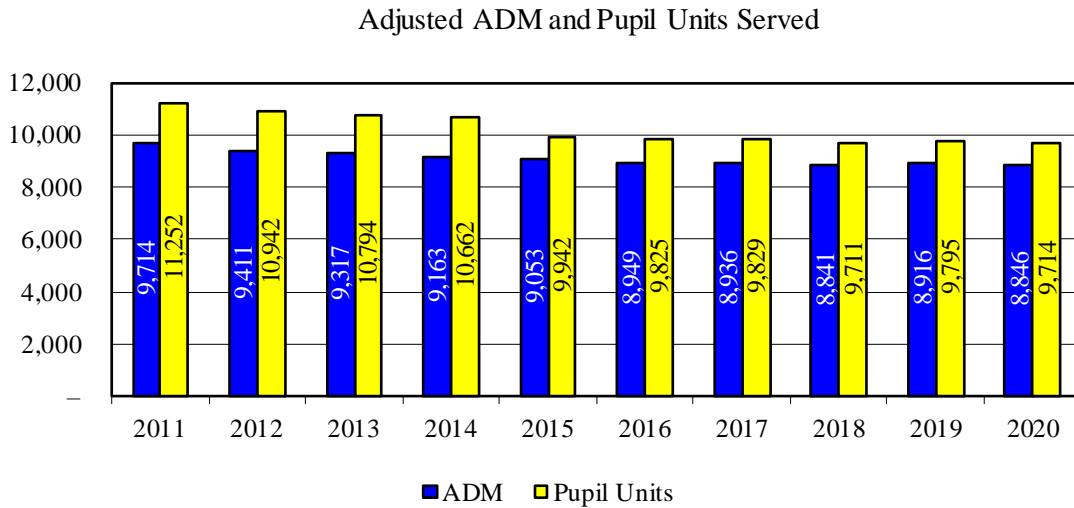
	June 30,				
	2016	2017	2018	2019	2020
Nonspendable fund balances	\$ 462,195	\$ 717,276	\$ 145,362	\$ 1,676,290	\$ 507,235
Restricted fund balances (1)	1,207,446	1,852,903	2,106,412	1,403,680	1,461,779
Unrestricted fund balances					
Assigned	2,727,888	2,409,257	1,685,452	2,826,715	4,320,382
Unassigned	13,111,310	14,655,207	16,349,250	15,751,476	17,207,918
Total fund balance	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>	<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>	<u>\$ 23,497,314</u>
Total expenditures	<u>\$ 118,790,022</u>	<u>\$ 121,237,792</u>	<u>\$ 120,809,427</u>	<u>\$ 122,810,797</u>	<u>\$ 130,053,168</u>
Unrestricted fund balances as a percentage of expenditures	<u>13.3%</u>	<u>14.1%</u>	<u>14.9%</u>	<u>15.1%</u>	<u>16.6%</u>
Unassigned fund balances as a percentage of expenditures	<u>11.0%</u>	<u>12.1%</u>	<u>13.5%</u>	<u>12.8%</u>	<u>13.2%</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.

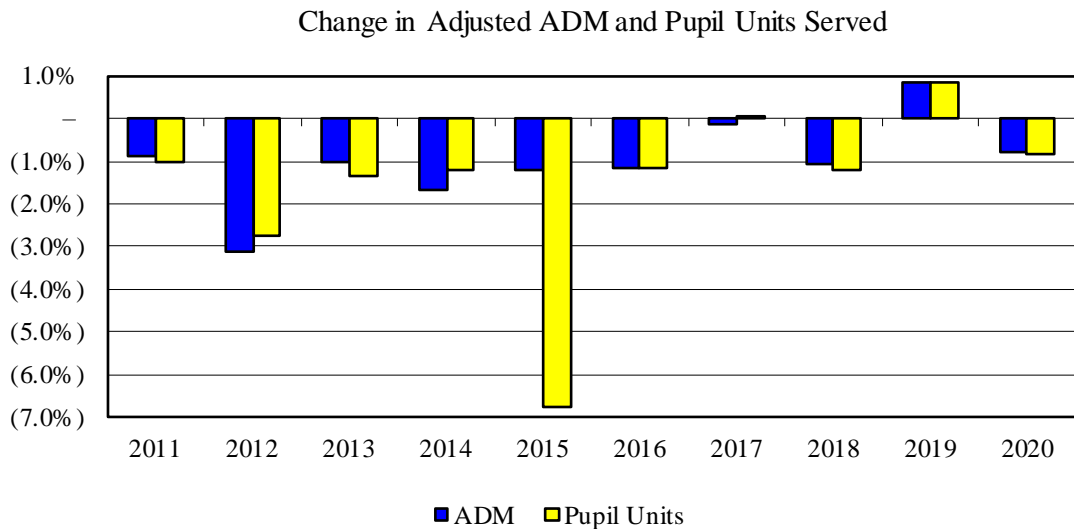
The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls. At June 30, 2020, unrestricted fund balances in the General Fund represented 16.6 percent of annual expenditures, or less than nine weeks of 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:



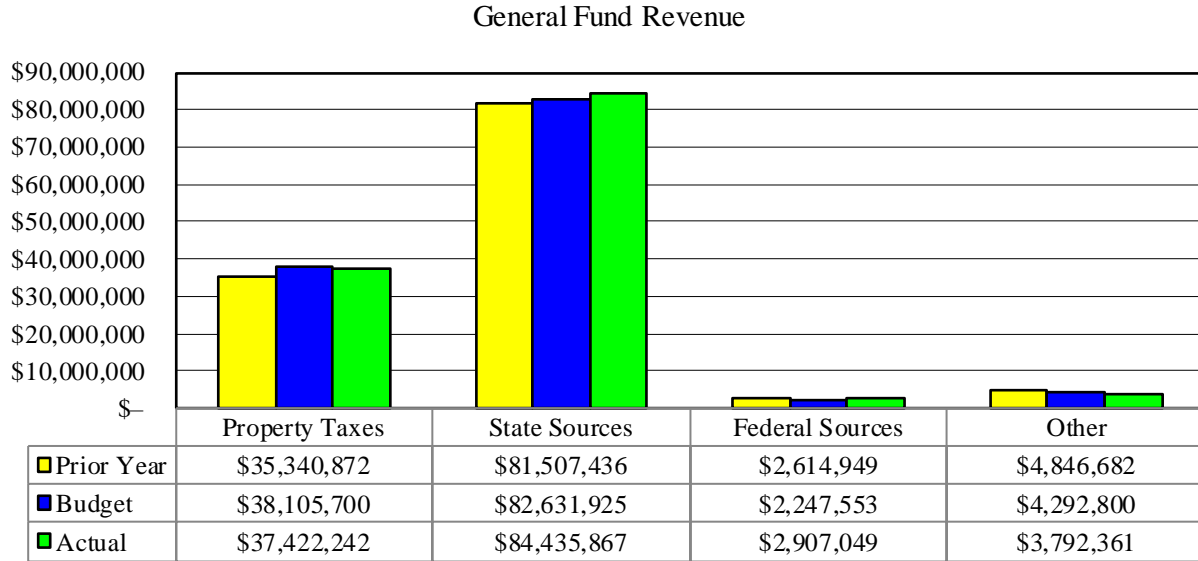
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

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 8,846 in 2020, a decrease of 70 (0.8 percent) from the previous year. The resulting pupil units served by the District decreased by 81 to 9,714.

GENERAL FUND REVENUES

The following graph summarizes the District's General Fund revenue for 2020:



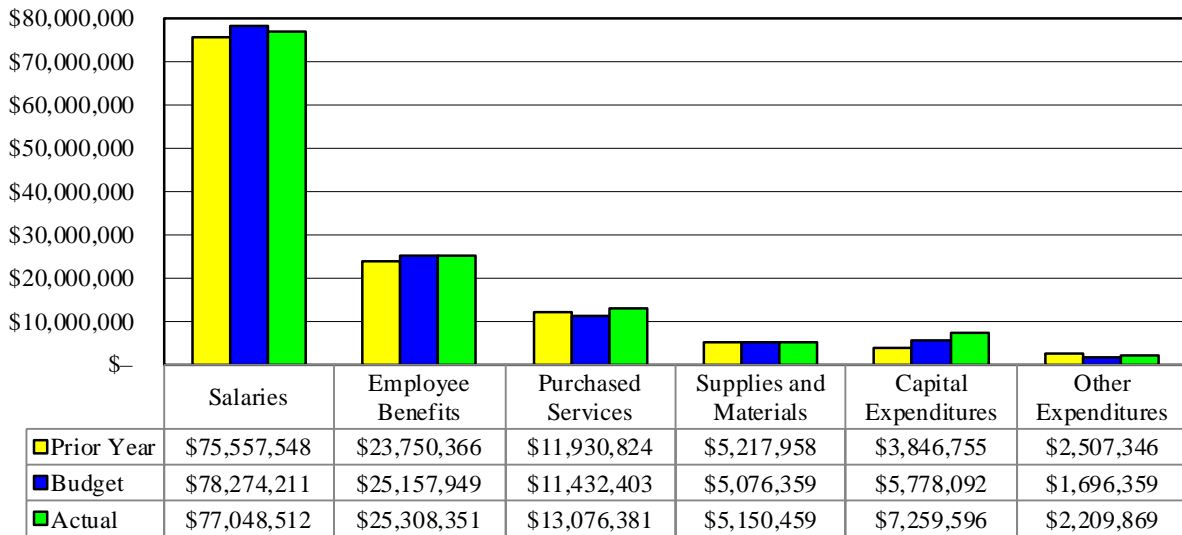
Total General Fund revenues were \$128,557,519 for the year ended June 30, 2020, which was \$1,279,541 (1.0 percent) over the final budget. State sources were \$1,803,942 over budget, mainly due to general education aid, special education aid, and safe schools funding exceeding projection by \$674,508, \$650,211, and \$582,034, respectively.

General Fund total revenues were \$4,247,580 (3.4 percent) more than the previous year. Revenue from state sources was \$2,928,431 higher than the prior year, due primarily to improvements in the general education funding formula, special education funding, and safe schools funding. Property tax revenue increased \$2,081,370, due to the increased property tax levy in the current year. Revenues from other sources decreased \$1,054,321, mainly due to lost fees and charges, due to the COVID-19 pandemic.

GENERAL FUND EXPENDITURES

The following graph summarizes the District's General Fund expenditures for 2020:

General Fund Expenditures

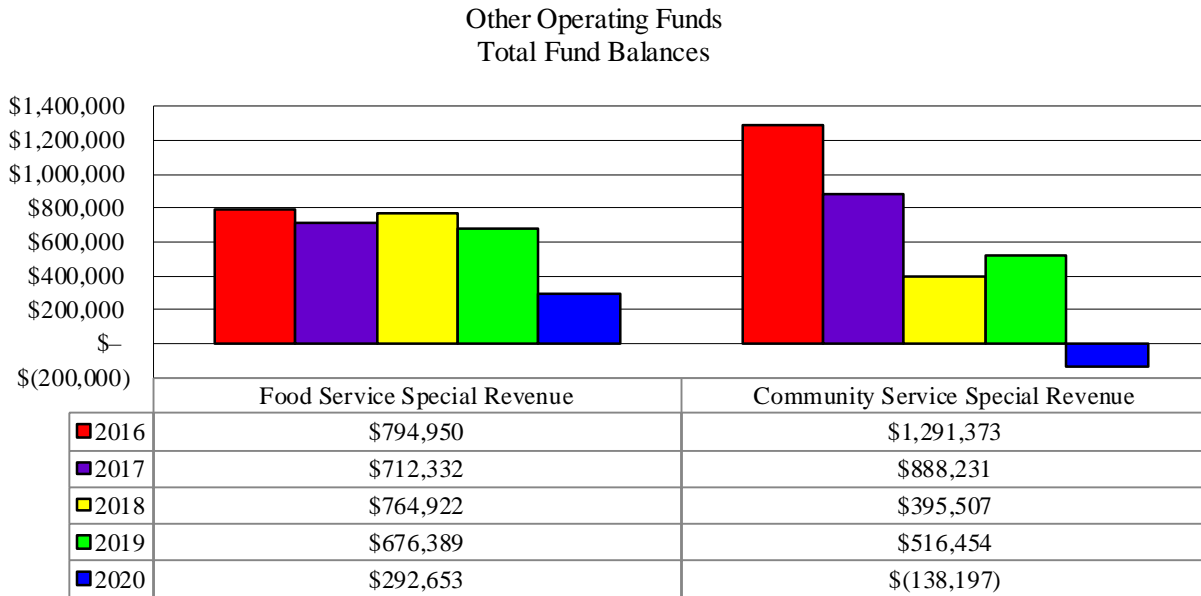


Total General Fund expenditures for 2020 were \$130,053,168, an increase of \$7,242,371 (5.9 percent) from the prior year. Personnel-related costs were \$3,048,949 (3.1 percent) higher than last year, mainly due to contracted increases in salaries and benefits. Capital expenditures were \$3,412,841 higher than the previous year, mainly due to capital leases issued for technology products in the current year. Purchased service costs increased \$1,145,557, mainly in the sites and buildings program area, due to an increase in long-term facilities maintenance projects.

Total General Fund expenditures were over budget by \$2,637,795 (2.1 percent) in 2020, which was spread across several programs and object categories. Purchased service costs were \$1,643,978 over budget, due to more than anticipated long-term facilities maintenance projects. Capital expenditures were \$1,481,504 over budget, mainly due to capital leases issued for technology products not included in the budget. These variances were offset by salaries and benefits being \$1,075,297 under budget, due to conservative budgeting and COVID-19 related cancellations of meetings and staff development.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal 2020 with a fund balance of \$292,653, which is a decrease of \$383,736 from last year, compared to a budgeted decrease of \$63,382. Food service revenue was \$4,355,938, which was under budget by \$642,320, mainly in meal sales. Total expenditures of \$4,739,674 were \$321,966 under budget, as supplies and materials were less than projected. Both of these budget variances and the decrease in fund balance resulted from program changes, due to the COVID-19 pandemic.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with a fund balance deficit of \$138,197, a decrease of \$654,651 from the prior year, compared to a budgeted increase of \$170,586. Actual revenues were less than projected amounts by \$871,457, while actual expenditures were more than budget by \$25,418. Program participation was significantly impacted by the COVID-19 pandemic causing significant changes, compared to prior year and budget for revenues.

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 \$29,195,512 in fiscal 2020, compared to a budgeted increase of \$28,108,157, due to the issuance of the 2019B General Obligation School Building Bonds. The year-end fund balance of \$38,765,065 is restricted for capital projects (\$33,347,127) and the long-term facilities maintenance program (\$5,417,938).

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. Fund balance decreased \$301,554 in 2020 to a year-end balance of \$1,421,253, which is restricted to the payment of outstanding debt obligations of the District.

Internal Service Funds

The internal service funds are considered proprietary funds and are used to account for health and dental insurance offered by the District to its employees as self-insured plans.

At June 30, 2020, the Self-Insured Dental Benefits Internal Service Fund had accumulated \$658,663 of cash and investments available to pay future dental benefits for the participating members of the District, including estimated claims payable of \$20,000 accrued at year-end. The Self-Insured Dental Benefits Internal Service Fund ended the year with a net position of \$543,451.

At June 30, 2020, the Self-Insured Health Benefits Internal Service Fund had accumulated \$7,997,392 of cash and investments available to pay future health benefits for the participating members of the District, including estimated claims payable of \$700,000 accrued at year-end. The Self-Insured Health Benefits Internal Service Fund ended the year with a net position of \$6,213,661.

Post-Employment Benefits Trust Fund

The District has established a Post-Employment Benefits Trust Fund to account for an irrevocable trust account established to finance the District's liability for post-employment healthcare benefits. At year-end, trust net position of \$16,836,197 is available for future OPEB payments.

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 financial 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,		
	2020	2019	Change
Net position – governmental activities			
Total fund balances – governmental funds	\$ 63,838,088	\$ 34,143,364	\$ 29,694,724
OPEB asset, net of deferments	3,483,196	2,844,280	638,916
Total capital assets, net of depreciation	97,393,207	94,565,500	2,827,707
Bonds and leases payable	(101,950,195)	(65,628,840)	(36,321,355)
Pension liability, net of deferments	(121,180,955)	(114,432,540)	(6,748,415)
Other adjustments	5,148,393	2,514,121	2,634,272
Total net position – governmental activities	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>	<u>\$ (7,274,151)</u>
Net position			
Net investment in capital assets	\$ 36,712,713	\$ 38,506,213	\$ (1,793,500)
Restricted	1,886,182	3,450,332	(1,564,150)
Unrestricted	<u>(91,867,161)</u>	<u>(87,950,660)</u>	<u>(3,916,501)</u>
Total net position	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>	<u>\$ (7,274,151)</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 compensated absences, OPEB, and pensions.

Total net position decreased \$7,274,151 in fiscal 2020. The District's net investment in capital assets decreased \$1,793,500 this year. 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 decreased \$1,564,150, primarily in amounts restricted for capital asset acquisition, food service, community service, and debt service.

Unrestricted net position decreased \$3,916,501, mainly due to changes in the District's proportionate share of the Public Employees Retirement Association's and the Teachers Retirement Association's pension plan liabilities and related deferments and due to capital leases issued in the current year that did not meet the District's policy to be capitalized.

LEGISLATIVE SUMMARY

The 2020 Minnesota Legislature session was expected to be short and focused on making tweaks to the biennial budget. By early March, it became clear the session would unfold differently than anyone could have predicted. As the novel coronavirus (COVID-19) spread reached Minnesota, Governor Walz issued an Executive Order declaring a peacetime emergency. The declaration was enacted, which allowed his administration to quickly impose measures aimed at mitigating the COVID-19 health threat. These measures, which were issued through dozens of executive orders over the months that would follow, included: closing schools and requiring instruction be provided through distance learning; allowing schools to offer summer programs and extended school year services through distance learning or a hybrid model; requiring districts to deliver meals and instructional materials; requiring districts to provide childcare for essential workers, and authorizing fund transfers and flexibility in the use of revenues for districts to cover school-age care, transportation, and other COVID-19 related costs.

The following is a brief summary of specific legislative changes from the 2020 regular and special sessions or previous legislative sessions impacting Minnesota school districts in future years.

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The CARES Act provides federal economic relief to protect the American people from the public health and economic impacts of COVID-19.

This CARES funding includes an Education Stabilization Fund, which in turn contains two major sources of funding for schools that may be used for expenditures incurred from March 13, 2020 through September 30, 2022:

1. Governor’s Emergency Education Relief (GEER) Fund

These funds were allocated to support efforts in getting children back to school in the fall, while prioritizing the safety of students and staff. These funds support operational costs, such as: cleaning supplies and disinfectant sprayers, screening supplies, personal protective equipment, and increased transportation costs associated with transporting students in a socially distant manner. These funds also support student, family, and educator needs, such as technology devices and internet access, technology training, tutors or mentors to address learning loss, translation services, school-age care for essential workers, and professional development focused on learning models. To spend funds from this source, an expenditure must be a reasonably necessary expense that is directly related to the COVID-19 pandemic, and the expenditure must not be one that was planned for in the current school year budget.

2. Elementary and Secondary School Emergency Relief (ESSER) Fund

These funds are divided into two streams: a formula-based allocation and state-directed grants. The formula-based allocation to districts and charter schools is based on their allocations under Title I, Part A of the Elementary and Secondary Education Act (ESEA). These funds can be used for a wide range of expenses to meet local needs.

State-directed grants, provided to districts and charter schools that do not receive a formula-based allocation, districts and charter schools that receive less than \$10,000 from their formula-based allocation, and districts and charter schools whose share of students from historically underserved populations is more than their share of other ESSER funds, can be used for a combination of supplementing GEER funds for summer school programming, supporting mental health, and meeting the needs of historically underserved populations.

The CARES Act also provided funding through the Coronavirus Relief Fund (CRF). These funds were allocated to districts and charter schools based on a two-part formula: 1) 60 percent for operating costs based on average daily membership (ADM) as reported for the 2018–2019 school year, and 2) 40 percent for student, family and staff support costs allocated based 40 percent on ADM and 60 percent on the historically underserved population of students each district or charter school serves. The expenditure of these funds is not required to match the 60 percent/40 percent allocation breakdown, and may be used for costs incurred between July 1, 2020 and December 31, 2020.

General Education Revenue – The Legislature had previously approved annual increases of 2 percent to the basic general education formula allowance for the fiscal year (FY) 2020–2021 biennium. The per pupil allowance will increase \$129 to \$6,567 for FY 2021.

Compensatory Revenue – The requirement to reserve a portion of compensatory revenue for extended time programming is eliminated beginning in FY 2021.

Special Education Revenue – The Legislature had previously approved enhancements to special education funding designed to hold the state average cross subsidy per pupil constant at the FY 2019 level of \$82 per ADM for FY 2021. The changes included:

- Establishing a new component of the state special education funding formula, known as cross subsidy reduction aid. Cross subsidy reduction aid will equal a percentage of each district’s “initial cross subsidy” for the prior fiscal year, with the percentages set at 6.43 percent for 2021. Initial cross subsidy is defined as the district’s nonfederal special education costs, including transportation, less state special education aid after tuition adjustments and general education aid attributable to students receiving special education services outside of the regular classroom for at least 60.00 percent of the school day. Charter schools are not eligible for cross subsidy reduction aid.
- Updating the pupil-driven portion of the initial special education aid formula to use FY 2018 data beginning in FY 2021, rather than continuing to use 2011 data adjusted for inflation.
- Phasing out the special education aid cap over two years, with the cap eliminated for FY 2021 and beyond.
- Reducing the tuition rate paid by the resident school district for open enrolled special education students served by another district or charter school from 90.00 percent of unfunded costs to 80.00 percent for FY 2021 and later. Charter schools will be eligible for additional special education aid from the state to fully offset the impact of the tuition rate change.
- Reducing the hold harmless guarantee by changing the formula to reduce reliance on the FY 2016 base year so that schools where special education expenditures have fallen or grown slowly since FY 2016 do not benefit disproportionately from the hold harmless guarantee compared to other schools. The percentage of FY 2019 regular program costs used to calculate the hold harmless will decrease to 85.00 percent for FY 2021, 80.00 percent for FY 2022, and 75.00 percent for FY 2023. In addition, the annual inflation adjustment used to calculate the hold harmless will be reduced by 0.20 percent annually from the 4.60 percent factor used in FY 2019 until the adjustment reaches 2.00 percent.
- The 2020 Legislature added that for FY 2020, expenditures for employees and contracted services that would have been eligible for state aid in the absence of school closure due to COVID-19 must be included as eligible expenditures for calculation of aid and for tuition billing, regardless of whether special education services were actually provided during the closure.

Achievement and Integration Revenue – School districts are authorized to carry over any unspent balance of their approved achievement and integration budget from FY 2020 into FY 2021. If spent for approved purposes in FY 2021, the districts would generate additional FY 2021 revenue over and above the regular formula limitations.

Operating Referendum/Local Optional Revenue – Effective for the tax levy payable in FY 2021, the operating referendum and local optional revenue (LOR) levies were simplified by transferring \$300 per pupil unit (PU) of referendum revenue to LOR, thereby eliminating the board-approved referendum levy and increasing the LOR levy authority to \$724 per PU. The referendum cap is reduced by the \$300 per PU transferred to LOR. The annual recalculation of referendum allowances approved prior to FY 2014 based on the amount of LOR a district opts to receive is also eliminated. Inflation adjusted referendum authority transferred to LOR will continue to be adjusted for the life of the referendum. This change is revenue neutral for all districts.

Operating Referendum Equalization – Effective for the tax levy payable in FY 2021, the equalizing factor for Tier 2 of the referendum (New Tier 1) is increased from \$510,000 to \$567,000. This is expected to provide \$9.4 million of property tax relief to taxpayers, and result in \$600,000 of additional referendum state aid for charter schools.

Fund Transfers – For fiscal years 2020 and 2021 only, a school district, charter school, or a cooperative unit may transfer any funds not already assigned or encumbered by staff salary and benefits, or otherwise encumbered by federal law, from any accounts or operating fund to the undesignated balance in any other operating fund. A fund transfer is allowed if the transfer meets the following criteria from Minnesota Laws 2020, Chapter 116/House File 4415 Article 3 Section 8:

1. The transfer does not increase state aid obligations to the district or school or result in additional property tax authority for the district.
2. A transfer is limited to the operating funds of a school district, charter school, or cooperative unit.
3. A school board must approve any fund or account transfer before the reporting deadline for the respective fiscal year.
4. A school district, charter, school, or cooperative unit must maintain accounting records for the purposes of this section that are sufficient to document both the specific funds transferred and use of those funds. The accounting records are subject to auditor review.
5. Any execution of this flexibility must not interfere with or jeopardize funding per federal requirements.
6. Any transfer must not interfere with the equitable delivery of distance learning or social distancing models.

Debt Service Payments – For FY 21 only, a school district unable to make a required debt service payment due to a delay in property tax receipts may apply for modified cash flow payments from the state under Minnesota Statutes, Section 127A.45.

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state. Employer contribution rates were increased for the Teachers Retirement Association (TRA) plan (a total increase of 1.25 percent phased in over a 6-year period beginning in FY 2019) and the St. Paul Teachers Retirement Fund Association (SPTRFA) plan (a total increase of 2.50 percent phased in over a 6-year period beginning in FY 2019). Employee contribution rates were also increased by 0.25 percent beginning in FY 2024 for the TRA plan and beginning in FY 2023 for the SPTRFA plan. The pension adjustment component of the general education aid formula was increased by an amount equal to the product of the salaries paid to members of these two plans times the district's pension adjustment rate for the fiscal year to help offset the cost of the employer contribution increases.

Workers' Compensation Claims – COVID-19 Presumption – The Legislature added several provisions to state unemployment statutes related to COVID-19, including a presumption that an employee who contracts COVID-19 has an occupational disease arising out of and in the course of employment if the employee works in one of the specified occupations and has a confirmed case of COVID-19. Covered occupations include nurses, healthcare workers, and workers required to provide childcare for first responders and healthcare workers under Executive Orders 20-02 and 20-19.

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ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

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 the 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 fiscal years beginning after June 15, 2021.

GASB STATEMENT NO. 92, *OMNIBUS 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements 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*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 97, CERTAIN COMPONENT UNIT CRITERIA, AND ACCOUNTING AND FINANCIAL REPORTING FOR INTERNAL REVENUE CODE SECTION 457 DEFERRED COMPENSATION PLANS—AN AMENDMENT OF GASB STATEMENT NO. 14 AND NO. 84, AND A SUPERSESSION OF GASB STATEMENT NO. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

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Special Purpose Audit Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

2020

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INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 272

Special Purpose Audit Reports
Year Ended June 30, 2020

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	8–11
Independent Auditor's Report on Uniform Financial Accounting and Reporting Standards Compliance Table	12–13
Uniform Financial Accounting and Reporting Standards Compliance Table	14–15

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INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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			
School Breakfast Program	10.553	\$ 108,192	
National School Lunch Program	10.555	1,062,144	\$ 285,228
COVID-19 – Summer Food Service Program for Children	10.559	<u>512,473</u>	
Total child nutrition cluster		\$ 1,682,809	
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	1,562,674	
Special Education Preschool Grants	84.173	<u>56,429</u>	
Total special education cluster		1,619,103	
Special Education – Grants for Infants and Families	84.181	63,308	
Title I Grants to Local Educational Agencies	84.010	793,111	
Supporting Effective Instruction State Grants	84.367	199,030	
English Language Acquisition State Grants	84.365	80,872	
Student Support and Academic Enrichment Program	84.424	33,850	
Education Stabilization Fund	84.425	158,925	
Passed through Independent School District No. 284			
Career and Technical Education – Basic Grants to States	84.048	<u>50,300</u>	
Total federal awards		<u>\$ 4,681,308</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 the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

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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, 2020, 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 11, 2020.

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) as a basis for designing 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 financial statements. 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 11, 2020

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, 2020. 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 OPINION ON THE CHILD NUTRITION CLUSTER

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding child nutrition cluster eligibility reported as finding 2020-001. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

QUALIFIED OPINION ON THE CHILD NUTRITION 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 for the year ended June 30, 2020.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2020-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2020-002 to be a significant deficiency.

(continued)

DISTRICT'S RESPONSES TO FINDINGS

The District's responses to the internal control over compliance 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 them.

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 11, 2020, 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 11, 2020

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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, 2020, 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 11, 2020.

MINNESOTA LEGAL COMPLIANCE

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 contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, except as described in the Schedule of Findings and Questioned Costs as finding 2020-003. 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, insofar as they relate to accounting matters.

DISTRICT'S RESPONSE TO FINDING

The District's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

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 11, 2020

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Schedule of Findings and Questioned Costs Year Ended June 30, 2020

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

What type of auditor's report is issued?

<input checked="" type="radio"/>	Unmodified
<input type="radio"/>	Qualified
<input type="radio"/>	Adverse
<input type="radio"/>	Disclaimer

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> X </u> No

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> X </u> Yes	None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	No
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<u>Program or Cluster(s)</u>	<u>CFDA No.</u>
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– COVID-19 – Summer Food Service Program for Children	10.559

Does the auditee qualify as a low-risk auditee? **X** Yes No

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS 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, 10.555, AND 10.559

2020-001 Internal Control and Compliance – Federal Eligibility Requirements

Criteria – 7 CFR § 245 – Child nutrition cluster eligibility requirements.

Condition – Students that should have received full-priced or reduced-price meals under federal eligibility guidelines for child nutrition cluster programs were receiving free or reduced-price meals.

Questioned Costs – None noted.

Context – This is a current year finding. Two of forty applications tested for eligibility for free or reduced-price meals based on federal guidelines were given improper treatment. This was not a statistically valid sample.

Repeat Finding – This is a current year finding.

Cause – Two student applications were approved for the wrong level of benefit.

Effect – Meals served to these students were being claimed for greater benefits than they were eligible for under program guidelines.

Recommendation – We recommend that Independent School District No. 272 (the District) review its procedures for approving child nutrition cluster applications to ensure all students are approved and claimed for reimbursement in accordance with federal program eligibility guidelines.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures for proper approval of free or reduced-price meal applications. The District has separately issued a Corrective Action Plan related to this finding.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF AGRICULTURE, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER – CFDA NOS. 10.553, 10.555, AND 10.559

2020-002 Internal Control Over Compliance With Federal Special Tests and Provisions

Criteria – 7 CFR § 245.6a requires the District to establish and maintain effective internal control over compliance with requirements applicable to federal programs, including child nutrition cluster special tests and provisions requirements.

Condition – During our audit, we noted that the District did not have sufficient controls in place within its child nutrition cluster federal program to ensure compliance with the federal special tests and provision requirements to accurately complete the verification testing packet for error-prone free and reduced-price applications.

Questioned Costs – None noted.

Context – The District's verification testing of error-prone free and reduced-price lunch applications failed to identify one application that had been approved for incorrect levels of service. This was not a statistically valid sample.

Repeat Finding – This is a current year and prior year finding.

Cause – Due to a lack of review by qualified district personnel, the District's verification testing of error-prone free and reduced-price lunch applications failed to identify one application that had been approved for incorrect levels of service.

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 the verification of free and reduced-price applications for special tests and provision requirements for the child nutrition cluster federal programs.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to special tests and provisions for its child nutrition cluster federal programs. 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, 2020

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2020-003 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 three contracts selected for testing prior to making final settlement during fiscal 2020.

Questioned Costs – Not applicable.

Context – One of three contracts tested was not in compliance.

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.

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, 2020, 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 11, 2020.

Auditing 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 11, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 272

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2020

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 128,557,519	\$ 128,557,519	\$ —
Total expenditures		\$ 130,053,168	\$ 130,053,168	\$ —
Nonspendable				
460	Nonspendable fund balance	\$ 507,235	\$ 507,235	\$ —
Restricted				
401	Student activities	\$ 46,206	\$ 46,206	\$ —
402	Scholarships	\$ 46,518	\$ 46,518	\$ —
403	Staff development	\$ —	\$ —	\$ —
407	Capital projects levy	\$ 512,698	\$ 512,698	\$ —
408	Cooperative revenue	\$ —	\$ —	\$ —
413	Projects funded by COP	\$ —	\$ —	\$ —
414	Operating debt	\$ —	\$ —	\$ —
416	Levy reduction	\$ —	\$ —	\$ —
417	Taconite building maintenance	\$ —	\$ —	\$ —
424	Operating capital	\$ 406,866	\$ 406,866	\$ —
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	\$ —	\$ —	\$ —
448	Achievement and integration	\$ 181,580	\$ 181,580	\$ —
449	Safe schools levy	\$ 144,282	\$ 144,282	\$ —
451	QZAB payments	\$ —	\$ —	\$ —
452	OPEB liability not in trust	\$ —	\$ —	\$ —
453	Unfunded severance and retirement levy	\$ —	\$ —	\$ —
459	Basic skills extended time	\$ —	\$ —	\$ —
467	Long-term facilities maintenance	\$ —	\$ —	\$ —
472	Medical Assistance	\$ 123,629	\$ 123,629	\$ —
473	PPP loans	\$ —	\$ —	\$ —
474	EIDL loans	\$ —	\$ —	\$ —
464	Restricted fund balance	\$ —	\$ —	\$ —
475	Title VII – Impact Aid	\$ —	\$ —	\$ —
476	PILT	\$ —	\$ —	\$ —
Committed				
418	Committed for separation	\$ —	\$ —	\$ —
461	Committed fund balance	\$ —	\$ —	\$ —
Assigned				
462	Assigned fund balance	\$ 4,320,382	\$ 4,320,382	\$ —
Unassigned				
422	Unassigned fund balance	\$ 17,207,918	\$ 17,207,918	\$ —
Food Service				
Total revenue		\$ 4,355,938	\$ 4,355,938	\$ —
Total expenditures		\$ 4,739,674	\$ 4,739,674	\$ —
Nonspendable				
460	Nonspendable fund balance	\$ 180,119	\$ 180,119	\$ —
Restricted				
452	OPEB liability not in trust	\$ —	\$ —	\$ —
464	Restricted fund balance	\$ 112,534	\$ 112,534	\$ —
Unassigned				
463	Unassigned fund balance	\$ —	\$ —	\$ —
Community Service				
Total revenue		\$ 6,990,599	\$ 6,990,599	\$ —
Total expenditures		\$ 7,866,888	\$ 7,866,887	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ —	\$ —	\$ —
Restricted				
426	\$25 taconite	\$ —	\$ —	\$ —
431	Community education	\$ (153,846)	\$ (153,846)	\$ —
432	ECFE	\$ (5,085)	\$ (5,085)	\$ —
440	Teacher development and evaluation	\$ —	\$ —	\$ —
444	School readiness	\$ 20,734	\$ 20,734	\$ —
447	Adult basic education	\$ —	\$ —	\$ —
452	OPEB liability not in trust	\$ —	\$ —	\$ —
473	PPP loans	\$ —	\$ —	\$ —
474	EIDL loans	\$ —	\$ —	\$ —
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, 2020

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 903,600	\$ 903,600	\$ –
Total expenditures		\$ 11,937,671	\$ 11,937,672	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 5,417,938	\$ 5,417,938	\$ –
464	Restricted fund balance	\$ 33,347,127	\$ 33,347,127	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 7,955,881	\$ 7,955,881	\$ –
Total expenditures		\$ 8,806,087	\$ 8,806,087	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
433	Maximum effort loan	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 1,421,253	\$ 1,421,253	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
Custodial Fund				
Total revenue		\$ 835	\$ 835	\$ –
Total expenditures		\$ 835	\$ 835	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Internal Service				
Total revenue		\$ 14,797,266	\$ 14,797,266	\$ –
Total expenditures		\$ 11,902,068	\$ 11,902,068	\$ –
422	Net position	\$ 6,757,112	\$ 6,757,112	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ 709,435	\$ 709,435	\$ –
Total expenditures		\$ 364,518	\$ 364,518	\$ –
422	Net position	\$ 16,836,197	\$ 16,836,196	\$ 1
OPEB Debt Service Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
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.

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