



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)

School Board:

Steven Bartz, Aaron Casper, Kim Ross, Charles "CJ" Strehl, Dennis Stubbs

Board Clerk, Abby Libsak, will be joining the meeting remotely from 10700 Purdey Road, Eden Prairie, MN

Board Member, Debjyoti "DD" Dwivedy, will be joining the meeting remotely under Minnesota Statutes 13D.01, Subdivision1(b)(1) for Military active duty.

2. Pledge of Allegiance

3. Agenda Review and Approval (Action)

Approval of the agenda for the Monday, December 11, 2023 meeting of the School Board of Independent School District 272, Eden Prairie Schools.

Motion _____ Seconded _____

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

4. Approval of Previous Minutes - Revised (Action)

Approval of the UNOFFICIAL Minutes of the School Board Regular Business Meetings on November 27, 2023.

Motion _____ Seconded _____

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

6

5. Truth in Taxation Hearing: 6:02 PM (Information)

- A. Pay 2024 Presentation

9

6. Public Comment - Truth in Taxation: 6:20 PM (Information)

7. Spotlight on Success: 6:25 PM (Information)

- A. Eden Lake Elementary - 5th Grade Leadership Yearbook Team

8. Public Comment: 6:35 PM (Information)

9. Announcements: 6:40 PM (Information)

10. Board Education & Required Reporting: 6:45 PM

- A. Fiscal Year 2022-23 Audited Financial Presentation Information

- 1) FY 2022-23 Executive Summary - Annual Financial Audit

61

- 2) Audited Financial Presentation

62

- 3) Annual Comprehensive Financial Report (See Appendix "A")

- 4) Management Report (See Appendix "A")

5) Special Purpose Audit Reports (See Appendix "A")

11. Board Work: **7:15 PM** (Action)

A. Decision Preparation

B. Required Board Action (Action)

1) Approval of Final Fiscal Year (FY) 2024-25 Levy (Action)

Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

- a. Executive Summary of Pay 2024 Levy 73
- b. Levy Presentation 74
- c. Pay 24 Final Levy Comparison 81

2) 2023-2024 School Board Mid-Year Treasurer's Report (Action) 82

Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

C. Policy Monitoring (Action)

1) EL 2.5 Financial Planning and Budgeting (Action) 83

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

a. EL 2.5.1 Risks incurring those situations or conditions described as unacceptable in the School Board policy "Financial Condition and Activities."

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

b. EL 2.5.2 Neglects to present, no later than the third quarter of the current fiscal year, the assumptions, any material reinvestment of unbudgeted revenues or savings, and a timeline for the next annual budget.

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___ 5. Dennis Stubbs Yes___ No___
- 2. Aaron Casper Yes___ No___ 6. Steve Bartz Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___ 7. Abby Libsack Yes___ No___
- 4. Kim Ross Yes___ No___

c. EL 2.5.3 Allows the fiscal year-end unassigned general fund balance to fall below 8% of expenditures.

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

d. EL 2.5.4 Does not collect appropriate input from various sources.

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

2) EL 2.0 Global Executive Constraint **(Action)**

89

OI Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

Evidence Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

D. Record of Board Self-Evaluation **(Action)**

1) 2022-23 Record of Board Policy Monitoring - Governance Process (GP's) & Board-Management Delegation (BMD's) *(No Updates)*

2) 2022-2023 Record of Board Policy Monitoring - Executive Limitation (EL's) **(Action)**

90

Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

3) 2022-23 Record of Board Policy Monitoring - Ends (1.1 - 1.6) - *(No Updates)*

12. Superintendent Consent Agenda: **8:30 PM (Action)**

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

Motion _____ **Seconded** _____

- 1. Charles Strehl Yes___ No___
- 2. Aaron Casper Yes___ No___
- 3. Debjyoti Dwivedy Yes___ No___
- 4. Kim Ross Yes___ No___
- 5. Dennis Stubbs Yes___ No___
- 6. Steve Bartz Yes___ No___
- 7. Abby Libsack Yes___ No___

A. Monthly Reports

1) Resolution of Acceptance of Donations

91

2) Human Resources Report

92

3) Business Services Reports

a. Board Business

3

97

13. Superintendent's Incidental Information Report

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)

14. Board Action on Committee Reports & Minutes: 8:35 PM

A. Board Development Committee

B. Community Linkage Committee

1) 12/9/23 CLC Minutes

101

Motion _____ Seconded _____

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

2) Measuring What Matters (MWM) Graduation Rates 2023 - *DRAFT*

102

3) Measuring What Matters (MWM) Reading 2022-2023 - *DRAFT*

105

C. Negotiations Committee

D. Policy Committee

15. Other Board Updates (AMSD, BRIGHTWORKS, ISD 287, MSHSL): 8:40 PM (Information)

A. AMSD (Association of Metropolitan Schools) - *Abby Libsack/Kim Ross*

B. BrightWorks - *Dennis Stubbs*

C. ISD 287 (Intermediate School District 287) - *Kim Ross*

D. MSHSL (Minnesota State High School League) - *Dennis Stubbs*

16. Board Work Plan: 8:50 PM (Action)

A. Work Plan Change Document (Action)

107

Motion _____ Seconded _____

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

B. 2023-24 Board Annual Work Plan (Information)

108

17. Closed Session: Review of FY 2022-23 Superintendent Annual Review (Minnesota Statute 13D.05, Subdivision 3):

8:55 PM (Action)

Pursuant to MN Statute 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.

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

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

- | | | | |
|---------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |
| 3. Debjyoti Dwivedy | Yes___ No___ | 7. Abby Libsack | Yes___ No___ |
| 4. Kim Ross | Yes___ No___ | | |

18. Adjournment - Move to adjourn at _____ PM (Action)

Motion _____ Seconded _____

- | | | | |
|-------------------|--------------|------------------|--------------|
| 1. Charles Strehl | Yes___ No___ | 5. Dennis Stubbs | Yes___ No___ |
| 2. Aaron Casper | Yes___ No___ | 6. Steve Bartz | Yes___ No___ |

3. Debjyoti Dwivedy Yes ___ No ___ 7. Abby Libsack Yes ___ No ___

4. Kim Ross Yes ___ No ___

19. Appendix "A" - Fiscal Year 2022-23 Audited Financial Presentation Information (Item #10)

A. Annual Comprehensive Financial Report	120
B. Management Report	288
C. Special Purpose Audit Reports	310

**INDEPENDENT SCHOOL DISTRICT 272 ~ EDEN PRAIRIE SCHOOLS
UNOFFICIAL MINUTES OF THE NOVEMBER 27, 2023
SCHOOL BOARD MEETING**

A Regular Meeting of the Independent School District 272, Eden Prairie Schools, was held on November 27, 2023 in the Eden Prairie District Administrative Offices, 8100 School Road, Eden Prairie, MN 55344.

1. Convene: 6:00 PM (Roll Call)

Present: Steven Bartz, Abby Libsack, Charles "CJ" Strehl, Dennis Stubbs and Board Chair, Aaron Casper, joined meeting remotely

Not Present: Debjyoti "DD"Dwivedy and Kim Ross

Present: Superintendent Josh Swanson

2. Pledge of Allegiance

3. Agenda Review and Approval – Motion by C. Strehl, **Seconded** by A. Lisack to approve of the agenda for the Monday, November 27, 2023 School Board of Independent School District 272, Eden Prairie Schools – Passed 5-0

4. Approval of Previous Minutes – Motion by D. Stubbs, **Seconded** by A. Libsack to approve the UNOFFICIAL Minutes of the School Board Regular Business Meeting on October 23, 2023, and Workshop Notes on November 13, 2023 – Passed 5-0

5. Spotlight on Success

A. Oak Point Elementary - *Social Emotional Wellbeing Through Mindfulness and Connection*

6. Public Comment – n/a

7. Announcements

- **Congratulations to Oak Point Elementary:** Earlier this month, I had the pleasure of traveling with Dr. Chris Rogers to the National Blue Ribbon School Recognition Ceremony in Washington, D.C. to accept Oak Point Elementary's Blue Ribbon award. We are so proud of our excellent staff at Oak Point and grateful to the U.S. Department of Education for this honor.
- **Congratulations:** EPHS football played a remarkable season! Through a combination of outstanding teamwork, stellar coaching, and serious determination, our Eagles commanded field after field, undefeated, all the way into their 19th state semifinal in the last 21 years! Congratulations to our excellent team.
- **Congratulations:** The EPHS drama department defied gravity (and I mean that literally!) with its production of The Wizard of Oz this month. In addition to the well-loved yellow brick road and ruby slippers, this production also featured students flying, with the help of a professional company for installation and training. This was the first production at EPHS to incorporate flying!
- It's been an exciting month for students in the Introduction to Aircraft and Spacecraft course at Eden Prairie High School. Thanks to our community partners, students have been engaged in immersive experiences like exploring Delta Airlines headquarters and learning about aviation history through a [visit to Wings of the North Aviation Museum](#) this month!
- Dr. Heather Mac Murray, our district's Director of Learning Analytics, Data, and Reporting, shared her own insights about AI's impact on education — as well as our district's commitment to engage the community as we plan for the future of AI in our schools — [in an Artificial Intelligence Town Hall](#) hosted by Eden Prairie Local News and the Eden Prairie Chamber of Commerce late last month.
- Earlier this month, we welcomed more than 100 families to our brand-new Kindergarten Adventure Days! Four-year-olds and their families enjoyed a school lunch, played on the playground and listened to a story in a real kindergarten classroom. I've already heard of the events leading to playdates with new friends, and feedback from our incoming kindergarten families has been overwhelmingly positive. We can't wait to welcome these new families next year!
- **Congratulations:** Eden Prairie High School 12th grader Navya Nambiar who took sixth place at this year's [Minnesota Sings vocal competition](#), singing "I'd Rather Be Me" from the Broadway musical "Mean Girls." Way to go, Navya!
- **Congratulations:** Eden Prairie High School 12th graders Brooke Nicklaus, Caroline Larsen, Zach Peta, and Nick Thompson who joined students across the nation in [signing their National Letter of Intent to play a sport at the college of their choice](#). We're so proud of these Eagles!

- **Recognition:** During the month of November, we expressed our sincere appreciation for Eden Prairie Schools staff who care for our students and support our community. Thank you to each of our school psychologists, guest staff, and community education staff for your hard work and dedication to inspiring each student every day!
- Our community helped us raise an incredible \$15,964 on Give to the Max Day, November 16. These funds will support student programs and opportunities. We're so grateful to everyone who donated and shared, and to our partners at Royal Credit Union for their matching funds. The incredible things that happen in our schools would not be possible without our supportive community!

8. Board Education & Required Reporting

9. Board Work

A. Decision Preparation

- 1) School Board Mid-Year Treasurer's Report

B. Required Board Action

C. Policy Monitoring

- 1) Executive Limitations - EL 2.9 Communication and Support to the School Board - *The Superintendent shall not cause or allow the School Board to be uninformed or unsupported in its work.*

OI Motion by S. Bartz, **Seconded** by A. Casper, the OI's for EL 2.9 and all child policies, EL 2.9.1 through EL 2.9.11 are reasonable— Passed 5-0

Evidence Motion by A. Libsack, **Seconded** by C. Strehl, the data does provide adequate evidence of compliance for EL 2.9, including EL 2.9.1 through EL 2.9.11 – Passed 5-0

D. Record of Board Self-Evaluation

- 1) 2022-23 Record of Board Policy Monitoring - Governance Process (GP's)
- 2) 2022-23 Record of Board Policy Monitoring - Executive Limitations (EL's)
- 3) 2022-23 Record of Board Policy Monitoring - Ends (1.1 - 1.6)

Motion by S. Bartz, **Seconded** by C. Strehl that the Board of Record of Self-Evaluation, Records of Policy Monitoring for Governance Process, Executive Limitations and Ends are in compliance – Passed 5-0

10. Superintendent Consent Agenda – Motion by C. Strehl, **Seconded** by D. Stubbs to approve the Consent Agenda – Passed 5-0

A. Resolution for Counting Write-in Votes

- 1) Executive Summary
- 2) Resolution for Counting Write-in Votes

B. 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

11. Superintendent's Incidental Information Report

12. Board Action on Committee Reports & Minutes

A. Board Development Committee – **Motion** by A. Libsack, **Seconded** by S. Bartz to approve the BDC notes as presented – Passed 5-0

- 1) Summary Update
- 2) Protecting Human-to-Human Interaction Policy
- 3) Expert Speaker Information – **Motion** by C. Strehl, **Seconded** by D. Stubbs to approve funding for speaker and scheduling for January 8, 2024 Workshop – Passed 5-0
- 4) Consolidated Resources - Board Review

B. Community Linkage Committee

- 1) November 9, 2023 Minutes – **Motion** by S. Bartz, **Seconded** by D. Stubbs to approve ~~funding for speaker and scheduling for January 8, 2024 Workshop~~ minutes as presented – Passed 5-0
- 2) Article for Inspiring News - **DRAFT**

Motion by A. Casper, **Seconded** by D. Stubbs to approve language as presented with the exception of the edits in the last couple of sentences in the last paragraph – Passed 5-0

a. 4C's Diagram

C. Negotiations Committee

D. Policy Committee

13. **Other Board Updates (AMSD, BRIGHTWORKS, ISD 287, MSHSL)**

A. AMSD (Association of Metropolitan School) - *Abby Libsack/CJ Strehl*

B. BrightWorks - *Dennis Stubbs (n/a)*

C. ISD 287 (Intermediate School District 287) - *Kim Ross (n/a)*

D. MSHSL (Minnesota State High School League) - *Dennis Stubbs*

14. **Board Work Plan**

A. Work Plan Changes Document **Motion** by A. Casper, **Seconded** by S. Bartz to approve the Work Plan Changes – Passed 5-0

Eden Prairie School Board
2023–24 WORK PLAN CHANGES
“Proposed” Changes – November 27, 2023

Date of Meeting/Workshop	Changes Requested
Monday, December 11, 2023	- Add: <i>Fiscal Year 2022-23 Audited Financial Presentation Information</i>
Monday, January 8, 2024 – Annual Organizational Mtg and Workshop	- Add to Workshop: <i>Board Development Committee Speaker</i>
Monday, January 22, 2024	- Add: <i>Ends 1.2</i>
Monday, February 12, 2024 – Workshop	
Monday, February 26, 2024	- Add: <i>Ends 1.3</i>
Monday, March 11, 2024 – Workshop	
Monday, March 25, 2024	- Add: <i>Ends 1.5</i>
Monday, April 8, 2024 - Workshop	
Monday, April 22, 2024	
Monday, May 13, 2024	
Tuesday , May 28, 2024	
Monday, June 10, 2024 – Workshop	
Monday, June 24, 2024	
Placeholder – General Board Work	
<i>Reporting back to Board: Ends 1.2, 1.3 and 1.5 – Scheduled as referenced above</i>	
Placeholder – Policy Review	

B. 2023-24 Board Annual Work Plan

15. **Adjournment – Motion** by D. Stubbs, **Seconded** by A. Libsack to adjourn the meeting of November 27, 2023 at 7:37 PM – Passed 5-0

Abby Libsack – Board Clerk



EDEN PRAIRIE SCHOOLS

Inspiring each student every day

Public
Hearing for
Taxes Payable
in 2024

9

DECEMBER 11, 2023

PRESENTED BY:

JASON MUTZENBERGER,
EXECUTIVE DIRECTOR OF
BUSINESS SERVICES

Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 28th
- After 6:00 PM
- May be part of regularly scheduled meeting
- May adopt final levy at same meeting
- Must allow for public comments

...and Presentation of:

- Current year budget
- Proposed property tax levy

10



Hearing Agenda

- 1. Background Information on School Funding**
- 2. District's Budget**
- 3. District's Proposed Tax Levy for Taxes Payable in 2024**
- 4. Public Comments**

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1“**UNIFORM SYSTEM OF PUBLIC SCHOOLS.** The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The *legislature shall make such provisions by taxation or otherwise* as will secure a thorough and efficient system of public schools throughout the state.”

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As a result...

Funding is Highly Regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters)

13

State also authorizes school board to submit referendums for operating and capital needs to voters for approval



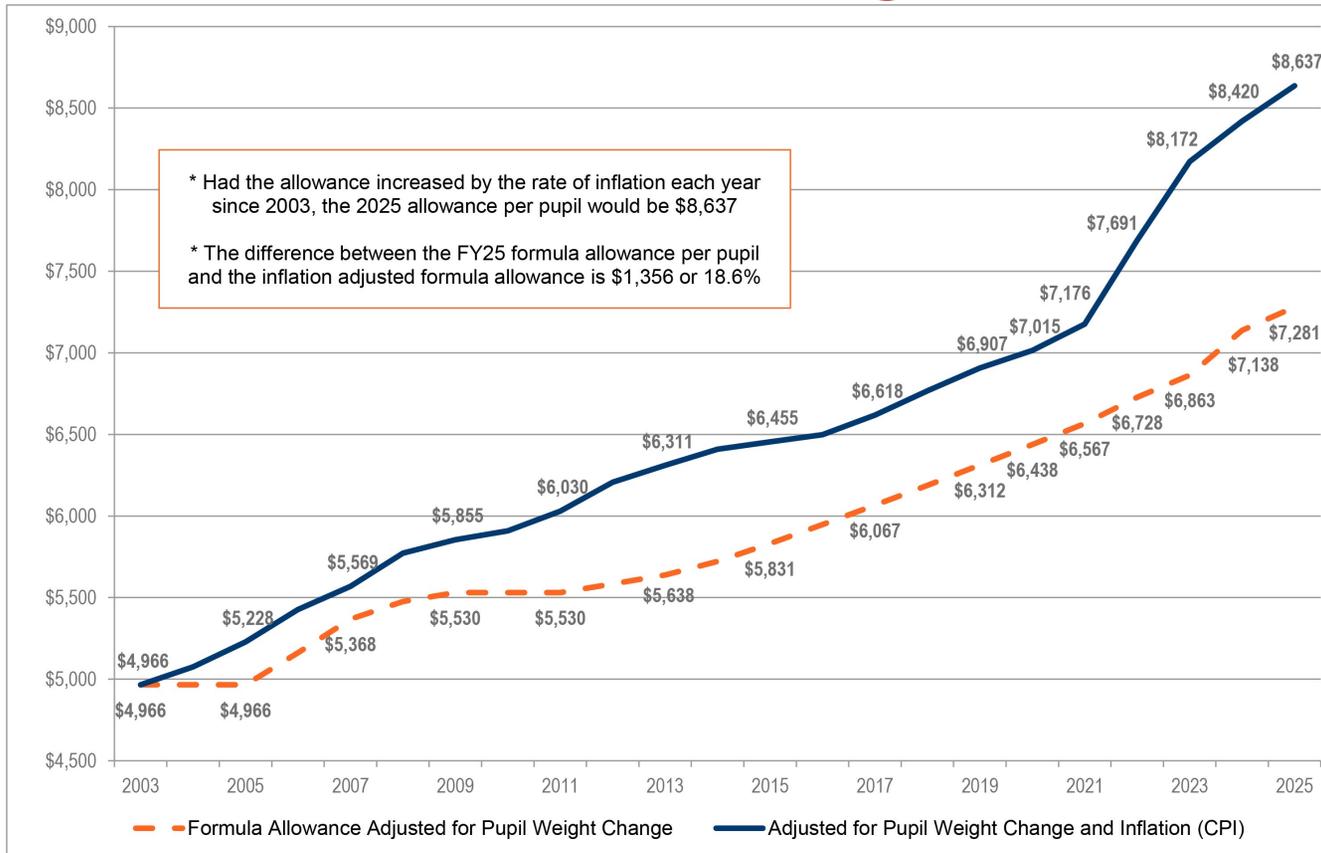
Challenge: State Set Basic General Education Formula Lags Inflation

- Since FY03, state General Education Revenue formula has not kept pace with inflation
- For FY24, Legislature approved an increase of 4.00%
- Per-pupil allowance for FY25 of \$7,281 would need to increase by another \$1,356 (18.6%) to have kept pace with inflation since FY03

14



Education Formula Lags Inflation

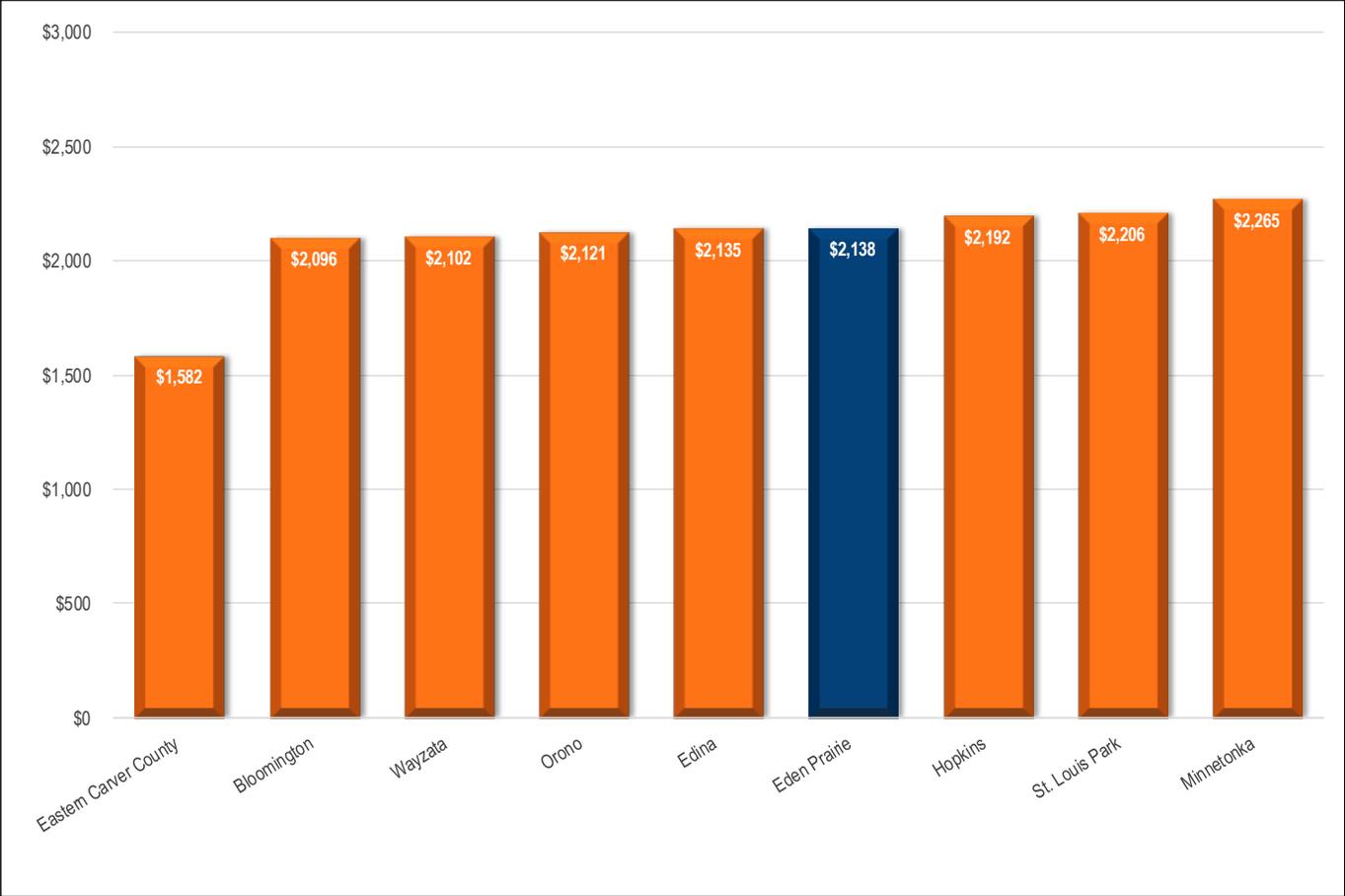


Referendum Need

Result:

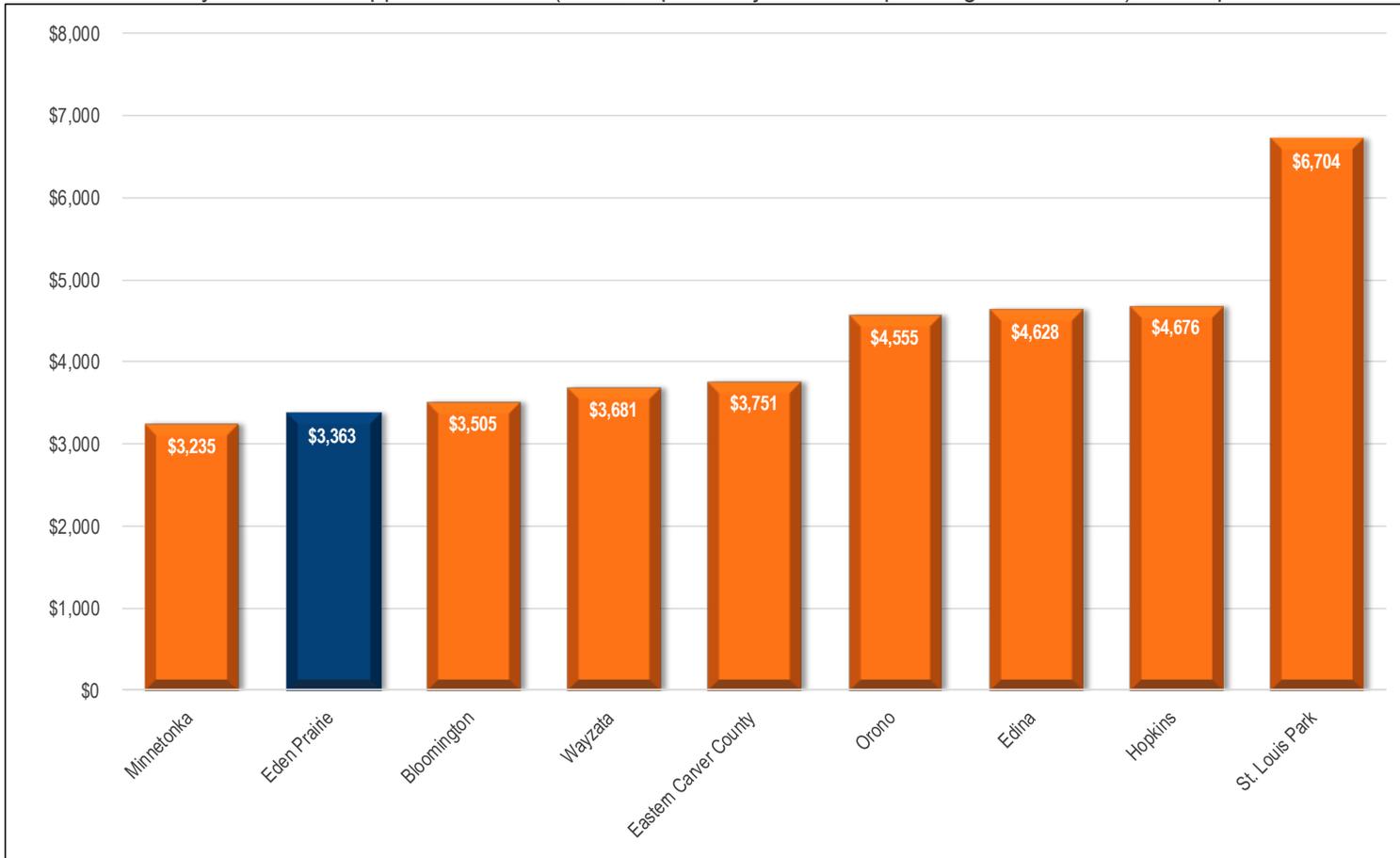
- Growing dependence on referendum revenue to bridge the gap in state funding

Voter Approved Referendum Authority Per Pupil Unit FY 2023-24 (Excludes Local Optional Revenue)



Source: MDE Levy Report for Taxes Payable in 2023, MDE Referendum Phaseout Spreadsheet 6/30/2023

Pay 2023 Voter Approved Levies (Debt, Capital Projects and Operating Referendum) Per Pupil



Source: Pay 2023 School Tax Report
Pupil: MDE Estimated FY 2024 Enrollment, WhatIf FY24 (6-26-23)

Change in Tax Levy Does not Determine Change in Budget

1

Tax levy is based on many state-determined formulas plus voter approved referendums

2

Some increases in tax levies are revenue neutral, offset by reductions in state aid

3

Expenditure budget is limited by state-set revenue formulas, voter-approved levies, and fund balance

4

An increase in school taxes does not always correlate to an equal increase in budget

19



School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2024 taxes provide revenue for 2024 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2024 taxes provide revenue for 2024-25 school year
- Budget will be adopted in June 2024

20



Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information and prior year actual financial results be presented at this hearing. The Fiscal 2024-25 budget will be set in June 2024.

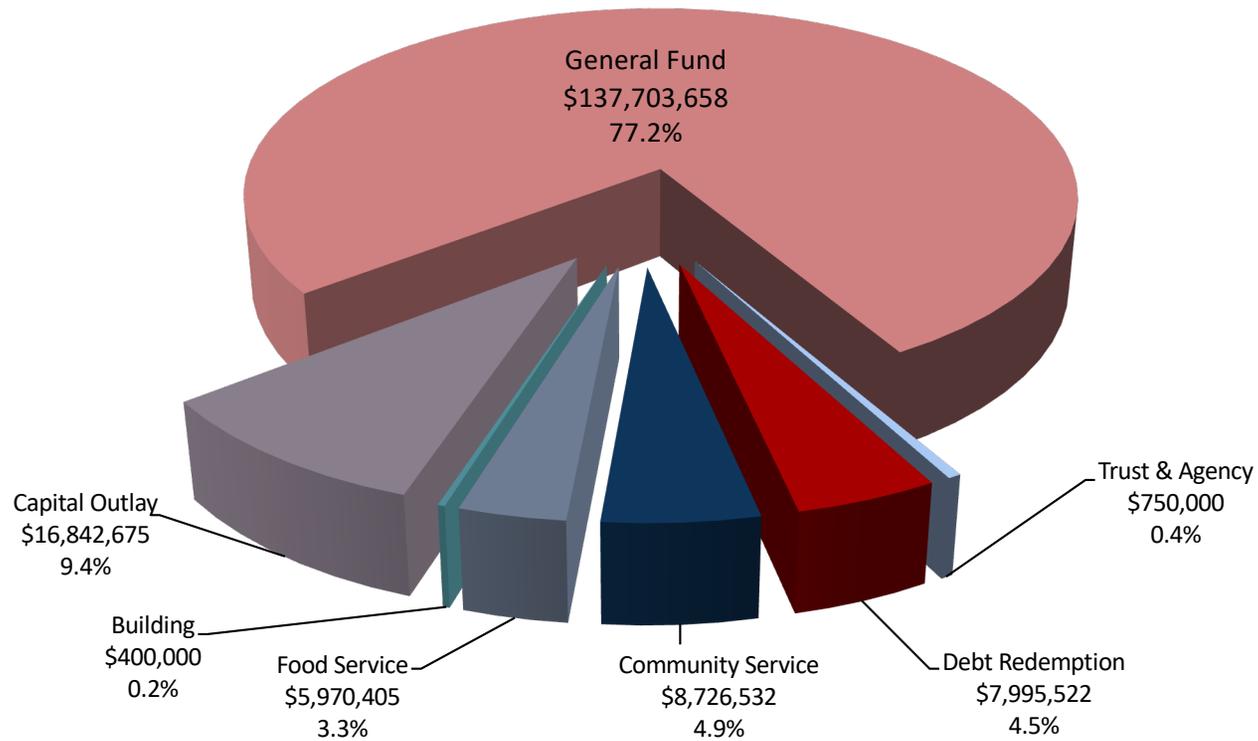
All school district budgets are divided into separate funds, based on purposes of revenue, as required by law

Our District's Funds:

- General (Includes: Capital, Tech Levy, Transportation)
- Food Service
- Community Service
- Building Construction (LTFM, Designing Pathways)
- Debt Service
- Other Post Employment Benefit (OPEB) Trust
- Internal Service (Self Funded Medical and Dental)

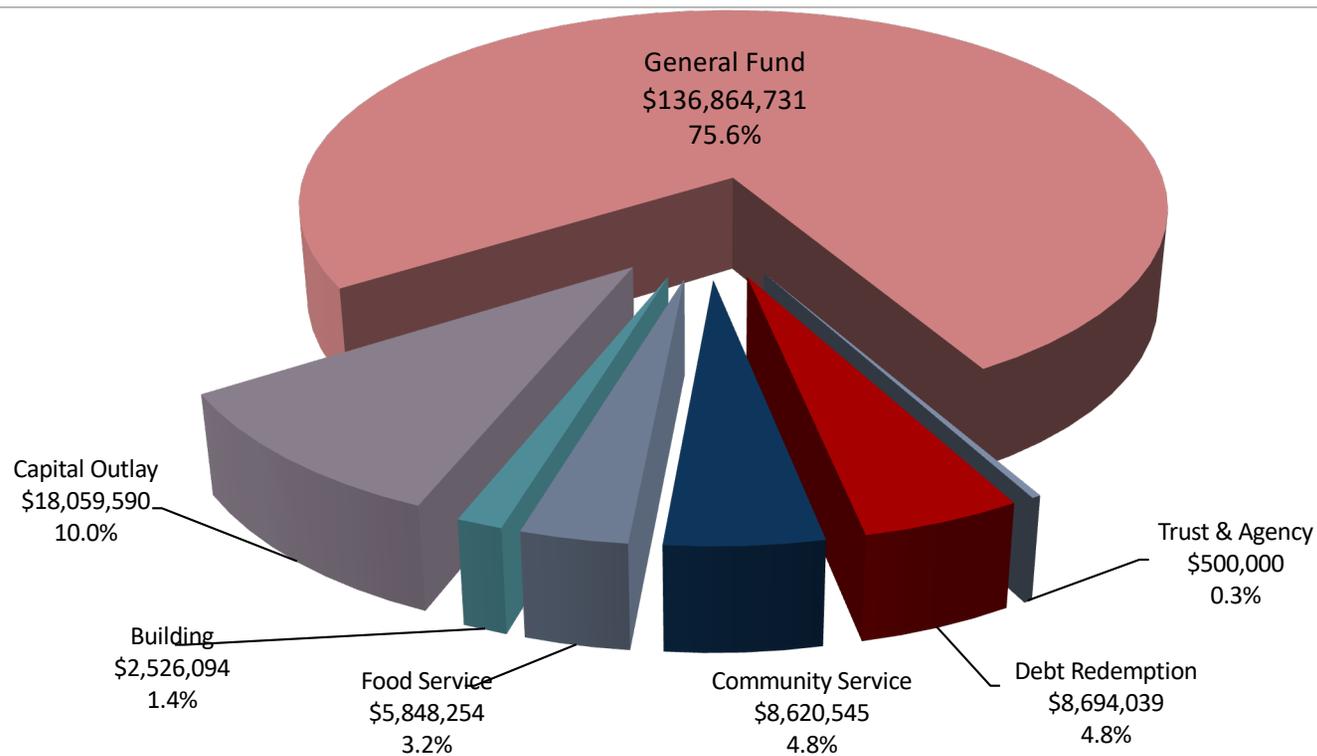
Revenues - All Funds

FY 24 Budget Total - \$178,388,792

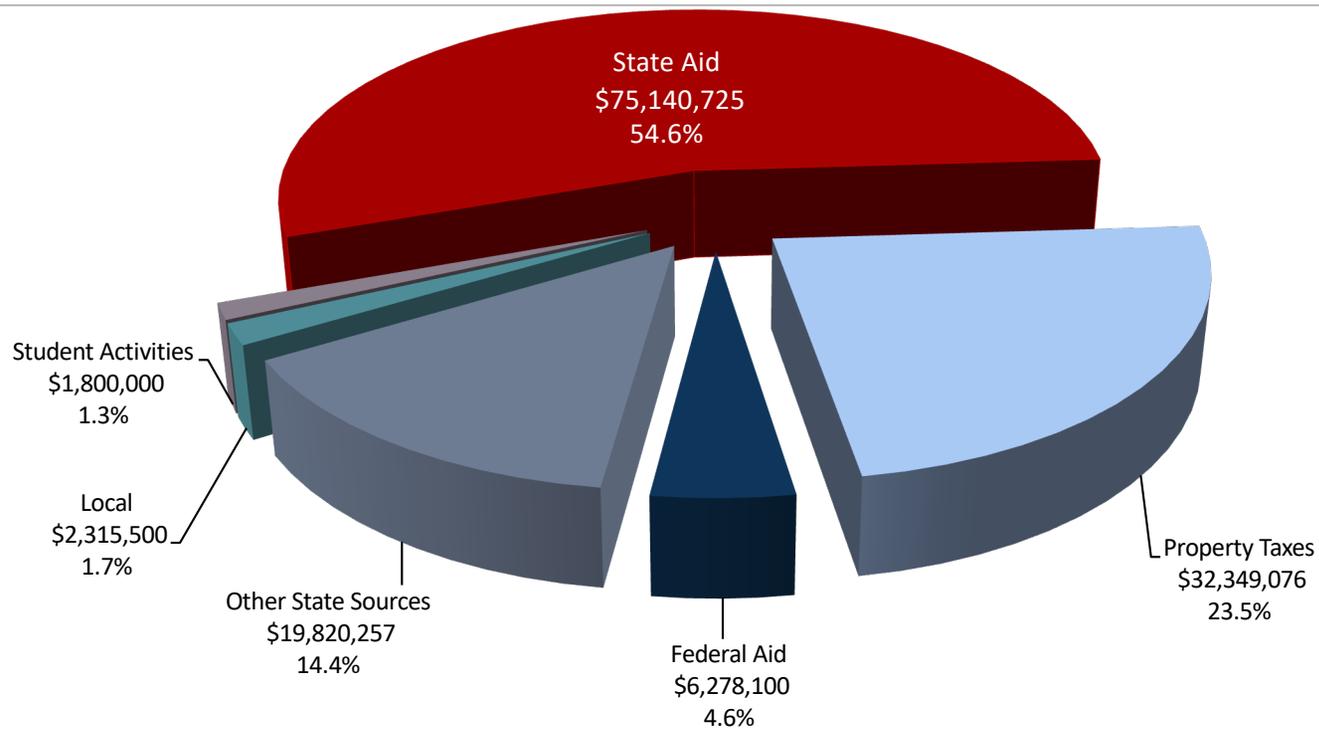


Expenditures - All Funds

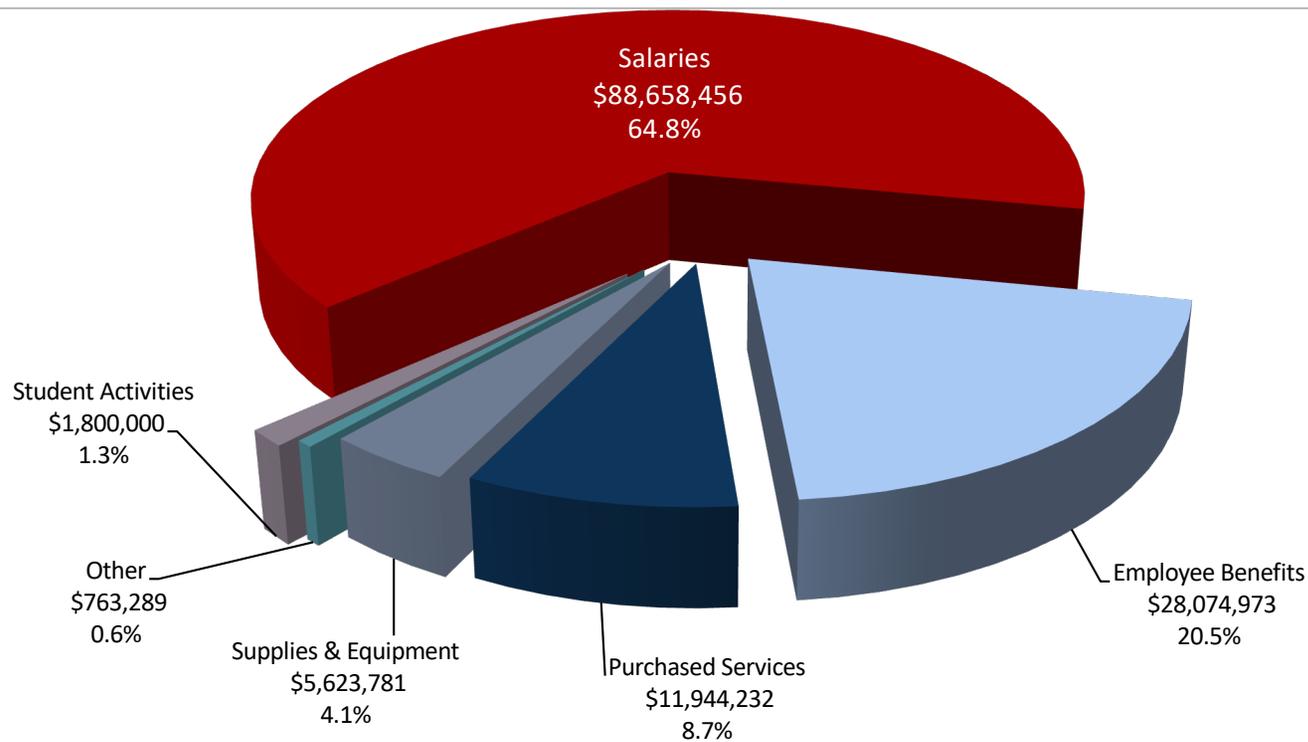
FY24 Budget Total - \$181,113,253



General Fund Revenues FY 24 Budget - \$137,703,658



General Fund Expenditures FY 24 Budget - \$136,864,731



Payable 2024 Property Tax Levy

Determination of levy

Comparison of 2023 to 2024 levies

Specific reasons for changes in tax
levy

Impact on taxpayers

Schedule of Events of District's 2023 (Payable 2024) Tax Levy



Just a Note...

- The operating referendum of 2022 impacts tax statements issued for calendar year 2024
- 2024 will mark the 2nd year of the operating referendum



Property Tax Background

- Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located
- Each taxing jurisdiction sets own tax levy, often based on limits in state law
- County sends bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions

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School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- “Levy limits” (maximum levy amounts) for each category are set by
 - State law
 - Voter approval
- Minnesota Department of Education (MDE) calculates detailed levy limits for each district

30



Factors Impacting Individual Taxpayer Taxes

Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Estimated Market Value established by County/City Assessor
- Property Classifications established by state legislature
- Tax levy established by taxing jurisdictions (School, City, County, and others)

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Market Value:

Basics of Property Assessment

- Minnesota Law requires that property be valued at its market value
- Assessors physically review 20% of properties annually, but re-value all properties each year
 - Also review properties where permits were issued
- For 1/01/2023 Assessments (Pay 2024), study period is October 2021-September 2022
- Use sales data and computer software to re-value all properties
- Perform a study of recent sales to establish appropriate adjustments to values

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Market Value: Hennepin County Assessment Details 2023

Hennepin County
Property Value
Increase in 2023

+6.4%

- Industrial +21.0%
- Residential +3.3%
- Townhouses +2.6%
- Apartments +7.9%
- Commercial +4.2%

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Classified Property Tax System:

Properties are Assigned Class Rates

Property Tax Class	Tax Rate Pay 2024
Residential (Up to \$500,000)	1.00%
Residential (Over \$500,000)	1.25%
Apartments	1.25%
Commercial (Up to \$150,000)	1.50%
Commercial (Over \$150,000)	2.00%
Seasonal Recreational (Up to \$500,000)	1.00%

Note:

The property's taxable market value is multiplied by the class rate(s) to determine the property's tax base, known as its net tax capacity.



Taxing Jurisdictions

Proposed Increases

City of Eden Prairie + 5.60%

Hennepin County + 6.50%

School District + 6.09%

Property Taxes:

Dividing the Property Tax Pie

Tax Burden Shift

- Property values do not rise uniformly across all properties
- The burden of the tax levy shifts from taxpayers with lower increases to those with higher increases
 - Higher increase = Larger piece of the pie

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Property Taxes

School Revenue Impact

Property
Value
Versus
Inflation

- Property valuation increases do not change the amount of revenue the district receives
 - (Exception – Capital Project/Technology Levy)
- Inflation does drive additional revenue and helps to offset inflationary expenses

37



Overview of Levy Changes

Fund	Pay 23	Pay 24	\$ Change	% Change
General	\$47,651,257	\$49,660,251	+ \$2,008,994	+ 4.22%
Community Education	1,261,482	1,302,511	+ 41,029	+ 3.25
Debt Service	7,995,522	9,412,377	+ 1,416,855	+ 17.72
Total	\$56,908,261	\$60,375,139	+ \$ 3,466,878	+ 6.09%

38

Note: Includes an under levy of \$992,762.23



Explanation of Levy Changes

General Fund	
Category:	Operating Referendum & Local Optional Revenue
Change:	+ \$798,066
Use of Funds:	General operating expenses
Reasons for Increase:	
Voter Approved:	
	Inflation adjusted (CPI) – increase of 2.57%, 3-year increase of 11.87%

39



Explanation of Levy Changes

General Fund	
Category:	Re-Employment Insurance
Change:	- \$409,203
Use of Funds:	To pay for former employees that file for unemployment
Reasons for decrease:	
	The levy is an estimated amount, the actual expenditures for FY22 were \$226,000 less, resulting in a large decrease. We also adjusted our estimated expenses for FY25 down.

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Explanation of Levy Changes

General Fund	
Category:	Facilities & Capital Bond Adjustment
Change:	- \$460,425
Use of Funds:	To pay for LED lighting upgrades
Reasons for decrease:	
	This is year 1 of 10 in receiving a general fund reduction to our operating capital funds in order to pay for the LED lighting upgrades. The offset is an increase to our debt service fund.

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Explanation of Levy Changes

General Fund	
Category:	Long-Term Facility Maintenance (LTFM)
Change:	+ \$353,071
Use of Funds:	Deferred capital and maintenance, approved health and safety, increased accessibility to school facilities, and a push towards sustainability projects
Reasons for increase:	
School Board Approved:	
	FY23 positive adjustment to cover additional health and safety expenses
	Consideration for district-wide debt financing plan

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Explanation of Levy Changes

General Fund	
Category:	Capital Project Levy (Technology Levy)
Change:	+ \$1,303,961
Use of Funds:	Technology expenses (Examples include; Infrastructure, hardware (student and staff devices), software (instructional technology))
Reasons for increase:	
Voter Approved:	
	The capital project levy is based on anticipated net tax capacity (ANTC), which is a factor based on the value of property.

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Explanation of Levy Changes

Debt Service Fund	
Category:	Debt Service
Change:	+ \$623,438
Use of Funds:	To make principal and interest payments on debt
Reasons for increase:	
School Board Approved:	
Planned increase in the principal and interest payments on the old alternative facilities bonds and the new long-term facilities maintenance bonds.	

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Proposed Levy Reductions

Taxpayer Savings

- General Fund
 - Defer property tax abatements of \$791,758
- Debt Service Fund
 - Permanently reduce property tax abatements of \$201,004

45



Overview of Levy Changes

Fund	Pay 23	Pay 24	\$ Change	% Change
Voter Approved	\$ 31,731,528	\$ 33,662,029	+ \$1,930,502	+ 6.08%
School Board Approved	<u>25,176,733</u>	<u>26,713,110</u>	+ <u>1,536,377</u>	+ <u>6.10%</u>
Total	\$ 56,908,261	\$ 60,375,139	+ \$3,466,878	+ 6.09%

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Note: School Board Approved Includes an under levy of \$992,762.23



Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and an 24.3% increase in property value for residential homes over the past four years
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Amounts for 2023 are preliminary estimates; final amounts could change slightly
- Examples are for property in the City of Eden Prairie
- Estimates prepared by Ehlers (District's municipal financial advisors)

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Estimated Changes in School Property Taxes, 2021 to 2024

Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Actual Taxes Payable in 2023	Estimated Market Value for 2024 Taxes	Estimated Taxes Payable in 2024	Change in Taxes 2021 to 2024	Change in Taxes 2023 to 2024
Residential Homestead	\$250,000	\$1,014	\$1,006	\$994	\$250,000	\$982	-\$32	-\$12
	350,000	1,452	1,440	1,420	350,000	1,404	-48	-16
	450,000	1,883	1,867	1,840	450,000	1,820	-63	-20
	515,000	2,163	2,145	2,113	515,000	2,090	-73	-23
	540,000	2,281	2,262	2,227	540,000	2,203	-78	-24
	650,000	2,801	2,776	2,730	650,000	2,702	-99	-28
	850,000	3,746	3,711	3,644	850,000	3,608	-138	-36

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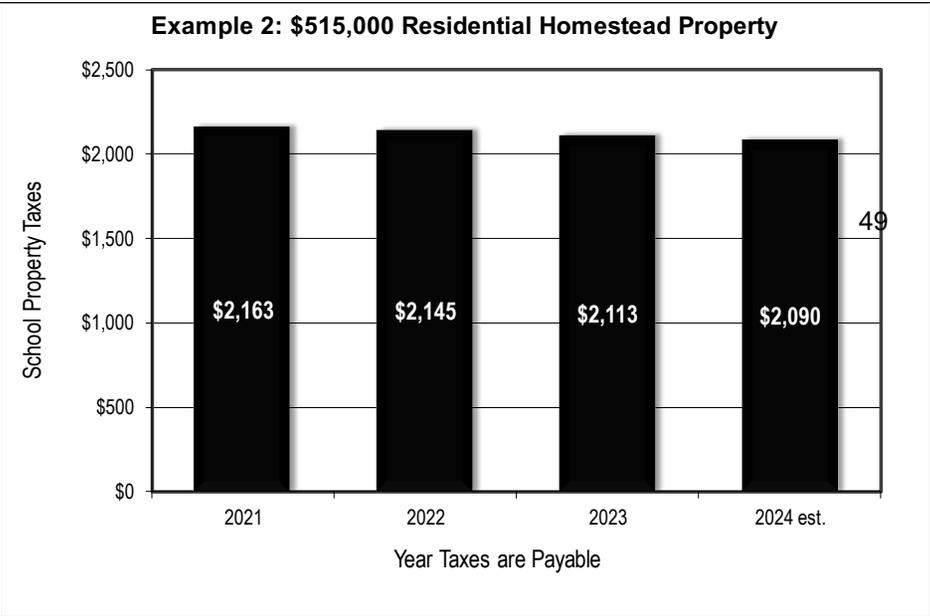
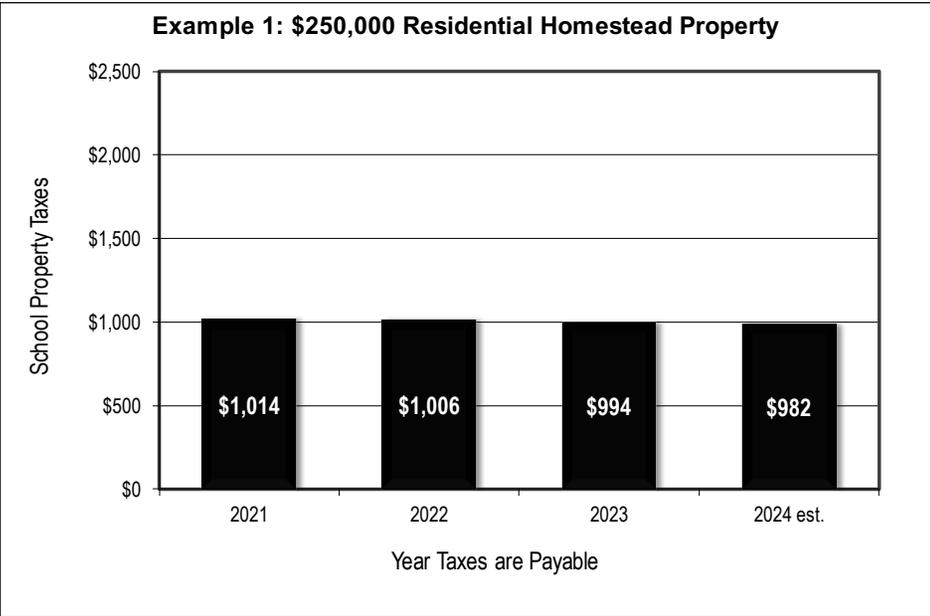
General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2024 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2021 to 2024.



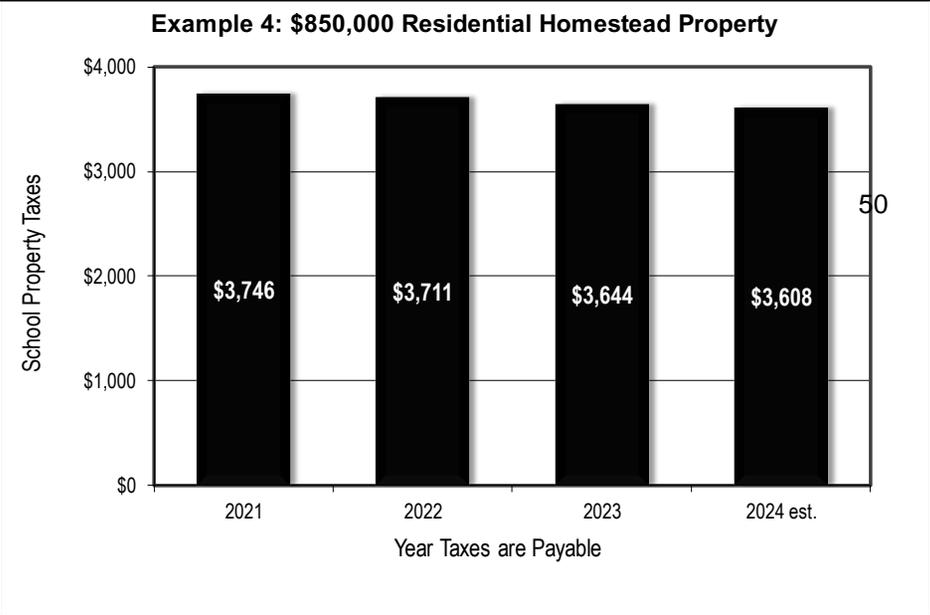
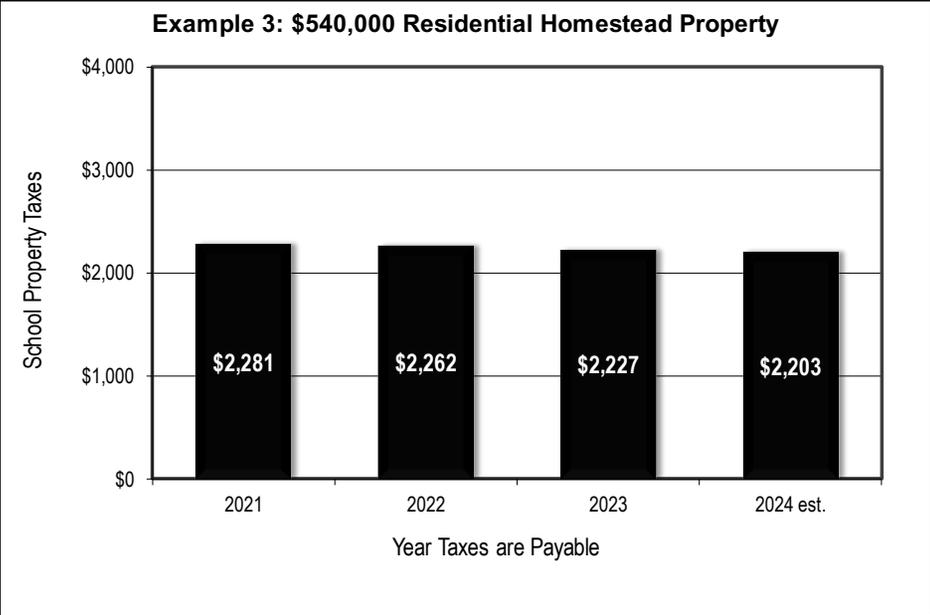
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value



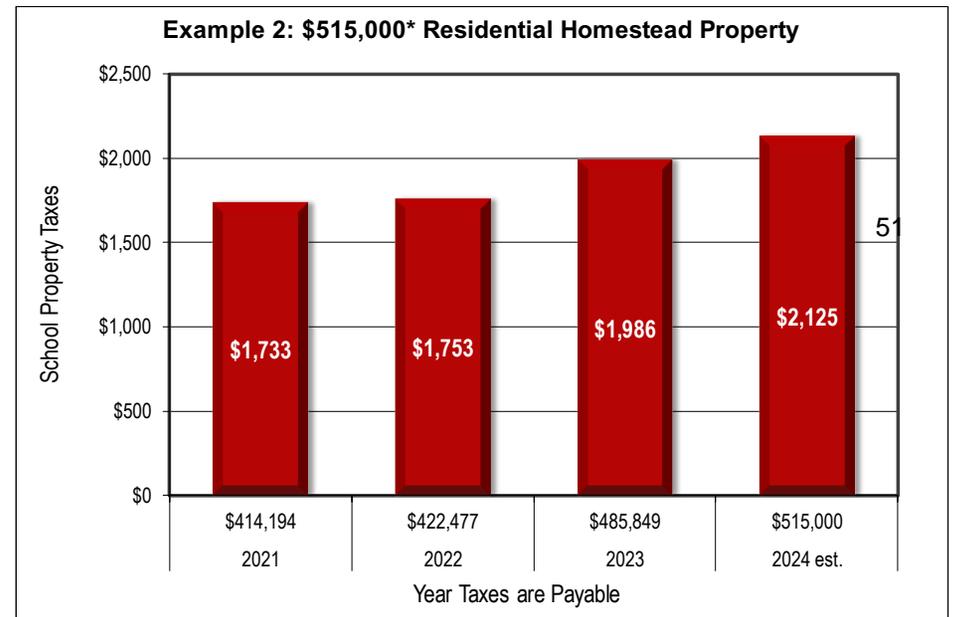
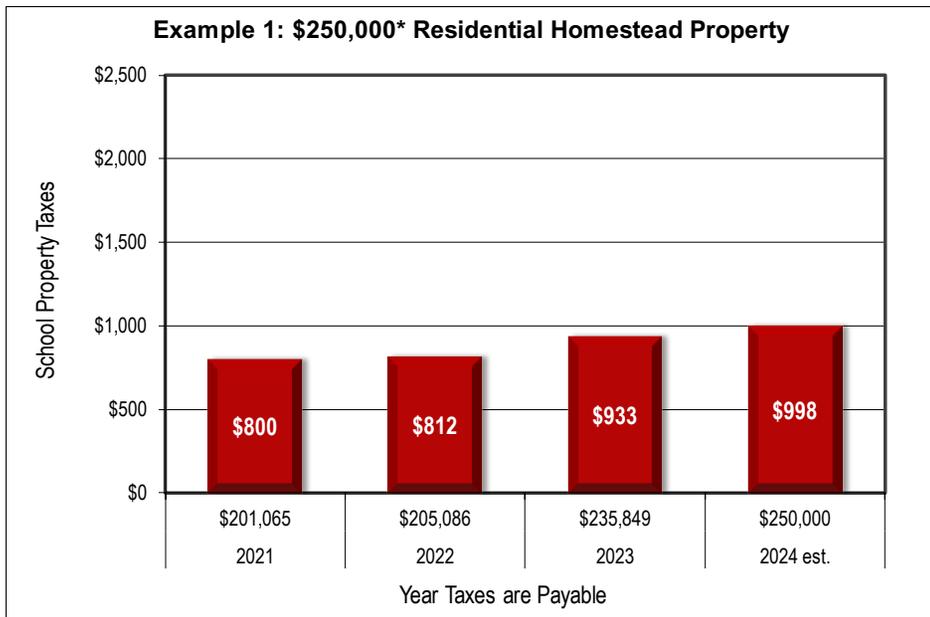
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value



Estimated Changes in School Property Taxes, 2021-24

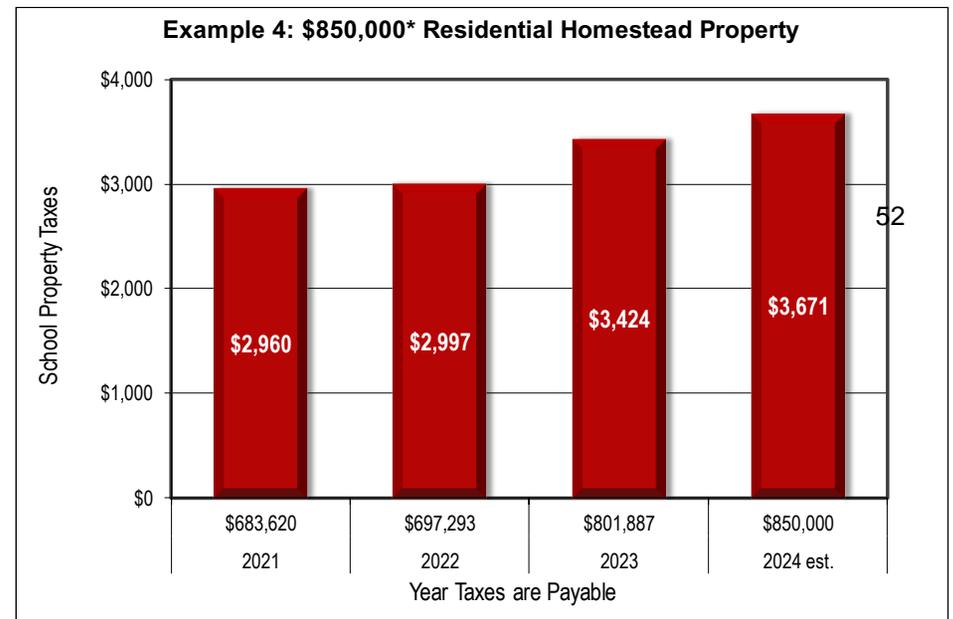
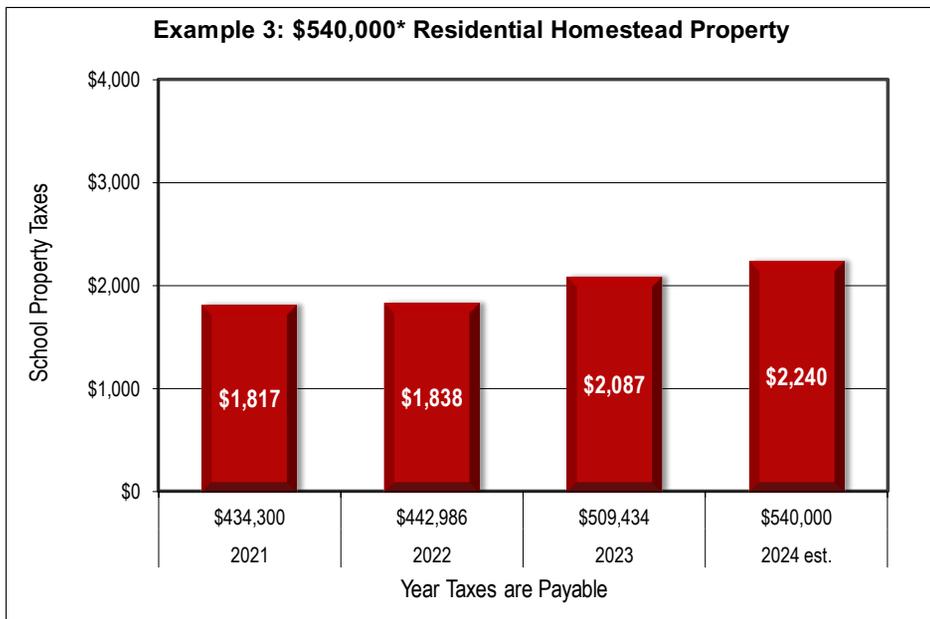
Based on 24.3% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 2.0% from 2021 to 2022, 15.0% from 2022 to 2023 and 6.0% from 2023 to 2024.

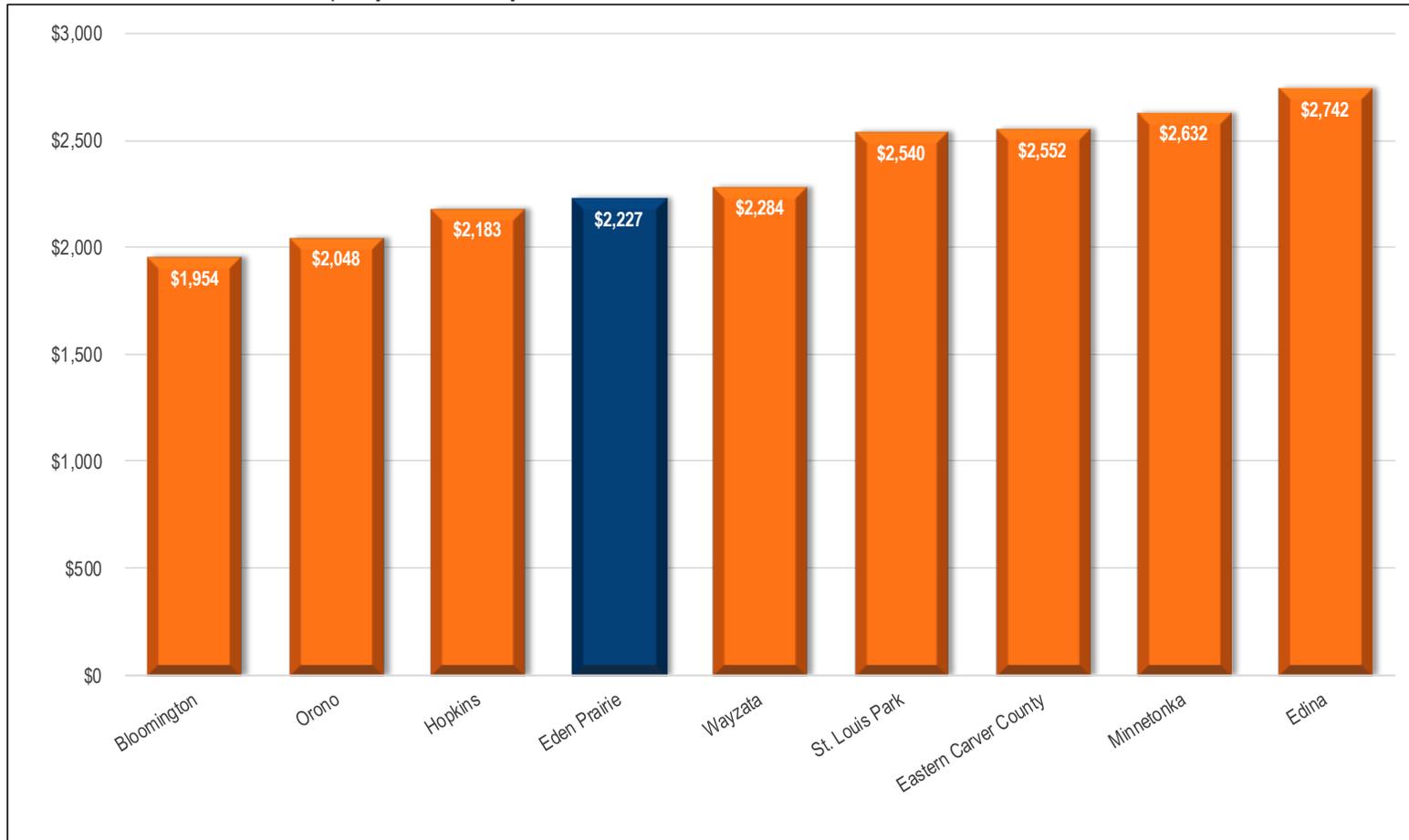
Estimated Changes in School Property Taxes, 2021-24

Based on 24.3% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 2.0% from 2021 to 2022, 15.0% from 2022 to 2023 and 6.0% from 2023 to 2024.

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$540,000



Source: Pay 23 School Tax Report

Taxpayer Options

Minnesota Tax Court

- Taxpayers have the right to appeal their property valuation to the local board of appeal and adjustment and County board of appeal and adjustment each spring.
- For Pay 2024, the only option left is to appeal to Minnesota tax court (Open until April 2024)

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State Property Tax Refunds & Deferral

Taxpayer Options

- The State of MN has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional
 - Visit the Department of Revenue website at www.revenue.state.mn.us

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State Property Tax Refunds & Deferral

Homestead Credit Refund

- Regular Refund
 - You owned and lived in your home on January 2, 2023
 - Your household income for 2022 was less than \$128,280
- Special Refund
 - You owned and lived in the same home on January 2, 2022 & January 2, 2023
 - Your home's net property tax increased by more than 6% from 2022 to 2023
 - The net property tax increase was at least \$100
 - The increase was not due to improvements you made to the property
- Refund is a sliding scale, based on total property taxes and income

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State Property Tax Refunds & Deferral

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- You have owned and lived in your home for the last 5 years
- Deferred property taxes plus accrued interest (<5%) must be paid when home is sold or homeowner dies
- 3% of your total household income, state pays remainder as a loan

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Next Steps

Accept

Board will accept public comments on proposed levy



Certify

Board will certify 2024 property tax levy

Contact Information

School District Specific Tax Levy Questions:

Jason Mutzenberger, Executive Director of Business Services

jmutzenberger@edenpr.org

(952) 975-7071

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To Appeal your Property Valuation:

MN Tax Court

info@taxcourt.state.mn.us

651-297-8737





EDEN PRAIRIE SCHOOLS

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Public
Comments



EDEN PRAIRIE SCHOOLS

Inspiring each student every day

December 11, 2023

To: Dr. Josh Swanson
From: Business Office
Re: FY22-23 Annual Financial Audit

We are pleased to present the year-end financial results for the fiscal year 2023. There are three documents included in this package: Management Report, Special Purpose Audit Report, and the Annual Comprehensive Financial Report. 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 identified three findings, which you can find on pages 10-12 of the Special Purpose Audit Report.

The Annual Financial Statement 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 \$17,090,264, which represents 13.9% of our annual expenditures and a decrease of \$550,189 from the prior year.

Here are some important takeaways from the audit presentation:

- The District utilized an additional \$3.7 million of coronavirus relief and education stabilization funds recognized in the 2022-23 fiscal year.
- Food Service fund continued to grow by \$180,000 during fiscal year 2022-23, while the Community Education fund continued to experience high participation during 2022-23, which drove increases to fund balance.
- The Self-Funded Medical fund recognized a \$195,945 decrease in fund balance. This represents the first decrease in the Self-Funded Medical fund balance since the 2016-17 fiscal year.
- The Other Post-Employment Benefits (OPEB) trust recognized investment income of \$1,096,512 and paid \$1,274,529 in benefits in 2022-23, representing a slight decrease of \$178,016. As of June 30, 2023, the District still holds a fund balance at 1.67 times that of the District's estimated OPEB Liability.

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 2024 and will reflect these audited financial numbers.

**INDEPENDENT SCHOOL
DISTRICT NO. 272,
EDEN PRAIRIE, MINNESOTA**

Audit Report for Year Ended June 30, 2023

AUDITOR'S ROLE



OPINION ON
FINANCIAL
STATEMENTS

- DISTRICT AUDIT
- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

INTERNAL
CONTROLS AND
COMPLIANCE

- FINANCIAL STATEMENT AUDIT
- FEDERAL "SINGLE AUDIT"
- STATE LAWS AND REGULATIONS

AUDIT RESULTS



DISTRICT FINANCIAL AUDIT

- Unmodified Opinion on Basic Financial Statements

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INTERNAL CONTROL AND COMPLIANCE – FINANCIAL AUDIT

- No material weaknesses or instances of noncompliance reported in the current year.

AUDIT RESULTS (CONTINUED)



MN LEGAL COMPLIANCE

- Three instances of noncompliance
 - 2023-001 Payment of Invoices
 - 2023-002 Withholding Affidavit
 - 2023-003 Contract Performance and Payment Bonds

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SINGLE AUDIT OF FEDERAL AWARDS

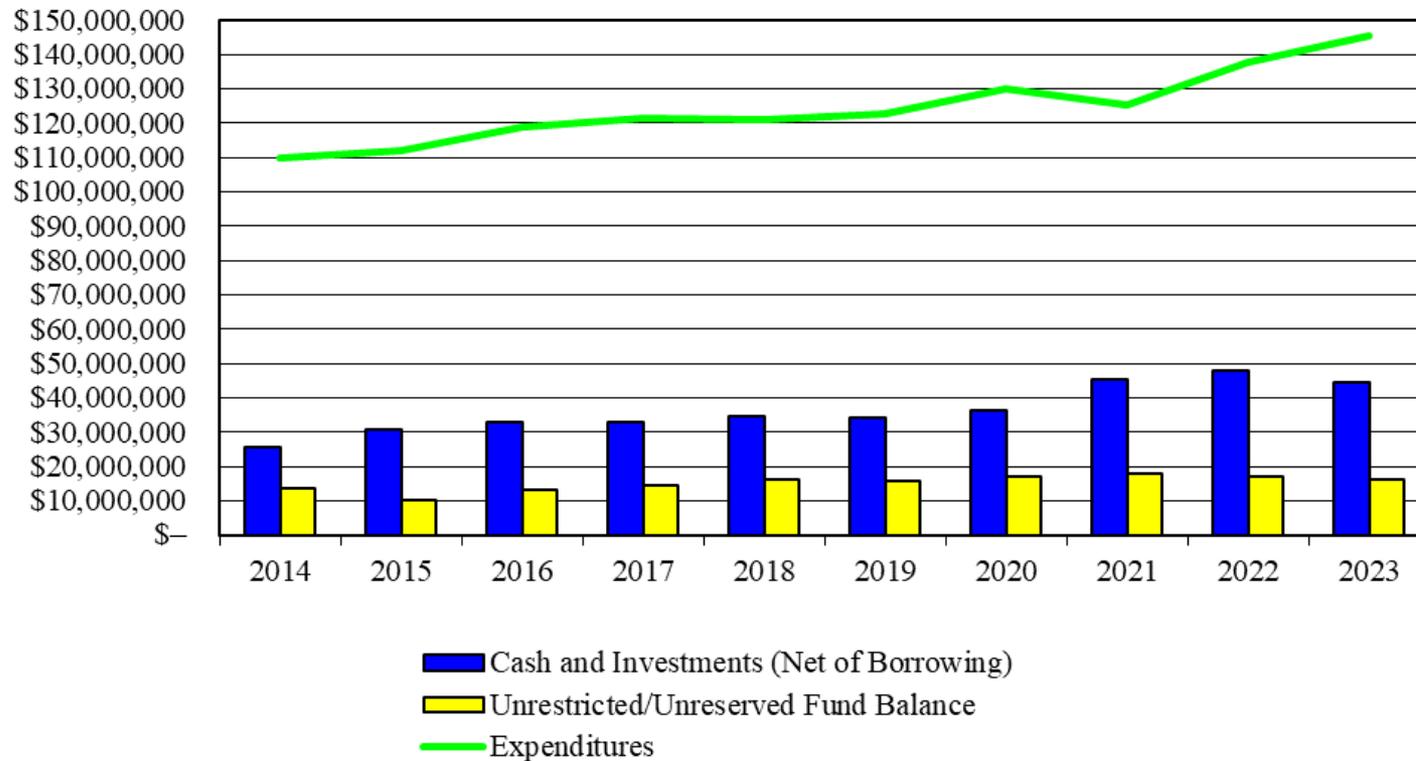
- Clean opinion on SEFA
- No material weaknesses or instances of noncompliance reported in the current year.

GENERAL FUND

FINANCIAL POSITION – TREND ANALYSIS



General Fund Financial Position
Year Ended June 30,



GENERAL FUND

FINANCIAL POSITION – TREND ANALYSIS

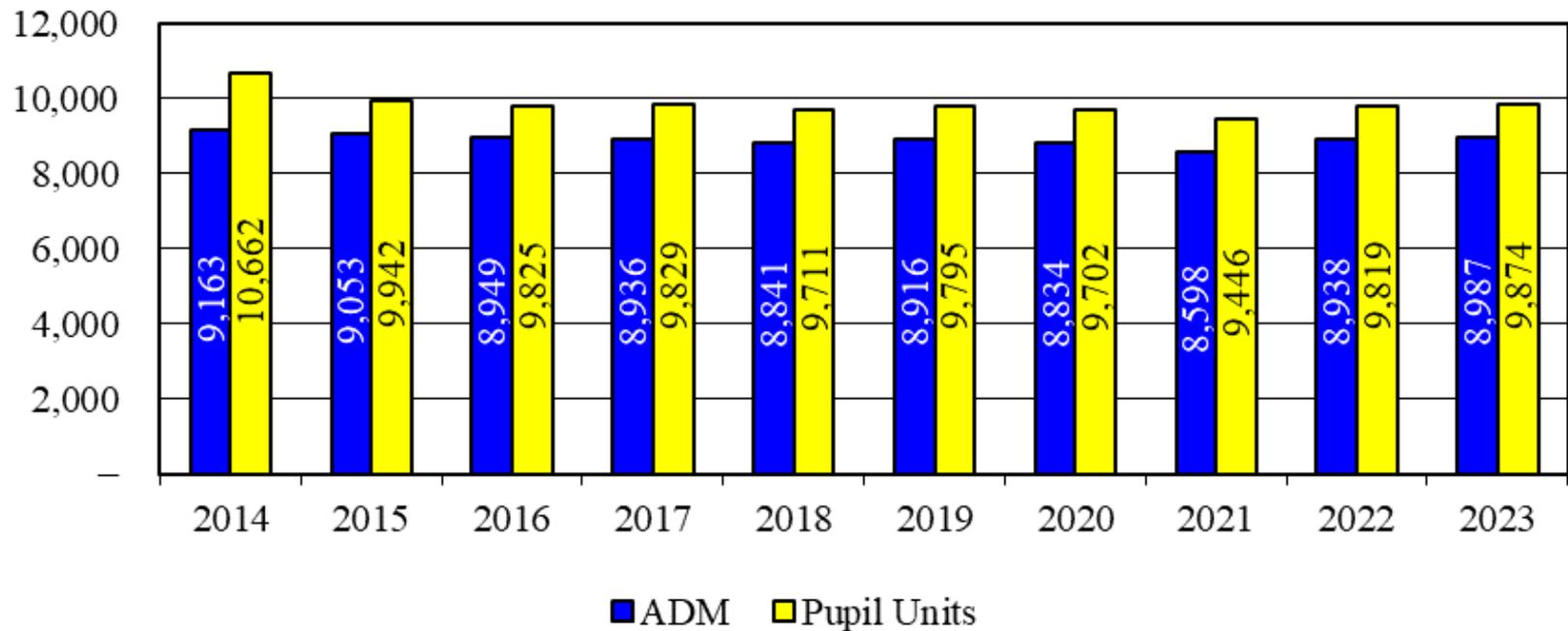
	June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 1,676,290	\$ 507,235	\$ 686,319	\$ 599,973	\$ 835,657
Restricted fund balances (1)	1,403,680	1,461,779	2,198,592	3,220,180	3,935,241
Unrestricted fund balances					
Assigned	2,826,715	4,320,382	11,053,757	9,997,353	8,539,904
Unassigned	15,751,476	17,207,918	17,811,019	17,040,479	16,254,607
Total fund balance	\$ 21,658,161	\$ 23,497,314	\$ 31,749,687	\$ 30,857,985	\$ 29,565,409
Total expenditures	\$ 122,810,797	\$ 130,053,168	\$ 125,297,301	\$ 137,728,612	\$ 145,288,313
Unrestricted fund balances as a percentage of expenditures	15.1%	16.6%	23.0%	19.6%	17.1%
Unassigned fund balances as a percentage of expenditures	12.8%	13.2%	14.2%	12.4%	11.2%

(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.

ADJUSTED ADM PUPIL UNITS SERVED



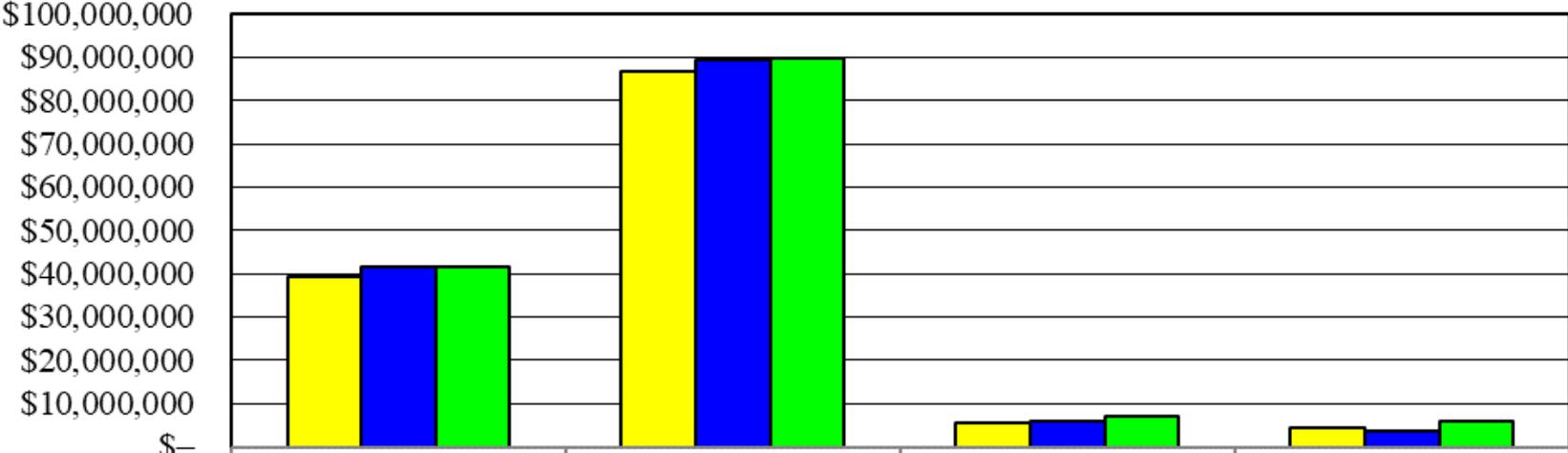
Adjusted ADM and Pupil Units Served



GENERAL FUND REVENUE



General Fund Revenue

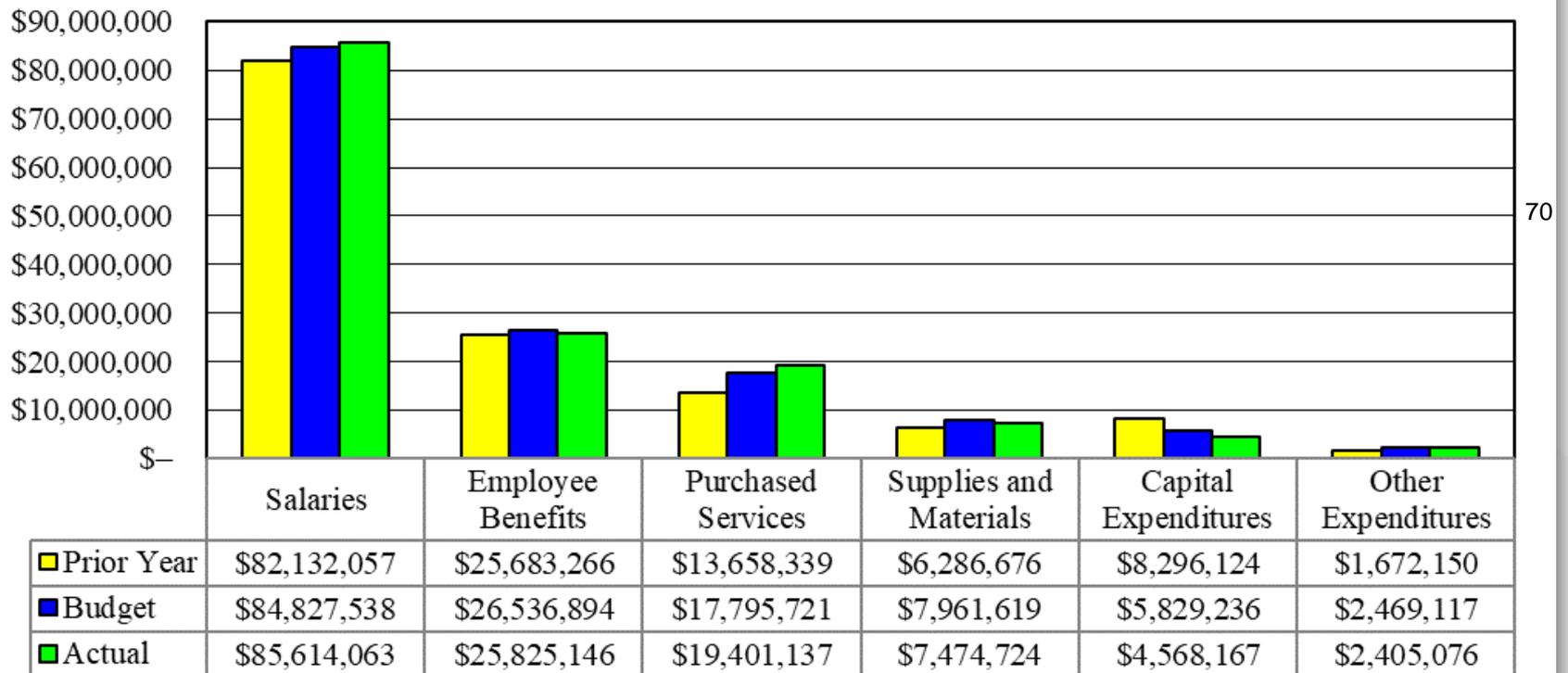


	Property Taxes	State Sources	Federal Sources	Other
■ Prior Year	\$39,318,935	\$86,913,358	\$5,358,285	\$4,530,840
■ Budget	\$41,742,493	\$89,363,964	\$6,071,029	\$3,608,514
■ Actual	\$41,409,487	\$89,825,199	\$6,908,476	\$5,814,869

GENERAL FUND EXPENDITURES



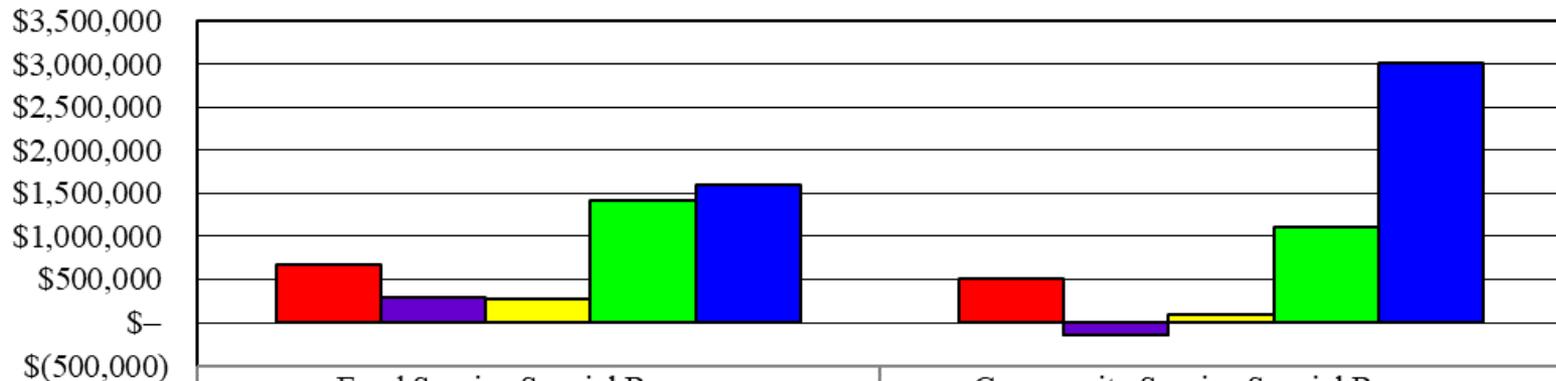
General Fund Expenditures



OTHER GOVERNMENTAL FUNDS



Other Operating Funds
Total Fund Balances



	Food Service Special Revenue	Community Service Special Revenue
2019	\$676,389	\$516,454
2020	\$292,653	\$(138,197)
2021	\$271,769	\$90,132
2022	\$1,422,101	\$1,106,042
2023	\$1,601,422	\$3,007,541

DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 49,061,748	\$ 38,555,213	\$ 10,506,535
OPEB asset, net of deferments	4,192,217	3,680,654	511,563
Total capital assets, net of depreciation and amortization	136,921,722	136,536,679	385,043
Bonds, finance purchases, lease liability, and unamortized premiums/discount	(110,275,867)	(101,822,320)	(8,453,547)
Pension liability, net of deferments	(95,130,041)	(118,217,004)	23,086,963
Other adjustments	7,317,145	7,749,748	(432,603)
Total net position – governmental activities	\$ (7,913,076)	\$ (33,517,030)	\$ 25,603,954
Net position			
Net investment in capital assets	\$ 41,081,927	\$ 41,428,049	\$ (346,122)
Restricted	13,588,788	9,956,996	3,631,792
Unrestricted	(62,583,791)	(84,902,075)	22,318,284
Total net position	\$ (7,913,076)	\$ (33,517,030)	\$ 25,603,954



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

December 11, 2023

To: Dr. Josh Swanson, Superintendent
From: Jason Mutzenberger, Executive Director of Business Services
Re: Pay 2024 Levy

We present for school board approval the final levy for taxes payable in 2024. We are requesting the school board to direct Eden Prairie Schools to levy a specific dollar amount of \$60,375,139.33.

Some items of note for the final levy for taxes payable in 2024:

1. The calculation of the final levy represents an increase of 6.09% or \$3,466,878 over the prior year.
 - a. The final levy includes an inflationary increase on the operating referendum of 2.57% as calculated by the Minnesota Department of Education.
2. The Capital Project levy is increasing by \$1,303,961, due to increases in property values from 2022 to 2023. This line item did not see the significant increase due to values last year as it has a lag in reporting.
3. The district is proposing to under levy abatements in all three funds, saving the taxpayers \$992,762.
4. An Eden Prairie home valued at \$540,000 will see on average a school property tax decrease of \$24 per year, assuming no change in home market value from 2023 to 2024. A home with an increase of 6.0% in value from 2023 to 2024 will see an increase of \$53 in school taxes.

We recommend the School Board of Independent School District No. 272 approve a final levy for taxes payable in 2024 in the amount of \$60,375,139.33.



EDEN PRAIRIE SCHOOLS

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Fiscal Year 2024-25 Levy

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DECEMBER 11, 2023

PRESENTED BY:

JASON MUTZENBERGER,
EXECUTIVE DIRECTOR OF
BUSINESS SERVICES

Overview of Levy Changes

Fund	Pay 23	Pay 24	\$ Change	% Change
General	\$47,651,257	\$49,660,251	+ \$2,008,994	+ 4.22%
Community Education	1,261,482	1,302,511	+ 41,029	+ 3.25
Debt Service	7,995,522	9,412,377	+ 1,416,855	+ 17.72
Total	\$56,908,261	\$60,375,139	+ \$ 3,466,878	+ 6.09%

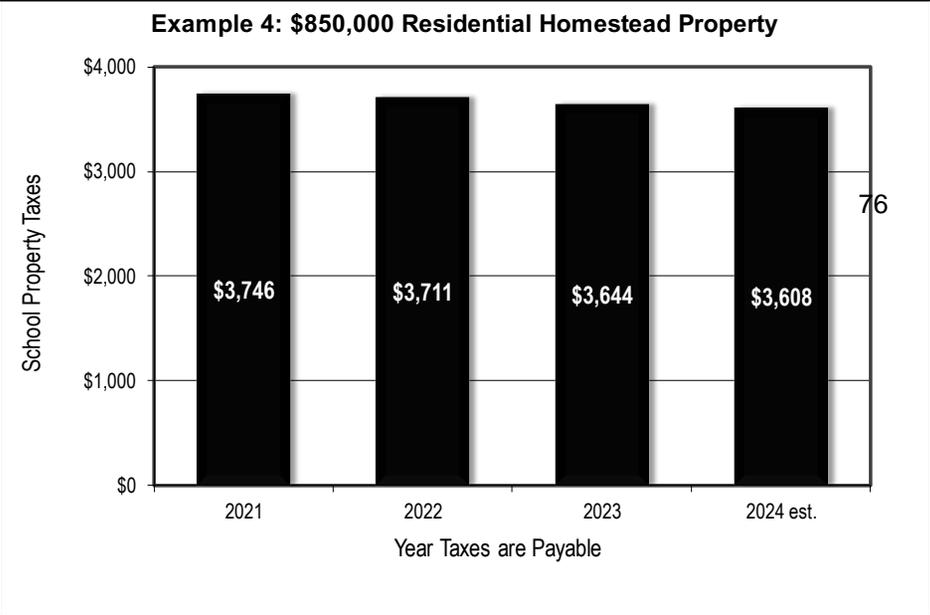
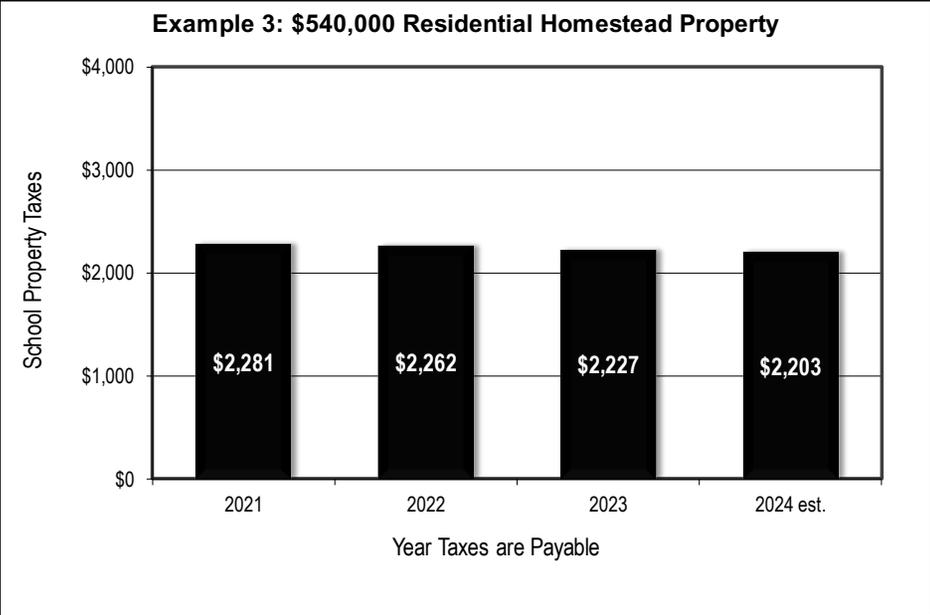
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Note: Includes an under levy of \$992,762.23



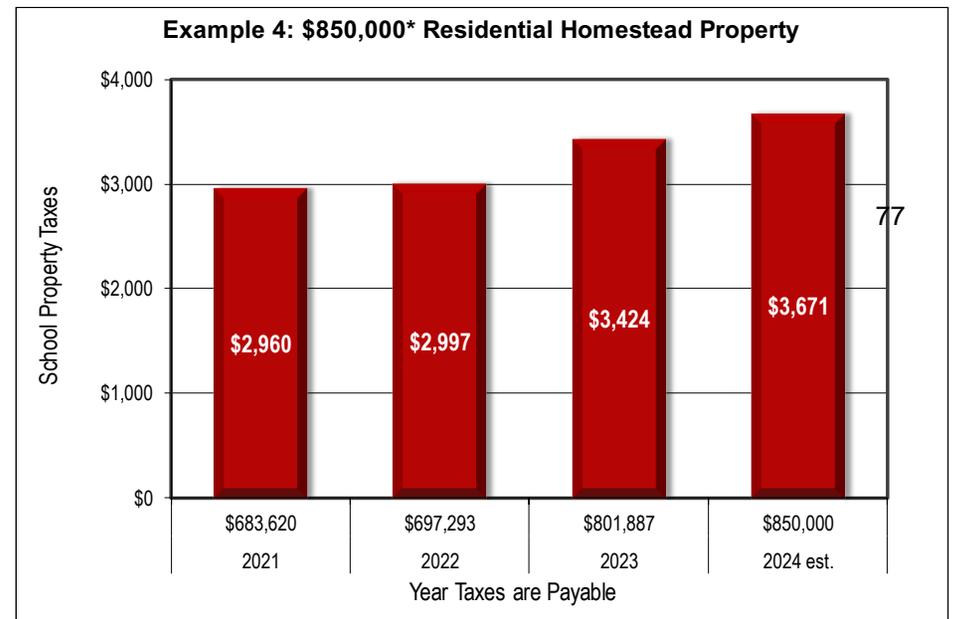
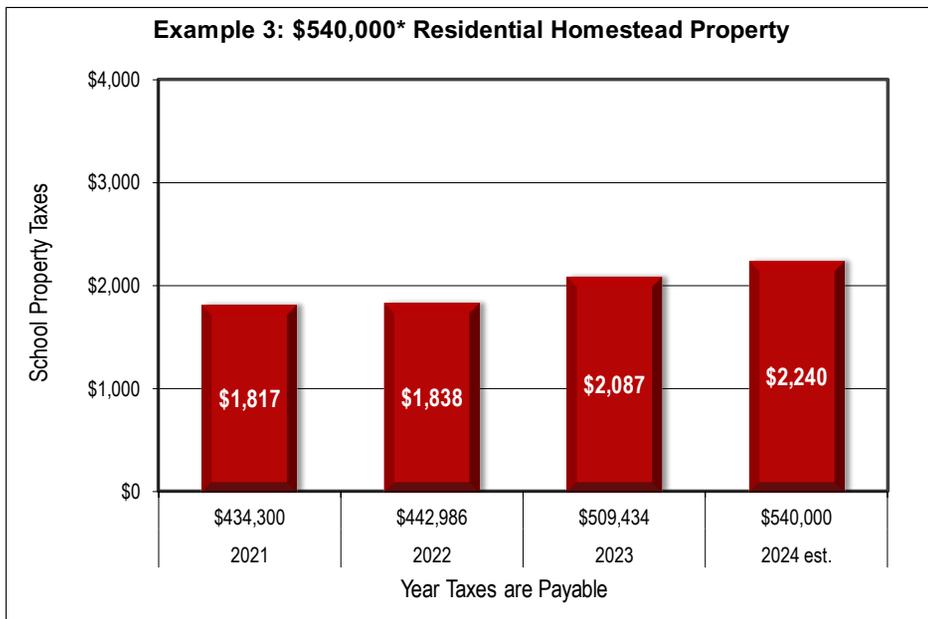
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value



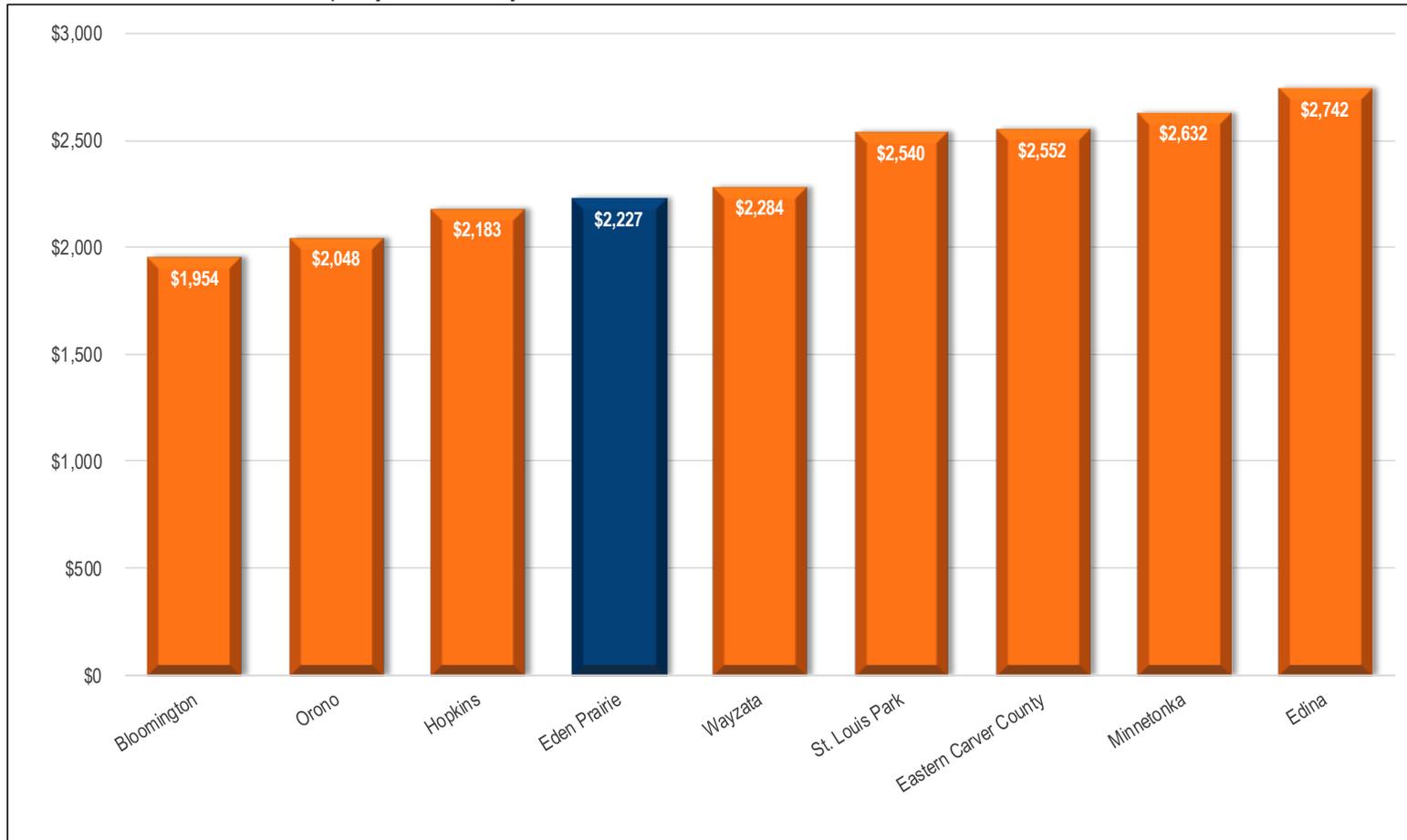
Estimated Changes in School Property Taxes, 2021-24

Based on 24.3% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 2.0% from 2021 to 2022, 15.0% from 2022 to 2023 and 6.0% from 2023 to 2024.

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$540,000



Source: Pay 23 School Tax Report

School Board Approval

Certify
the Pay
24 Levy

- We recommend the School Board of Independent School District No. 272 approve a final levy for taxes payable in 2024 in the amount of \$60,375,139

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EDEN PRAIRIE SCHOOLS

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Questions?

**Eden Prairie Schools
Final Levy Certification Payable 2024**

Categories	2022 Pay 23 FY 24	2023 Pay 24 FY 25	Dollar Change	Comments
1 GENERAL FUND				
2 Equity	\$ 694,298	\$ 729,957	\$ 35,659	FY22 & FY24 positive adjustments
3 Achievement & Integration	524,928	523,757	(1,171)	Similar to last year
4 Alternative Teacher Compensation	840,026	788,258	(51,768)	FY24 negative adjustment
5 Referendum	28,370,409	29,168,475	798,066	2.57% inflation increase (CPI) (FY25) - cumulative 11.87% over 3 years
6 Transition	53,839	56,161	2,322	Similar to last year
7 Re-employment Ins.	282,938	(126,265)	(409,203)	Overlevied in FY24 resulting in a large negative adjustment
8 Safe Schools	496,467	513,303	16,836	Similar to prior years, but includes an FY22 positive adjustment
9 Career Technical	470,060	412,795	(57,265)	35% of estimated expenditures in CTE program
10 Abatement/Other Adjustments	-	-	-	Abatement activity, underlevy for Pay 24
11 Facilities & Equipment Bond Adjustment	-	(460,425)	(460,425)	Capital facilities bond to pay for the LED lighting upgrade, offset in debt service
12 Building/ Lease	837,758	1,059,350	221,592	Reduced lease costs for the City Center and negative prior year adjustments
13 Operating Capital	1,278,389	1,535,708	257,319	Aging buildings plus a legislative shift from aid to levy
14 Capital Projects	8,111,760	9,415,721	1,303,961	Technology levy, increase in adjusted net tax capacity
15 Long Term Facility Maintenance (LTFM)	5,690,384	6,043,455	353,071	Prior year adjustment for health and safety expenses
16 LEVY TOTAL	\$ 47,651,257	\$ 49,660,251	\$ 2,008,994	4.22%
17 COMMUNITY EDUCATION FUND				
18 Basic Levy	\$ 429,837	\$ 486,267	\$ 56,430	\$6.35 times 2020 EP population plus youth service and after school revenue
19 Early Child & Family	324,779	297,583	(27,196)	FY24 negative adjustment due to smaller population under 5 years of age
20 Home Visiting	10,719	12,359	1,640	0-4 year old, shift from aid to levy
21 Disabled Adults	6,365	9,391	3,026	Based on increased ANTC
22 School-Aged Care	489,782	483,373	(6,410)	Funding for students with disabilities, similar to last year
23 Abatement Adjustment	-	13,539	13,539	Abatement activity
24 COMMUNITY ED FUND LEVY TOTAL	\$ 1,261,482	\$ 1,302,511	\$ 41,029	3.25%
25 DEBT SERVICE FUND				
26 Debt Levy	\$ 2,361,975	\$ 2,406,075	\$ 44,100	Scheduled principal & interest payments
27 Facilities Maintenance Bonds	6,099,720	6,723,158	623,438	Scheduled principal & interest payments
28 Facilities & Equipment Bond Adjustment	-	460,425	460,425	Capital facilities bond to pay for the LED lighting upgrade, offset in general fund
29 Debt Excess	(466,173)	(177,281)	288,892	Calculated using fund balance & projected costs
30 Abatement Adjustment	-	-	-	Abatement activity, underlevy for Pay 24
31 DEBT SERVICE FUND LEVY TOTAL	\$ 7,995,522	\$ 9,412,377	\$ 1,416,855	17.72%
32 LEVY GRAND TOTAL	\$ 56,908,261	\$ 60,375,139	\$ 3,466,878	6.09%

2023-2024 Budget Mid-year Final

Chargeback (Printing)	Account Numbers	Fiscal Year				2023-2024 Proposal			Comments
		2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	FY24 Proposed Budget	2024 Actual Through Oct	4+8 Forecast	
Board Member Compensation	01005010000000109	35,006.66	35,900.00	35,987.50	\$ 36,300.00	36,300.00	\$ 12,100.00	36,300.00	\$6,600 Board Chair, \$5,700 Vice Chair, \$4,800 * 5 Directors (propose increase next year 2024-25)
FICA (Fed Ins Contrib Act)	01005010000000210	1,918.53	1,497.08	1,686.67	\$ 1,837.68	2,000.00	\$ 708.64	2,125.92	New board has shifted allocations, the proposed budget reflects the change
PERA (Pub Emp Ret Assoc)	01005010000000214	1,125.08	1,007.56	860.00	\$ 757.56	800.00	\$ 175.04	525.12	New board has shifted allocations, the proposed budget reflects the change
Service Fees/Consulting	01005010000000305	15,717.73	2,680.05	26,891.85	\$ 9,686.75	14,000.00	\$ 396.80	5,587.20	\$3500 board minutes printing costs/\$500 for ophther announcements in newspapers, \$1500 for board sponsored education
Postage	01005010000000329	14.35	16.50	-	\$ -	-	\$ -	-	No need to add a budget here, postage costs now run through the district wide budget in the General Fund
Travel/Conferences	01005010000000366	1,687.52	4,945.00	2,485.00	\$ 2,810.25	2,500.00	\$ -	2,700.00	Most of the board has completed Phase 1/2. May want to consider sending Chair to speak at National convention? AMSD AI Conference
Chargeback (Printing)	01005010000000398	70.00	1,307.02	852.88	\$ -	1,550.00	\$ 888.14	2,664.42	Increase due to reintatement of prining charges
General Supplies	01005010000000401	545.21	749.35	715.79	\$ 400.12	525.00	\$ -	525.00	2023 plus 5.0% inflation
Food	01005010000000490	11.24	316.17	1,071.15	\$ 111.38	750.00	\$ -	750.00	Ensure funding for two community events
Memberships/Dues	01005010000000820	16,547.00	16,545.00	17,127.00	17,103.00	18,250.00	\$ 17,371.00	17,500.00	2023 plus 5.0% inflation, (\$14,253 MSBA Membership, \$750 MSBA Policy Services, \$2,225 Board Book Subscription)
Totals		\$ 72,643.32	\$ 64,963.73	\$ 87,677.84	\$ 69,006.74	\$ 76,675.00	\$ 31,639.62	\$ 68,677.66	Summary
						11.11%		\$(7,997.34)	Trending lower than 2022-23
				6% Inflation over 2023-23		\$ 73,147.14		-0.48%	Cost controls in place
				4 year average Spend		73,572.91			Variance Potential to budget (+\$500, -\$2000)
				2023-24 Increase over average		4.22%			

Questions:

- Director Compensation- Recommend No Change for CY 2024. Reevaluate in November 2024.
- Budget includes \$750 for community Event
- Do we want to send Chair to National SB Conference/share EP Success/BPs?
- Other spending needs?

Eden Prairie School District 272
Superintendent Monitoring Report

Policy Name: EL 2.5 Financial Planning and Budgeting	Monitoring Time Frame: July 2021-June 2022 July 2022-June 2023	<p style="text-align: center;">Policy Monitoring Column FOR BOARD USE ONLY</p> 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: December 12, 2022 December 11, 2023	
		Board member name:
<u>Global Constraint:</u> The Superintendent shall not cause or allow financial planning and budgeting for any fiscal year or the remaining part of any fiscal year to deviate materially from the School Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.		<i>(enter rating and reasoning when appropriate)</i>
<u>Operational Interpretation:</u> <ol style="list-style-type: none"> 1. The Board’s Ends policy was created to address the question of “what good” the organization creates as a result of our work. The Ends priorities provide the framework upon which the Superintendent bases action. Board expectations are communicated to the Superintendent via the Ends policy, and the Superintendent is empowered to implement the “Means” to accomplish the “Ends.” The strategic plan is a five-year plan to accomplish the means. Failing to substantially address or change the specific ideals set forth in Board Policy would result in a material deviation from the Ends. 2. A <i>multi-year plan</i> projects expected revenue and expenditure across a three to five-year period. School district budgets are largely based upon projections of revenue and anticipated expenditures. It is appropriate to review multi-year financial projections and strategic plan in order to anticipate the opportunities and barriers presented in future budgets. 		83
<u>Justification:</u> <ol style="list-style-type: none"> 1. There is no requirement in statute, but best practice based on World’s Best Workforce and school finance practices would suggest aligning budget resources to strategic high yield instructional strategies and maintaining projections to provide for future planning is prudent practice. 2. The State adopts its budget on a biennium schedule. That drives a large portion of our general fund resources. Predicting what the legislative body might do beyond a 5 year time span is not a practice that is dependable. Although a rolling 3-5 year prediction is not always accurate; it is a commonly accepted practice within the field as it typically provides a reasonable outlook. 		

<p><u>Measurement Plan:</u></p> <ol style="list-style-type: none"> 1. Compliance with this policy shall be evidenced by the School Board Ends Monitoring Reports results including specific budget limitations during any required reports subsequent to evidence being found as not making reasonable progress. 2. A multi-year plan showing projected revenues and expenditures shall be a component of annual budget planning and execution. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. Ends policy monitoring reports have not disclosed budget allocations or financial resources as a barrier to reaching the Ends during the monitoring period. 2. The district used a multi-year financing plan provided by our financial advisor, Ehlers & Associates, during 2021-22 2022-23. The district business office also creates a multi-year financial projection model which is studied by the Superintendent’s Cabinet and the Citizen’s Finance Advisory Committee. The summarized financial projections from the plan are disclosed in the Informational Overview section of the 2022-23 2023-24 Annual Budget Book and was presented to the school board in January 2022 2023. 	
<p><u>Statement of Assertion:</u> EL 2.5 is reasonable and is in compliance.</p>	
<p>2.5.1 Furthermore, there will be no financial plan that: Risks incurring those situations or conditions described as unacceptable in the School Board policy “Financial Condition and Activities.”</p>	84
<p><u>Operational Interpretation:</u> I interpret this policy to mean that the proposed budget for the upcoming fiscal year meets the reasonable requirements as interpreted in EL.2.6 Financial Condition and Activities.</p>	
<p><u>Justification:</u> Executive Limitations Policy 2.6 Financial Conditions and Activities delineates School Board determined restrictions of selected financial activities in order to protect the District from adverse financial risk, as well as involve the School Board in certain decision-making processes that they have determined to be “their work.”</p>	
<p><u>Measurement Plan:</u> Compliance with this policy shall be evidenced by School Board approval of the School District Budget.</p>	
<p><u>Evidence:</u> The district budget was presented to the School Board at its May 23, 2022 May 22, 2023 meeting and was approved by the School Board at its June 27, 2022 June 26, 2023 meeting.</p>	

<p><u>Statement of Assertion:</u> EL 2.5.1 is reasonable and is in compliance.</p>	
<p>2.5.2 Neglects to present, no later than the third quarter of the current fiscal year, the assumptions, any material reinvestment of unbudgeted revenues or savings, and a timeline for the next annual budget.</p>	
<p><u>Operational Interpretation:</u></p> <ol style="list-style-type: none"> 1. I interpret this policy to mean that no later than the third quarter of the fiscal year (January – March) the Administration will present and enact “Budget Assumptions,” any material reinvestment of unbudgeted revenues or savings, and a timeline for action when building the next annual budget. 2. An <i>assumption</i> is a “thing that is accepted as true or certain to happen without proof.” When creating a budget, <i>assumptions</i> are expectations that provide a starting point for the process. <i>Assumptions</i> are most often relative to revenue and expenditure forecasts. They also can be expressed as managerial decisions, anticipated legislative actions, and changes to student enrollment. 3. <i>To fully disclose and make clear</i> the budget must reflect the conditions and expectations in which it was created and also anticipate those that may be in effect during its implementation. 4. A published <i>timeline</i> of discrete actions to be performed provides a framework for budget work to be completed and also provides transparency to the process. 	85
<p><u>Justification:</u> The district budget must adhere to financial realities. In order to conform with the “means” and “ends” expressed via the Policy Governance structure, it is important to promote understanding of the budgeting process as well as the tenets or “assumptions” used to create the annual financial plan or budget for the District.</p>	
<p><u>Measurement Plan:</u> Compliance to this policy shall be evidenced by:</p> <ol style="list-style-type: none"> 1. Presentation to the Board of the assumptions, material reinvestment of unbudgeted revenues or savings, and timeline by the third quarter of the fiscal year. 2. School Board approval of the School District Budget. 	
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. The 2022-23 2023-24 budget timeline and 2022-23 2023-24 budget assumptions were presented to the School Board at its January 24, 2022 January 23, 2023 meeting and finalized at its March 28, 2022 March 27, 2023 Board meeting. 2. The district budget was presented to the School Board at its May 23, 2022 May 22, 2023 meeting and was approved by the School Board at its June 27, 2022 June 26, 2023 meeting. 	

<p><u>Statement of Assertion:</u> EL 2.5.2 is reasonable and is in compliance.</p>	
<p>2.5.3 Furthermore, there will be no financial plan that: Allows the year-end unassigned general fund balance to fall below 8% of expenditures.</p>	
<p><u>Operational Interpretation:</u> I interpret this to mean that upon the completion of the annual financial audit, the general fund shall demonstrate a minimum of 8% of annual expenditures within the unassigned portion of the district’s fund balance.</p>	
<p><u>Justification:</u></p> <ol style="list-style-type: none"> 1. External independent auditors generally recommend a minimum fund balance equaling one month of expenditures, or approximately two payroll periods. 2. A comparison of neighboring district fund balance policies and recommendations places 8% in a reasonable or comparable range. 3. The State of Minnesota requires school districts to undergo a financial audit each fiscal year. 	
<p><u>Measurement Plan:</u> Compliance shall be demonstrated by:</p> <ol style="list-style-type: none"> 1. The projected general fund balance presented as part of the annual budget process demonstrates a balance of >8% of projected expenditures, and 2. The external audit confirms the general fund balance of >8% of reported expenditures at the conclusion of the fiscal year audited. 	86
<p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. The 2021-22 2022-23 mid-year budget update projected an unassigned General Fund balance of 14.9% 13.3% (greater than 8%) for the fiscal year ending June 30, 2022 June 30, 2023. 2. The Executive Audit Summary to be presented by the auditing firm of MMKR & Co, P.A at the November 28, 2022 December 11, 2023 meeting of the School Board confirmed a June 30, 2022 June 30, 2023 year-end unassigned fund balance of 12.4% 11.2% (greater than 8%). This calculation of unassigned fund balance percentage includes, in the denominator, expenditures for operating capital. For consistency purposes, the district excludes operating capital expenditures from its internal calculation of unassigned fund balance, which remains in a restricted and self-contained fund. The district’s internal calculation of unassigned fund balance was 14.9% 13.9%. 	
<p><u>Statement of Assertion:</u> EL 2.5.3 is reasonable and is in compliance.</p>	

2.5.4 Furthermore, there will be no financial plan that: Does not collect appropriate input from various sources.

Operational Interpretation:

1. I interpret this policy to mean that as the annual budget is developed, the Administration collects input from reputable sources as a function of the budget development process. Those sources could be either external or internal to the District. External *sources* may consist of, but are not limited to, the federal government, the Minnesota Department of Education, Minnesota Statute and Rule, local community advisory committees, and parents (as defined in EL 2.3). District employees are considered internal sources.

Public schools are local governmental entities, and therefore function as representatives of the community, state, and nation. The “public good” requires a budget process that is relatively transparent and seeks input from its customers and employees...each of whom have varying interests and values. With that said, it is important to note that the professionals hired by the District are highly trained and knowledgeable in their occupational craft.
2. The term *appropriate* in this context refers to being “suitable or proper” to the circumstance. The Superintendent must weigh all of these factors when recommending a budget for approval. While all points of view and corresponding input may not find their way into the recommended budget, it is still important to acknowledge that various positions and recommendations brought forth were considered for inclusion.
3. Collection of *input* for the purposes of informing budget development must come from reputable sources with knowledge of the process and needs of the District. Generally, *appropriate input* is regarded as “advisory” in nature. The Superintendent is ultimately responsible for the budget, and therefore retains the authority to determine the appropriate level of input collected during the budget development process.

Justification:

Measurement Plan:
The Superintendent shall note and recognize the contributions of internal and external sources as part of the annual budget adoption process in the annual Budget Book.

Evidence:

The Introductory Section of the ~~2021-22~~ **2022-23** Budget Book included the following information regarding the collection of input:

Collecting Input

*School Board Executive Limitation 2.5.4 states that “There will be no financial plan that does not collect appropriate input from various sources”. The process to build the proposed ~~2021-22~~ **2022-23** budget included the following input opportunities:*

1. School Board – The first official action that begins the process of budget development was the approval of the payable ~~2021~~ **2022** tax levy, which occurred on ~~December 14, 2020~~ **December 13, 2021**. This levy includes approximately ~~22.7%~~ **21.8%** of General Fund revenue. The board also provided guidance and input to the budget development process as follows:
 - ~~January 4, 2021~~ **January 3, 2022** – Board workshop on 5-year financial model
 - ~~January 25, 2021~~ **January 24, 2022** – Review budget timeline, discuss preliminary ~~2021-22~~ **2022-23** budget assumptions, ~~2020-21~~ **2021-22** Mid-year budget approval
 - ~~March 22, 2021~~ **March 28, 2022** – Approved final ~~2021-22~~ **2022-23** budget assumptions, review proposed ~~2021-22~~ **2022-23** preliminary capital budget
 - ~~April 26, 2021~~ **April 25, 2022** – Review proposed 2021-22 School Board budget
 - ~~April 26, 2021~~ **April 25, 2022** – Approved ~~2021-22~~ **2022-23** capital budget
2. Finance Advisory Committee – This committee of community members and staff reviews the assumptions included in the financial projection model. These assumptions and committee discussion provide important input into the budget development process.
3. Principals – This group of leaders is essential to the budget development process. They provide input and shared decision making for budget adjustments, staffing and program needs.
4. Community – The district website, email list and publications contained continuous updates regarding the budget development process including timeline, assumptions, and proposed adjustments. Community feedback is an essential part of assessing the final budget recommendation.
5. Superintendent’s Cabinet – This group meets weekly. Some part of the budget development process, including discussion of staff and community feedback, is on the agenda each week.

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Statement of Assertion:

EL 2.5.4 is reasonable and is in compliance.

Board member’s summarizing comments:

Eden Prairie School District 272
Superintendent Monitoring Report

Policy Name: EL 2.0 Global Executive Constraint	Monitoring Time Frame: July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	Policy Monitoring Column FOR BOARD USE ONLY Compliance rating: <ul style="list-style-type: none"> ● OI is/is not reasonable ● Evidence supports/does not support the OI <i>Include specific evidence for rating conclusion and recommendations.</i>
Policy Quadrant: Executive Limitations	Date of School Board Monitoring: December 12, 2022 December 11, 2023	
		Board member name:
Global Constraint: 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.		<i>(enter rating and reasoning when appropriate)</i>
Operational Interpretation: I interpret this policy to mean that I will not cause or allow any conduct that is not ethical or lawful within the reasonable and legal scope of District control. The provisions in Executive Limitations policies 2.1 to 2.9 have demonstrated that I have not allowed any practice, activity, decision, or organizational circumstance that is unlawful, unethical, imprudent, or in violation of commonly accepted business and professional practices.		89
Justification:		
Measurement Plan: Compliance with all provisions of Executive Limitations 2.1 to 2.9		
Evidence: I have presented supporting data throughout the Executive Limitations policies 2.1 to 2.9.		
Statement of Assertion: EL 2.0 is reasonable and is in compliance.		
Board Member's summarizing comments:		

**Record of Board Policy Monitoring
Executive Limitations**

Monitoring 2022-2023 School Year Data : July 1, 2022 – June 30, 2023

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

Policy	Date	Operational Interpretation – is/is not Reasonable?		Evidence – Board does/does not accept the Superintendent’s assertion of compliance/non-compliance		Date to re-monitor if either the OI is “Not Reasonable” or if Board “does not” accept Superintendent’s assertion of “Compliance”	Completed
		Superintendent Assertion	Board Finding	Superintendent Assertion	Board Finding		
EXECUTIVE LIMITATIONS							
EL 2.0 Global Executive Constraint	12/11/23						
EL 2.1 Emergency Superintendent Succession	08/28/23	Yes	Yes	Yes	Yes		Yes
EL 2.2 Treatment of Students	08/28/23	Yes	Yes	Yes	Yes		Yes
EL 2.3 Treatment of Parents	09/25/23	Yes	Yes	Yes	Yes		Yes 90
EL 2.4 Treatment of Staff	10/23/23	Yes	Yes	Yes	Yes		Yes
EL 2.5 Financial Planning and Budgeting	12/11/23						
EL 2.6 Financial Management and Operations	09/25/23	Yes	Yes	Yes	Yes		Yes
EL 2.7 Asset Protection	08/28/23	Yes	Yes	Yes	Yes		Yes
EL 2.8 Compensation and Benefits	10/23/23	Yes	Yes	Yes	Yes		Yes
EL 2.9 Communication and Support to the School Board	11/27/23	Yes	Yes	Yes	Yes		Yes

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 \$200.00 – Charities Aid Foundation America, C/O CyberGrants LLC, Southfield, MI – funds to be used for general school supplies

SUPERINTENDENT CONSENT AGENDA

A. Semi-Monthly Reports

HUMAN RESOURCES

1. Human Resources – Cabinet

- a. New Hires
- b. Change in Assignment
- c. Resignation/Retirements

Mutzenberger, Jason - Executive Director of Business Services, Administrative Services Center, effective 12/29/2023

2. Human Resources – Principals

- a. New Hires
- b. Change in Assignment
- c. Resignation/Retirements

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

- a. New Hires
- b. Change in Assignment
- c. Resignation/Retirements

4. Human Resources – Eden Prairie Supervisors & Specialists (EPSS)

- a. New Hires
- b. Change in Assignment
- c. Resignation/Retirements

5. Human Resources – Licensed Staff

- a. New Hires/Rehires

Gravelle, Nina - Elementary Interventionist - Long Term Substitute, .5 FTE, Oak Point Elementary, effective 11/15/2023 - 03/28/2024

Hauth, Beatriz - Elementary Education Teacher, 1.0 FTE, Eagle Heights Spanish Immersion, effective 11/15/2023

Lopez, Marcos - World Language - Spanish Teacher, .666 FTE, Eagle Heights Spanish Immersion, effective 12/1/2023

Meng, Heather - EL Teacher, 1.0 FTE, Eden Prairie High School, effective 12/4/2023

Nelson, Renee - Special Education Teacher, 1.0 FTE, Prairie View Elementary, effective 11/27/2023

- b. Change in Assignment

- c. Resignation/Retirements

6. Human Resources – Classified Staff

- a. New Hires/Rehires

BUILDING SERVICES

CLASS

Artan, Omar - Technology Support Specialist, Administrative Services Center, 8 hours/day, 5 days/week, 260 days/year, effective 12/4/2023

Bartels, Susan - Media Clerk, Prairie View Elementary, 5 hours/day, 5 days/week, 185 days/year, effective 12/7/2023

FOOD SERVICE

MSEA

Bretto, Lorelie - Special Education Paraprofessional, Prairie View Elementary, 5 hours/day, 5 days/week, 178 days/year, effective 12/4/2023

Dharmireddy, Amaravathi - Eagle Zone Program Assistant, Oak Point Elementary, 4 hours/day, 5 days/week, 178 days/year, effective 12/4/2023

SUPERINTENDENT CONSENT AGENDA

PRESCHOOL TEACHERS

b. Change in Assignment

BUILDING SERVICES

CLASS

FOOD SERVICE

MSEA

Behrens, Kimberly- From Elementary Manager at Prairie View Elementary, to Food Service Assistant I at Eden Prairie High School, 5 hours/day, 5 days/week, 178 days/year, effective 12/4/2023

PRESCHOOL TEACHERS

TRANSPORTATION

EPPS

c. Resignation/Retirements

BUILDING SERVICES

CLASS

Castillo, Kim - Receptionist, Forest Hills Elementary, effective 12/21/2023

Lovagnini, Arden - Media Clerk, Prairie View Elementary, effective 12/1/2023

Odegard, Carrie - Receptionist, Central Middle School, effective 12/15/2023

COACHES

Taylor, Kelly - Head Girls Soccer Coach, Eden Prairie High School, effective 12/1/2023

FOOD SERVICE

Moen, Roxann - Food Service Assistant I, Eden Prairie High School, effective 10/13/2023

MSEA

Cotter, Nancy - Lunchroom Paraprofessional, Cedar Ridge Elementary, effective 1/17/2024

George, Sheri - TASSEL Job Coach, TASSEL, effective 12/5/2023

PRESCHOOL TEACHERS

TRANSPORTATION

Fackelman, Joseph - Mechanic, Transportation, effective 07/31/2023

Human Resources - Coaches Winter Season

Nate Springer	Alpine	Head Coach	11/13/2023-2/8/2024
Stephanie Phang	Alpine	Assistant Coach	11/13/2023-2/8/2024
Kelsey Klein	Alpine	Volunteer Coach	11/13/2023-2/8/2024
Kelly Cullen	Alpine	Assistant Coach	11/13/2023-2/8/2024
Carly Rogers	Alpine	Volunteer Coach	11/13/2023-2/8/2024
Alexander Culver	Basketball - Boys	Head Coach	11/20/2023-3/16/2024

SUPERINTENDENT CONSENT AGENDA

Brett Pederson	Basketball - Boys	Assistant Varsity Coach	11/20/2023-3/16/2024
Michael Landers	Basketball - Boys	JV Head Coach	11/20/2023-3/16/2024
Mario Austin	Basketball - Boys	10th Grade Coach	11/20/2023-3/16/2024
Thomas Gove	Basketball – Boys	9A Grade Coach	11/20/2023-3/16/2024
Isaiah Gray	Basketball-Boys	Volunteer Coach	11/20/2023-3/16/2024
Levi Zak	Basketball-Boys	9B Grade Coach	11/20/2023-3/16/2024
Ellen Wiese	Basketball - Girls	Head Coach	11/13/2023-3/8/2024
Chris Robinson	Basketball-Girls	Assistant Varsity Coach	11/13/2023-3/8/2024
Sarah Jordan	Basketball - Girls	Assistant Varsity Coach	11/13/2023-3/8/2024
Cory Hall	Basketball - Girls	JV Coach	11/13/2023-3/8/2024
Rob Lark	Basketball - Girls	JV Coach	11/13/2023-3/8/2024
Angie Wenning	Basketball-Girls	9th Grade Coach	11/13/2023-3/8/2024
Kadijah Conteh	Basketball - Girls	B Team Coach	11/13/2023-3/8/2024
Caitlin Rogotzke	Dance Team	Head Coach	10/23/2023-2/10/2024
Ari Vazquez	Dance Team	Assistant Varsity Coach	10/23/2023-2/10/2024
Annika Thompson	Dance Team	JV Coach	10/23/2023-2/10/2024
Rachel Ericksen	Dance Team	JV/Varsity Coach	10/23/2023-2/10/2024
Johanna Wirth	Dance Team	B/JV coach	10/23/2023-2/10/2024
Alyssa Brix	Dance Team	Assistant Varsity Coach	10/23/2023-2/10/2024
Samantha White	Dance Team	B Squad	10/23/2023-2/10/2024
Olivia Erickson	Dance Team	Head Coach	10/23/2023-2/10/2024
Mary Jane Carney	Gymnastics	Head Coach	11/13/2023-2/17/2024
Samantha Abler	Gymnastics	Assistant	11/13/2023-2/17/2024

SUPERINTENDENT CONSENT AGENDA

		Coach/Spotter	
Mike Terwilliger	Hockey - Boys	Head Coach	11/13/2023-3/1/2024
Connor Clark	Hockey-Boys	Assistant Coach	11/13/2023-3/1/2024
Tom Gerdes	Hockey - Boys	Assistant Varsity Coach	11/13/2023-3/1/2024
Lucas Gerdes	Hockey - Boys	Assistant Varsity Coach	11/13/2023-3/1/2024
William Sawyer	Hockey - Boys	Goalie Coach	11/13/2023-3/1/2024
Joe Krmpotich	Hockey - Boys	JV Coach	11/13/2023-3/1/2024
Martin Mjelleli	Hockey - Boys	Assistant JV Coach	11/13/2023-3/1/2024
Daniel Molenaar	Hockey-Boys	Assistant Coach	11/13/2023-3/1/2024
Steve Persian	Hockey - Girls	Head Coach	10/30/2023-3/8/2024
Allison Umland	Hockey - Girls	Assistant Varsity Coach	10/30/2024-3/1/2024
Michael Umland	Hockey - Girls	Assistant Varsity Coach	10/30/2024-3/1/2024
Paige Sorenson	Hockey - Girls	Assistant Varsity Coach	10/30/2024-3/1/2024
Rob St. Clair	Hockey - Girls	JV Head Coach	10/30/2024-3/1/2024
Emma Statt	Hockey - Girls	JV Assistant Coach	10/30/2024-3/1/2024
Amanda Leveille	Hockey - Girls	Goalie Coach	10/30/2024-3/1/2024
Doug Boonstra	Nordic Skiing	Head Coach	11/13/2023-2/8/2024
Melissa Berman	Nordic Skiing	Assistant Coach	11/13/2023-2/8/2024
John Becker	Nordic Skiing	Assistant Coach	11/13/2023-2/8/2024
Erik Fagerstrom	Nordic Skiing	Assistant Coach	11/13/2023-2/8/2024
Kelly Derouin	Swim & Dive - Boys	Assistant Coach (Dive)	11/27/2023-2/24/2024
Eva Potvin	Swim & Dive - Boys	Assistant Coach (Dive)	11/27/2023-2/24/2024
Sam Kendall	Swim/Dive - Boys	Head Coach	11/27/2023-2/24/2024

SUPERINTENDENT CONSENT AGENDA

Maricuis Levesseur	Wrestling	Head Coach	11/20/2023-2/24/2024
Paul Selman	Wrestling	Assistant Varsity Coach	11/20/2023-2/24/2024
Titus Bates	Wrestling	Assistant Varsity Coach	11/20/2023-2/24/2024
Hobet Diaz	Wrestling	9th Grade Head Coach	11/20/2023-2/24/2024
Ryan Stottler	Wrestling	Varsity Assistant	11/20/2023-2/24/2024
Jafari Vanier	Wrestling	Varsity Assistant	11/20/2023-2/24/2024
Jared Olson	Drumline	Director	11/14/2023-4/19/2024
Jonah Kandikatla	Drumline	Assistant Director	11/14/2023-4/19/2024
Olivia Sims	Winterguard	Head Coach	11/6/2023-4/9/2024

Board Business

General Consent Agenda

Approval of Payments, all funds, November 2023

Check #418597-418907	\$3,564,894.92
Electronic Disbursements	\$ 6,539,838.67
TOTAL	\$ 10,104,733.59

Acknowledgment of Electronic Transfers November 2023

INVEST DATE	FROM	TO	INTEREST RATE	MATURITY DATE	PRINCIPAL
11/29/2021	PMA Financial	MNTrust	.550%	11/29/2023	\$251,739.00
11/30/2021	PMA Financial	MNTrust	.550%	11/30/2023	\$251,739.00

Board Business

General Consent Agenda

Approval of Payments, all funds, October 2023

Check #418330-418596 (CORRECTED)	\$2,523,131.51
Electronic Disbursements	\$ 6,074,873.73
TOTAL	\$ 8,598,005.24

Acknowledgment of Electronic Transfers October 2023

INVEST DATE	FROM	TO	INTEREST RATE	MATURITY DATE	PRINCIPAL
4/25/2022	PMA Financial	MNTrust	Variable	9/13/2023	\$1,572,835.31



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

December 11, 2023

To: Dr. Josh Swanson, Superintendent
From: Jason Mutzenberger, Executive Director of Business Services
Re: Radon Testing Results

Radon is a colorless, odorless, radioactive gas that occurs naturally in soil, rocks, underground water supplies, and in the ambient air. According to the U.S. Environmental Protection Agency (EPA) and other scientific organizations, naturally occurring radon gas has been associated with an increased risk of developing lung cancer.

Radon gas typically moves up through the ground into the air in buildings through subsurface walls and/or floor cracks, floor drains, and construction joints and pipes. The water supply may also be a source of radon exposure.

All frequently occupied rooms with ground contact or rooms immediately above unoccupied spaces that are in contact with the ground, such as crawl spaces, and tunnels are tested at each building within the district.

Per Minnesota Statute, section 123B.571, school districts are required to report radon test results at a school board meeting and report results to the Minnesota Department of Health (MDH) and conduct follow-up testing in rooms that have radon greater than 4 picocuries per liter.

The district had not yet reported the last round of Radon testing to the school board but has reported the results to the MDH. Radon testing occurred between 11/30/2021 – 12/3/2021 for all 10 district buildings. A total of 1155 radon kits were analyzed.

School	# of Kits	# of Rooms above 4 pCi/L
ASC & Early Childhood	89	
Cedar Ridge Elementary	118	
Central Middle School	202	
Eden Lake Elementary	113	1 (Room 100E)
Eden Prairie High School	252	
Education Center	75	
Forest Hills Elementary	82	
Oak Point/Eagle Heights	119	
Prairie View Elementary	95	
Transportation	20	



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

A continuous radon monitor (CRM) was used for follow-up sampling in Room 100E at Eden Lake Elementary between February 18-21, 2022. A CRM is recommended to determine if elevated levels are present during occupied times. Radon levels can fluctuate with the operation of the ventilation system as well as with changes in barometric pressure. The CRM provides hourly radon readings so that levels can be evaluated for periods while the room is occupied. The average radon levels over the workday in Room 100E was 1.04 pCi/L on the first day of testing, and 1.19 pCi/L on the second day of testing. These levels were below 4 pCi/L and did not require any further mitigation efforts.

The last round of Radon testing was submitted to the board in August 2017, and the next round will occur during the 2026-27 school year.



**Eden Prairie School Board
Community Linkage Committee Meeting Minutes
Jerry's Food Court Café Coffee Shop, Eden Prairie, MN
Saturday, December 9, 2023**

Charter per Board Policy GP 4.8.1: 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.

CLC Members: Dennis Stubbs, Steve Bartz – present; Absent Abby Libsack

Meeting Convened: 4:02pm

Agenda Items

- Approve agenda
- Discuss Measuring What Matters and Ends Policies 1.1 & 1.2
- Review and edit a rough draft of Measuring What Matters
- CLC will plan next meeting at future date

Meeting ended at 4:50pm

Introduction

Graduation rate metrics are reviewed by the Eden Prairie School Board each year when Ends Policy 1.1 is monitored. This policy states: “Each student graduates and is academically prepared to progress to multiple opportunities after high school.” During the monitoring process the Superintendent must provide evidence that the district is making reasonable progress toward this goal.

Data

This data for the 2022-23 school year was presented to the Board on October 23, 2023.

Target Set for 2022-2023

4-year: 95%

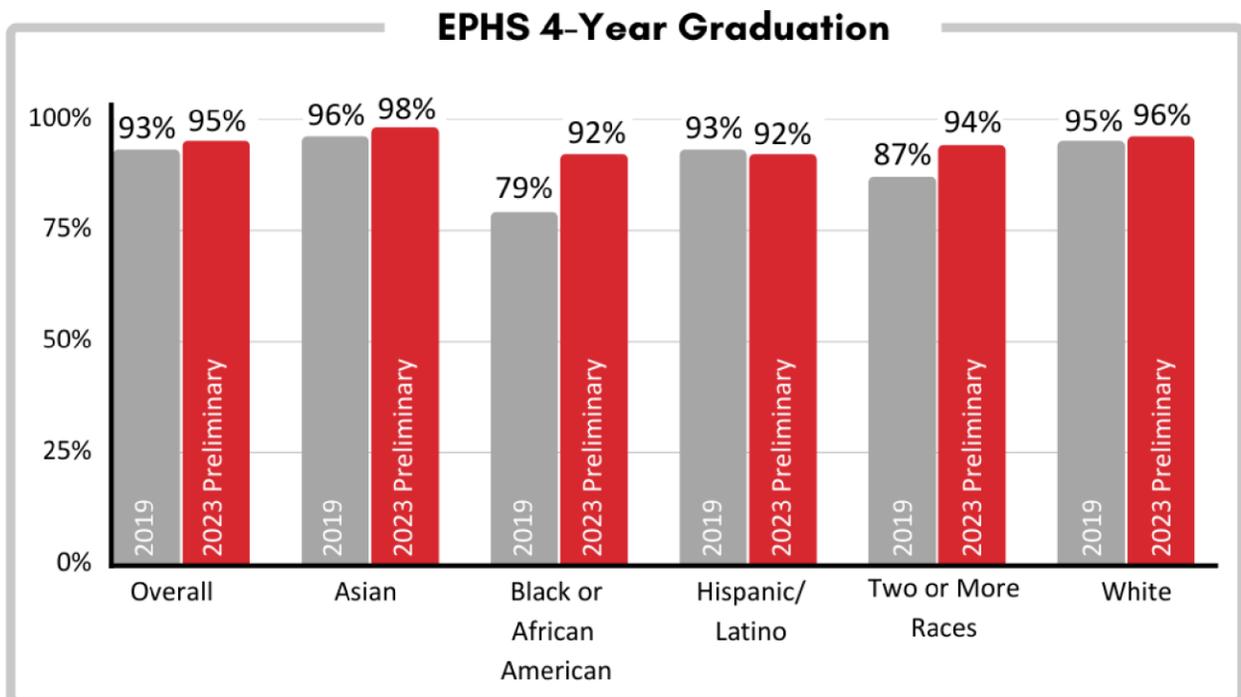
7-year: 97%

Level of Achievement

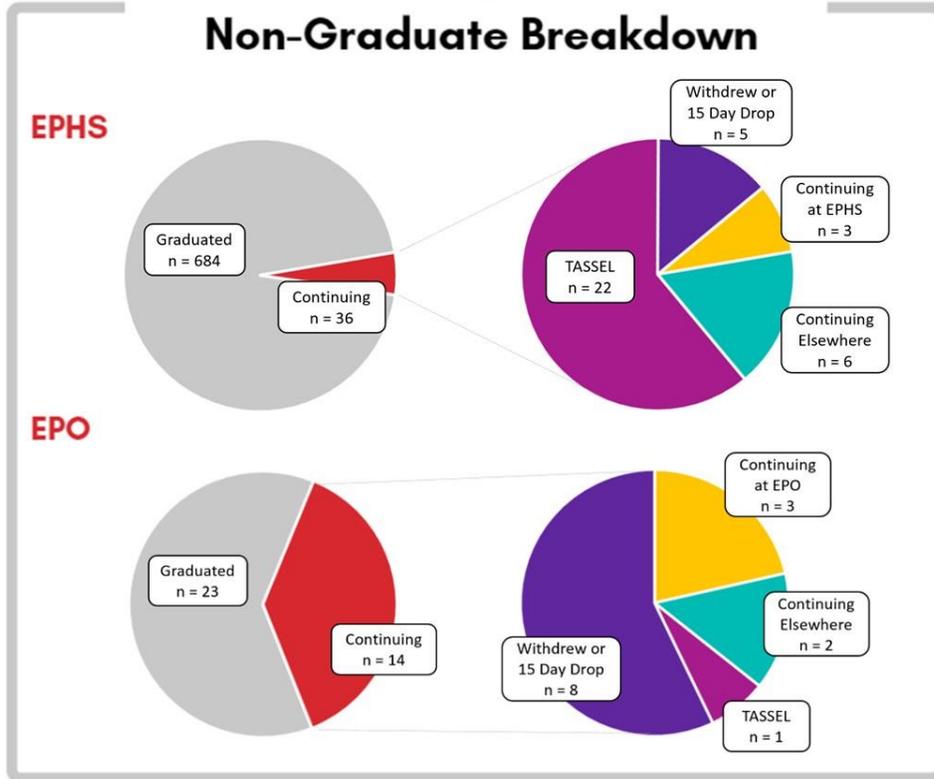
4-year: 95%

7-year: -----?-----

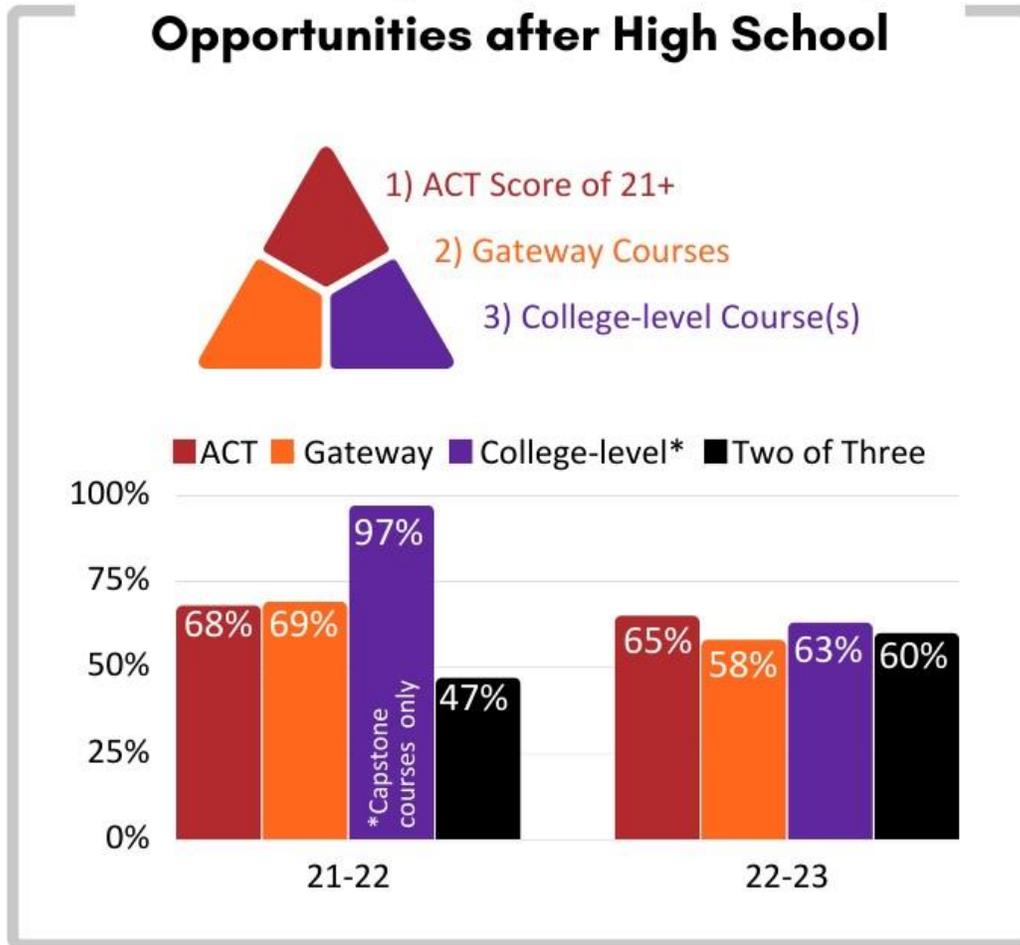
**Ask district for final data for 7 yr and labeling for graphs that state prelim



2023 Preliminary Graduate and Non-Graduate Breakdown



Academically Prepared for Multiple Opportunities after High School



School Board’s Perspective on the Data

On October 23, 2023, this policy was monitored by the School Board. The Superintendent asserted, and the board concurred, that reasonable progress had been made. Over the last five years, substantial progress has been made in graduation rates. Additionally, Eden Prairie Schools continue to make significant progress reducing disparities in graduation rates across demographic sub-groups. Eden Prairie Schools’ success can be attributed to a well-defined multi-year strategy, and accountability for results. We believe these outcomes are unique in Minnesota and demonstrate that each student can succeed when we work together to reduce/eliminate barriers to learning. We are proud of the district’s performance and look forward to further progress next year.

For more information, [click here](#) to read the full monitoring report presented to the Board.

Third Grade Reading Metrics: 2022-23 School Year

Introduction

The Eden Prairie School Board formally reviews third grade reading metrics each year when Ends Policy 1.2 is monitored. This policy states: “Each student is reading at grade level by the end of third grade.” During the monitoring process the Superintendent provides evidence to support whether reasonable progress has or has not been achieved.

Studies show that in third grade students transition from learning to read to reading to learn. If students are not reading at grade level in third grade it can negatively impact their academic achievement in future years, so the Board continues to prioritize this goal in its policies.

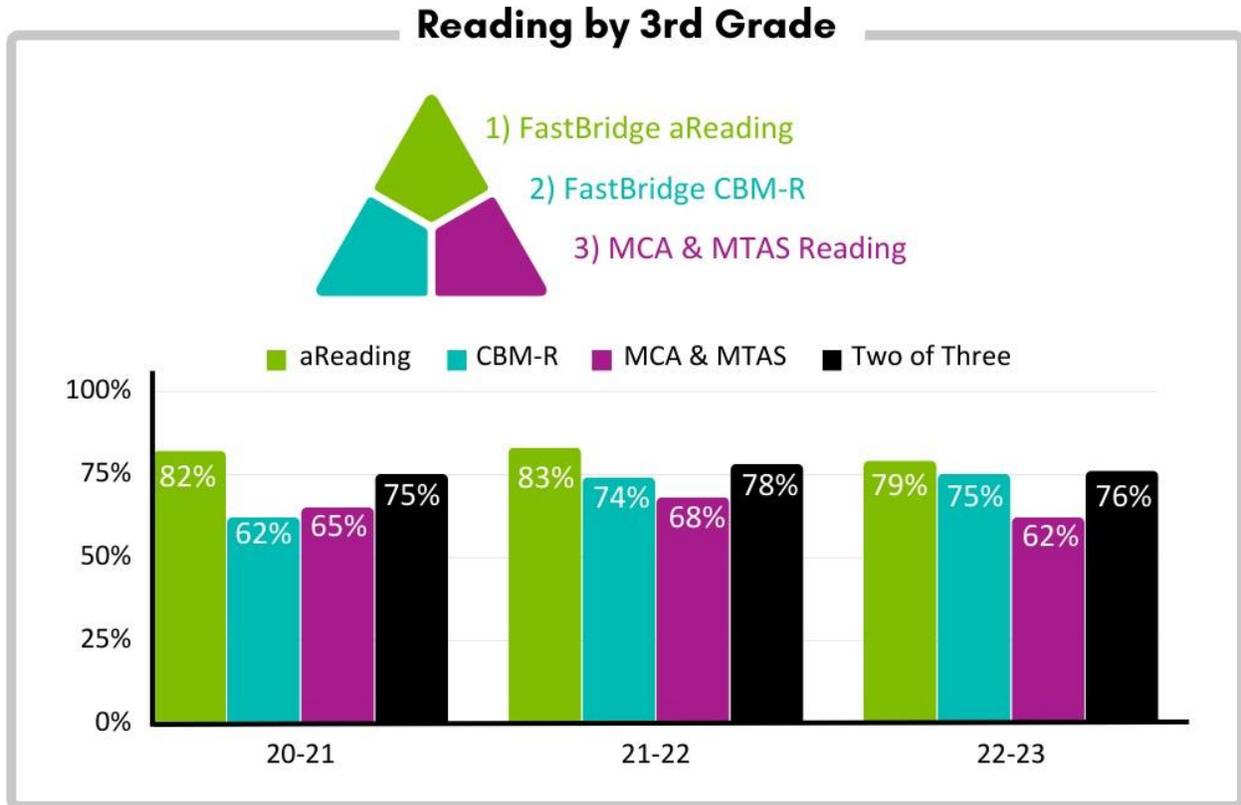
Sound research and measurement practices involve the triangulation of data for each student to identify success. Eden Prairie Schools utilize three reading assessments to measure proficiency and provide comprehensive evidence that third grade students are reading at grade level.

****Insert explanation and timing/frequency of measurement tools****

Data

The data for the 2022-23 school year was presented to the Board on October 23, 2023.

Target set for 2022-2023: 80% Level of Achievement: 76%



Add additional graphs?

School Board’s Perspective on the Data

On October 23, 2023, the School Board monitored Ends Policy 1.2. The trends in all three measurement categories remained consistent with year over year results, yet the Superintendent asserted that reasonable progress had not been made, falling short of the 80% target. The School Board agreed with this assertion. Administration will provide the Board with a progress report of Ends Policy 1.2 at the January business meeting.

Notes to consider: [Short Explanation of the 3 measurements and timing](#)

Eden Prairie School Board
2023–24 WORK PLAN CHANGES
“Proposed” Changes
December 11, 2023

Date of Meeting/Workshop	Changes Requested
Monday, January 8, 2024 – Annual Organizational Mtg and Workshop	
Monday, January 22, 2024	
Monday, February 12, 2024 – Workshop	
Monday, February 26, 2024	
Monday, March 11, 2024 – Workshop	
Monday, March 25, 2024	
Monday, April 8, 2024 – Workshop	
Monday, April 22, 2024	
Monday, May 13, 2024	
Tuesday , May 28, 2024	
Monday, June 10, 2024 – Workshop	
Monday, June 24, 2024	
Placeholder – General Board Work	
Placeholder – Policy Review	

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	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
****2023**** Board Meeting Mon, Jul 24, 2023 7:30 AM				September Inspiring News Article	<ul style="list-style-type: none"> •Monthly Reports •TASSEL Student Handbook •Student Handbooks: <ul style="list-style-type: none"> - High School - Middle School - Elementary Schools (Summary Detail Included) 		108
Joint Meeting: Eden Prairie City Council & Eden Prairie School Board Tuesday, August 15, 2023 5:00 PM, City Center							
Board Meeting Mon, Aug 28, 2023 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 		Record of Board Self-Evaluation	2023-24 School Site Visits	Monthly Reports		
Post Meeting Board Workshop Mon, Aug 28, 2023							School Board Mtg. Self-Assessment
Board Brief Business Meeting Mon, Sep 11, 2023 6:00 PM		Closed Session: Purchase or Sale of Property (MN Stat.13D.05, Subd 3(c))			Consent Agenda Items		

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	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
Board Workshop Mon, Sep 11, 2023 6:45 PM							<ul style="list-style-type: none"> •ADMIN Proposals for FY 2023-24 Workshops •NEW Policy Development Discussion (Ends & EL Policies) •Digital Citizenship Discussion •Policy Monitoring: All BMD Policies – BMD 3.0 – 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 25, 2023 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 		<ul style="list-style-type: none"> •Approval of Preliminary FY 2024-25 Levy Tax Levy Comparison - Tax Levy Presentation Pay 24 •Record of Board Self-Evaluation 		Monthly Reports	<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> • FY 2022-2023 Year-end Preliminary Financial Report • FY 2023-2024 Preliminary Enrollment Report 	

EDEN PRAIRIE SCHOOL BOARD
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	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 4.4 Officer Roles •GP 4.5 School Board Members Code of Conduct •GP 4.6 Process for Addressing School Board Member Violations •GP 4.7 School Board Committee Principles •GP 4.8 School Board Committee Structure •GP 4.10 Operation of the School Board Governing Rules 						110
Post Meeting Board Workshop Mon, Sep 25, 2023							School Board Mtg. Self-Assessment
Board Workshop Mon, Oct 9, 2023 6:00 PM							<ul style="list-style-type: none"> •Discuss January Topics for Inspiring News •Administration: Setting Stage for FY 2024-25 Budget Guidelines •Policy Monitoring: GP 4.0, 4.1, 4.2, 4.3, 4.9 •Discussion—Community Linkage/Listen & Learn—Theme & Location of Event

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	Policy Monitoring Ends, EL, BMD & GP Monitoring	Decision Preparation	Required Board Action	Board Action on Committee Reports & Minutes			
							<ul style="list-style-type: none"> • Confirm agenda for next Board Workshop
Board Meeting Mon, Oct 23, 2023 6:00 PM	<ul style="list-style-type: none"> • Ends 1.1 – 1.6 Evidence (FY 2022-23) • EL 2.4 Treatment of Staff • EL 2.8 Compensation and Benefits • 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 		<ul style="list-style-type: none"> • Record of Board Self-Evaluation 		<ul style="list-style-type: none"> • Monthly Reports • MSHSL Form A 	<u>Superintendent Incidentals:</u> <ul style="list-style-type: none"> • Enrollment Report as of 10/1/2023 • World’s Best Workforce Report • FY 2022-2023 Achievement Integration Summary Report 	111
Post Meeting Board Workshop Mon, Oct 23, 2023							<ul style="list-style-type: none"> • School Board Mtg. Self-Assessment
Board Workshop Mon, Nov 13, 2023 6:00 PM							<ul style="list-style-type: none"> • Community Linkage: - DRAFT - inspiring News Topic • PBIS: Culture, Climate & Sense of Belonging

EDEN PRAIRIE SCHOOL BOARD
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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"> 5-Year Financial Projections: Revenue & Expense Confirm agenda for next Board Workshop
Board Meeting Mon, Nov 27, 2023 6:00 PM	EL 2.9 Communication and Support to the School Board	School Board Mid-Year Treasurer's Report	<ul style="list-style-type: none"> Record of Board Self-Evaluation 	<i>Draft:</i> Topic for January 2024 Inspiring News Topic	Monthly Reports	FY 2022-23 Audited Financial Presentation - Moved to 12/11/23	112
Post Meeting Board Workshop Mon, Nov 27, 2023							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment
Board Meeting Mon, Dec 11, 2023 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"> Approval of Final FY 2024-25 Levy Approval of School Board Mid-Year Treasurer's Report <u>Closed Session:</u> Review of FY 2022-23 Superintendent Annual Review -Minn. Stat. 13D.05, Subd. 3 Record of Board Self-Evaluation 	Final Approval for January 2024 Inspiring News Article	Monthly Reports	<ul style="list-style-type: none"> Truth in Taxation Hearing Planning and Budgeting FY 2022-23 Audited Financial Presentation 	
Post Meeting Board Workshop Mon, Dec 11, 2023							<ul style="list-style-type: none"> School Board Mtg. Self-Assessment

EDEN PRAIRIE SCHOOL BOARD
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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			

****2024**** Annual Organizational Meeting Mon, Jan 8, 2024 6:00 PM			<ul style="list-style-type: none"> • 2024 Annual Organizational Mtg. <ul style="list-style-type: none"> - Election of Officers - School Board Compensation - School Board Calendar • School Board Meeting Calendar: January 1, 2024, through June 30, 2024 • Appointment of Intermediate District 287 Representative 		<ul style="list-style-type: none"> • 2024 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 - MDE Designation of Identified Official with Authority (IoWA) 		113
Board Workshop Mon, Jan 8, 2024 6:30 PM Convene following the Annual Organizational Meeting							<ul style="list-style-type: none"> • BDC Speaker • 2024 Committees & Outside Organization Discussion • Budget: 5-Year Financial Forecast

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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"> Legislative Impacts to Financial and Program Stability Confirm agenda for next Board Workshop
Board Meeting Mon, Jan 22, 2024 6:00 PM		<ul style="list-style-type: none"> FY 2024-25 Final School Calendar <i>(Draft)</i> FY 2025-26 Preliminary School Calendar <i>(Draft)</i> FY 2024-25 Budget Timelines – <i>First Reading</i> FY 2024-25 Budget Assumptions – <i>First Reading</i> 	<ul style="list-style-type: none"> FY 2023-24 Mid-Year Budget Approval Approval FY 2023-24 Mid-Year School Board Budget <i>(duplicate, see 12/11/23)</i> Record of Board Self-Evaluation 	2024 School Board Committee & Outside Organization Assignments	<ul style="list-style-type: none"> Monthly Reports FY 2024-25 Bus Purchase 	Ends 1.2 Update	114
Post Meeting Board Workshop Mon, Jan 22, 2024							School Board Meeting Self-Assessment
Board Workshop Mon, Feb 12, 2024 6:00 PM							<ul style="list-style-type: none"> Finance Overview Artificial Intelligence Working Group Report Agenda Items: Walk-through School Board Agenda

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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"> • Sample Agenda & Discussion of Agenda Elements • Source of Agenda Items: Board Request for Information; Superintendent Information; Agenda Time • Community Linkage: Discuss Goals & Format for Community Engagement • Confirm agenda for next Board Workshop
Board Meeting Mon, Feb 26, 2024 6:00 PM			Record of Board Self-Evaluation		<ul style="list-style-type: none"> • Monthly Reports • Approval of FY 2024-25 School Calendar • Approval of Preliminary FY 2025-26 School Calendar 	<ul style="list-style-type: none"> • American Indian Education Report • Achievement & Integration Budget • Ends 1.3 Update 	
Post Meeting Board Workshop Mon, Feb 26, 2024							School Board Meeting Self-Assessment
Board Workshop Mon, Mar 11, 2024 6:00 PM							<ul style="list-style-type: none"> • Mechanics of Monitoring

EDEN PRAIRIE SCHOOL BOARD
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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			
							•Confirm agenda for next Board Workshop
Board Meeting Mon, Mar 25, 2024 6:00 PM		•FY 2024-25 Capital Budget – <i>First Reading</i>	•Final FY 2024-25 Budget Assumptions • Record of Board Self-Evaluation	• Identify Topic for June Inspiring News Article	•Monthly Reports •Resolution to Release Probationary Teachers	Ends 1.5 Update	
Post Meeting Board Workshop Mon, Mar 25, 2024							School Board Meeting Self-Assessment ¹¹⁶
Board Workshop Mon, Apr 8, 2024 6:00 PM							<ul style="list-style-type: none"> •Academic Vision Process & Planning •FY 2024-2025 Annual Work Plan Calendar Discussion •Discussion/Review all items in Placeholder area on “Work Plan Changes Document.” • Workshop Skeleton Summary Discussion •FY 2024-2025 School Board Meeting Calendar Discussion

EDEN PRAIRIE SCHOOL BOARD
2023-2024 ANNUAL WORK PLAN

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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 2024-2025 School Board Budget Discussion • Discuss Policy Change Process (Timelines and Process for Monitoring and Changes in Policy) • New Policy¹⁷ Introductions • Inspiring News/MWM Discussion • Confirm agenda for next Board Workshop
Board Meeting Mon, Apr 22, 2024 6:00 PM		<ul style="list-style-type: none"> • FY 2024-25 School Board Work Plan – <i>First Reading</i> • FY 2024-25 School Board Budget – <i>First Reading</i> 	<ul style="list-style-type: none"> • Approval of FY 2024-25 Capital Budget • Approval of FY 2024-25 School Board Meeting Calendar • Approval –Workshop Skeleton Summary Discussion • <u>Closed Session:</u> Negotiation Strategy (MN Statue 13D.03,Subd.1) • Record of Board Self-Evaluation 	Approval of Inspiring News Article for June	<ul style="list-style-type: none"> • Monthly Reports 	Crisis Management: Legislation Impacts	

EDEN PRAIRIE SCHOOL BOARD
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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, Apr 22, 2024							School Board Meeting Self-Assessment
Board Workshop <i>Training/Retreat</i> Date/Time/Location TBD							Retreat/Training Workshop
Board Workshop Mon, May 13, 2024 6:00 PM							Confirm agenda for next Board Workshop
Board Meeting Tues, May 28, 2024* 6:00 PM *Due to Memorial Day on Monday May 27, 2024		<ul style="list-style-type: none"> •FY 2024-25 Budget – <i>First Reading</i> •FY 2024-25 School Meal Prices - <i>DRAFT</i> 	<ul style="list-style-type: none"> • Approval of FY 2024-25 School Board Work Plan •Approval of FY 2024-25 School Board Budget •Record of Board Self-Evaluation 		<ul style="list-style-type: none"> •Monthly Reports 		
Post Meeting Board Workshop Tues, May 28, 2024							<ul style="list-style-type: none"> •School Board Meeting Self-Assessment
Board Workshop Mon, June 10, 2024 6:00 PM							<ul style="list-style-type: none"> •General Fund Budget Q&A •All Ends 1.1 – 1.6 OI's •CLC: Inspiring News Top Discussion – <i>1st Draft (2023-2024)</i>

EDEN PRAIRIE SCHOOL BOARD
2023-2024 ANNUAL WORK PLAN

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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			
							•Confirm agenda for next Board Workshop
Board Meeting Mon, June 24, 2024 6:00 PM	Ol's for FY 2024-25 all Ends 1.1 through 1.6		<ul style="list-style-type: none"> •Approval of FY 2024-25 Adopted Budget •ISD 287 10-Year Facilities Maintenance Resolution •Approval of FY 2024-25 School Meal Prices •Record of Board Self-Evaluation 	Identify Topic for Inspiring News for September 2024	<ul style="list-style-type: none"> • Monthly Reports • EPS 10-Year Facilities Maintenance Plan • Q-Comp Annual Report • Summary Update of General District Policies • Annual Review of District Mandated Policies • MSHSL Resolution for Membership 		119
Post Meeting Board Workshop Mon, Jun 24, 2024							•School Board Meeting Self-Assessment

Annual Comprehensive Financial Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day™

2023

Eden Prairie Schools | ISD #272 | Eden Prairie, MN
Fiscal Year Ending June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

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

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SECTION I – INTRODUCTORY SECTION



November 10, 2023

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

PREFACE

The Annual Comprehensive Financial Report (Annual Report) of Independent School District No. 272, Eden Prairie Public Schools (the District) is submitted for the fiscal year ended June 30, 2023. 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.

The Annual Report is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes an organizational chart, list of School Board members and administration, and this transmittal letter. The financial section includes the independent auditors' report, management's discussion and analysis, basic financial statements, individual fund statements and related schedules, and required supplementary information. The statistical section includes selected financial and demographic information generally presented on a multiyear comparative basis.

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. To complete our mission, we have created strategic results: Authentic and Personalized Learning, Well-Being, and Inclusion and Belonging. These results are further defined as follows:

- We will inspire students to engage and achieve at high levels through authentic and personalized learning experiences.
- We will nurture well-being among all students and staff by fostering belonging, ensuring physical and emotional health, and promoting safety, kindness, and personal responsibility.
- We will cultivate an inclusive learning environment that fosters a sense of belonging for each student within our diverse community.

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 Planning and Budgeting
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:

- 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 64,142. 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 pre-kindergarten through fifth 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 sixth through eighth graders attend Central Middle School, while Eden Prairie High School is home to students in Grades 9 through 12. The District opened Eden Prairie Online School in the 2021–2022 school year, educating kindergarten through Grade 12 students. Eden Prairie Online School is servicing not only Eden Prairie residents, but many open-enrolled students from all over the state. The District’s Administrative Services Center houses Community Education programs and other administrative support departments. The Teaching All Students Skills for Employment and Life (TASSEL) Transition Program is located in the Education Center. In total, district-owned instruction and administrative buildings account for 1,943,247 square feet of space with an average age of 36 years.

As one of the largest employers in the city with approximately 2,300 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, 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.

DISTRICT ECONOMIC CONDITION

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 five-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. A new operating referendum and renewal of the Capital Projects Levy were passed in 2022. The operating referendum will continue to bring stability to the District’s finances and contribute to building a strong General Fund unassigned fund balance by increasing revenues with its passage.

The District’s General, Food Service, and Community Service Funds were greatly impacted by the COVID-19 pandemic. The District received over \$16 million in federal aid to help overcome the financial burdens that have been caused by the pandemic. These funds will continue to be used to support students through the 2023–2024 school year.

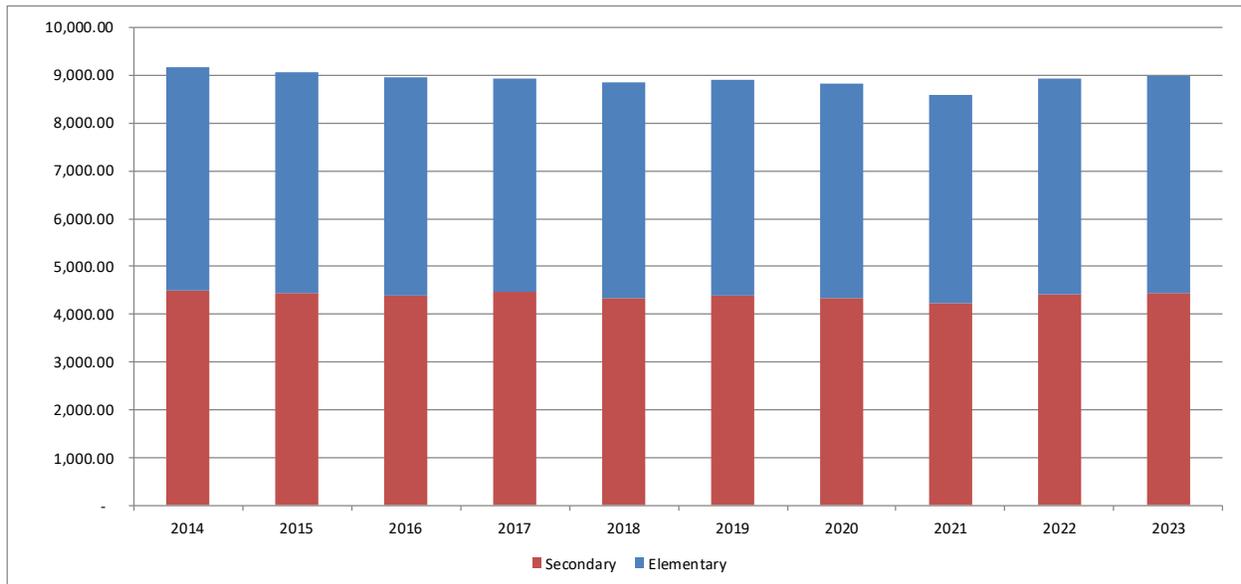
ENROLLMENT

Enrollment is a critical factor in determining funding levels. Approximately 66 percent of the General Fund revenue is enrollment driven. During fiscal year 2023, enrollment increased 49 average daily memberships to 8,987.

Student Enrollment (Average Daily Membership)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pre-K and HCP-K	104.31	123.38	126.05	116.98	121.66	154.09	133.61	118.77	147.16	154.92
Reg K	560.27	595.08	561.73	561.06	564.94	560.81	574.92	542.26	565.49	563.95
Elementary	4,006.32	3,889.68	3,880.82	3,791.63	3,804.19	3,807.70	3,788.77	3,700.07	3,816.49	3,827.78
Secondary	4,492.37	4,445.20	4,380.66	4,466.26	4,350.39	4,393.78	4,337.11	4,237.29	4,408.51	4,439.85
Total Students for Aid	9,163.27	9,053.34	8,949.26	8,935.93	8,841.18	8,916.38	8,834.41	8,598.39	8,937.65	8,986.50
Percent Change	-1.65%	-1.20%	-1.15%	-0.15%	-1.06%	0.85%	-0.92%	-2.67%	3.95%	0.55%

Student Enrollment (Average Daily Membership)



In 2023, the District saw an increase in student enrollment within its brick-and-mortar sites, which was slightly offset by a decrease in student enrollment within its Eden Prairie Online program. 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

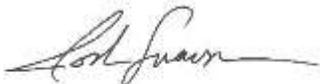
State statutes require an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co., P.A. was selected by the District's School Board to conduct the annual audit.

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 Annual Report 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 Annual Report for the last 23 financial years, and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 9 years.

ACKNOWLEDGMENTS

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

Sincerely,



Dr. Josh Swanson
Superintendent



Jason Mutzenberger
Executive Director of Business Services



EDEN PRAIRIE SCHOOLS
Inspiring each student every day



Dr. Josh Swanson
Superintendent



Dr. Carlondrea Hines
Associate Superintendent of
Academics & Innovation



Dirk Tedmon
Executive Director of
Marketing &
Communications

Grace Becker
Director of Marketing
& Communications

Carter Sample
Director of Corporate
Engagement and
Alumni Relations



Thomas May
Executive Director of
Human Resources

Brenda Nielsen
Director of Employee
Services



**Jason
Mutzenberger**
Executive Director of
Business Services

Brock Bormann
Director of
Youth Programs



**Dr. Shawn
Hoffman-Bram**
Executive Director of
Community Education

Molly Malone
Director of
Adult & Community
Engagement Programs

Judy Doran
Director of Early
Childhood & Early
Childhood Special Ed.



Dr. Robb Virgin
Executive Director of
Learning & Innovation

**Principal on Special
Assignment**

Principals

**Associate
Principals**

Kyle Fisher
Director of
Facilities, Safety
& Grounds

Matt Hippen
Director of Finance

Brenda Boehm
Director of
Food & Nutrition

Randy Haar
Director of
Transportation

Lisa Birno
Director of
Curriculum & Learning

Amy Peterson
Director of Special
Services

**Dr. Heather
Mac Murray**
Director of Learning
Analytics, Data and
Reporting

Alex Townsend
Director of
Technology

INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

	<u>Board Position</u>
Aaron Casper	Chairperson
Steven Bartz	Vice Chairperson
Charles "CJ" Strehl	Treasurer
Abby Libsack	Clerk
Debjyoti "DD" Dwivedy	Director
Kim Ross	Director
Dennis Stubbs	Director

ADMINISTRATION

Dr. Joshua Swanson	Superintendent
Dr. Carlondrea Hines	Associate Superintendent of Academics and Innovation
Jason Mutzenberger	Executive Director of Business Services
Thomas May	Executive Director of Human Resources
Dr. Robb Virgin	Executive Director of Personalized Learning
Dirk Tedmon	Executive Director of Marketing and Communications
Dr. Shawn Hoffman-Bram	Executive Director of Community Education



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Eden Prairie Independent
School District 272**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

SECTION II – FINANCIAL SECTION



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, 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.

BASIS FOR OPINIONS

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

(continued)

SUPPLEMENTAL 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 supplemental information, as listed in the table of contents, is presented for purpose of additional analysis 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 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 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 8, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 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 10, 2023 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 10, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 272

Management's Discussion and Analysis Year Ended June 30, 2023

This section of Independent School District No. 272's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by \$7,913,076 (net position deficit). The District's total net position increased by \$25,603,954 during the fiscal year ended June 30, 2023.
- Government-wide revenues totaled \$169,473,313 and were \$25,603,954 more than expenses of \$143,869,359.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$1,292,576 from the prior year, to a year-end balance of \$29,565,409, compared to a \$4,725,225 decrease planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR 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. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

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:

	2023	2022
Assets		
Current and other assets	\$ 136,309,977	\$ 121,364,204
Capital assets, net of depreciation/amortization	136,921,722	136,536,679
Total assets	\$ 273,231,699	\$ 257,900,883
Deferred outflows of resources		
Pension plan deferments	\$ 33,636,378	\$ 33,122,064
OPEB plan deferments	943,035	1,334,481
Total deferred outflows of resources	\$ 34,579,413	\$ 34,456,545
Liabilities		
Current and other liabilities	\$ 19,903,518	\$ 21,509,567
Long-term liabilities, including due within one year	218,115,762	158,783,213
Total liabilities	\$ 238,019,280	\$ 180,292,780
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 52,659,709	\$ 46,163,599
Lease revenue for subsequent year	1,061,859	1,104,726
Pension plan deferments	21,368,186	94,823,336
OPEB plan deferments	2,615,154	3,490,017
Total deferred inflows of resources	\$ 77,704,908	\$ 145,581,678
Net position		
Net investment in capital assets	\$ 41,081,927	\$ 41,428,049
Restricted	13,588,788	9,956,996
Unrestricted	(62,583,791)	(84,902,075)
Total net position	\$ (7,913,076)	\$ (33,517,030)

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/amortization amounts. A conservative versus liberal approach to depreciation/amortization 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 increased by \$25,603,954 from current year operating results. Much of the increase 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 increase in current assets is due to facilities maintenance and capital facilities bonds issued in the current year that will be spent in future years. The increase in net position restricted for capital asset acquisition, food service, community service, debt service, other post-employment benefits, and other state funding restrictions contributed to the change in this portion of net position.

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

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 11,504,297	\$ 8,986,778
Operating grants and contributions	25,245,177	26,361,088
Capital grants and contributions	1,902,610	961,016
General revenues		
Property taxes	50,544,765	49,871,618
General grants and aids	75,413,506	71,381,077
Other	4,862,958	2,387,878
Total revenues	<u>169,473,313</u>	<u>159,949,455</u>
Expenses		
Administration	3,655,253	4,128,183
District support services	10,130,596	7,563,582
Elementary and secondary regular instruction	52,762,413	63,777,351
Vocational education instruction	2,174,701	2,638,448
Special education instruction	18,300,983	20,194,009
Instructional support services	9,735,846	9,321,195
Pupil support services	12,516,027	10,270,044
Sites and buildings	17,883,620	16,166,096
Fiscal and other fixed cost programs	530,509	486,222
Food service	5,645,599	5,223,293
Community service	7,466,497	6,824,657
Interest and fiscal charges	3,067,315	2,959,221
Total expenses	<u>143,869,359</u>	<u>149,552,301</u>
Change in net position	25,603,954	10,397,154
Net position – beginning	<u>(33,517,030)</u>	<u>(43,914,184)</u>
Net position – ending	<u>\$ (7,913,076)</u>	<u>\$ (33,517,030)</u>

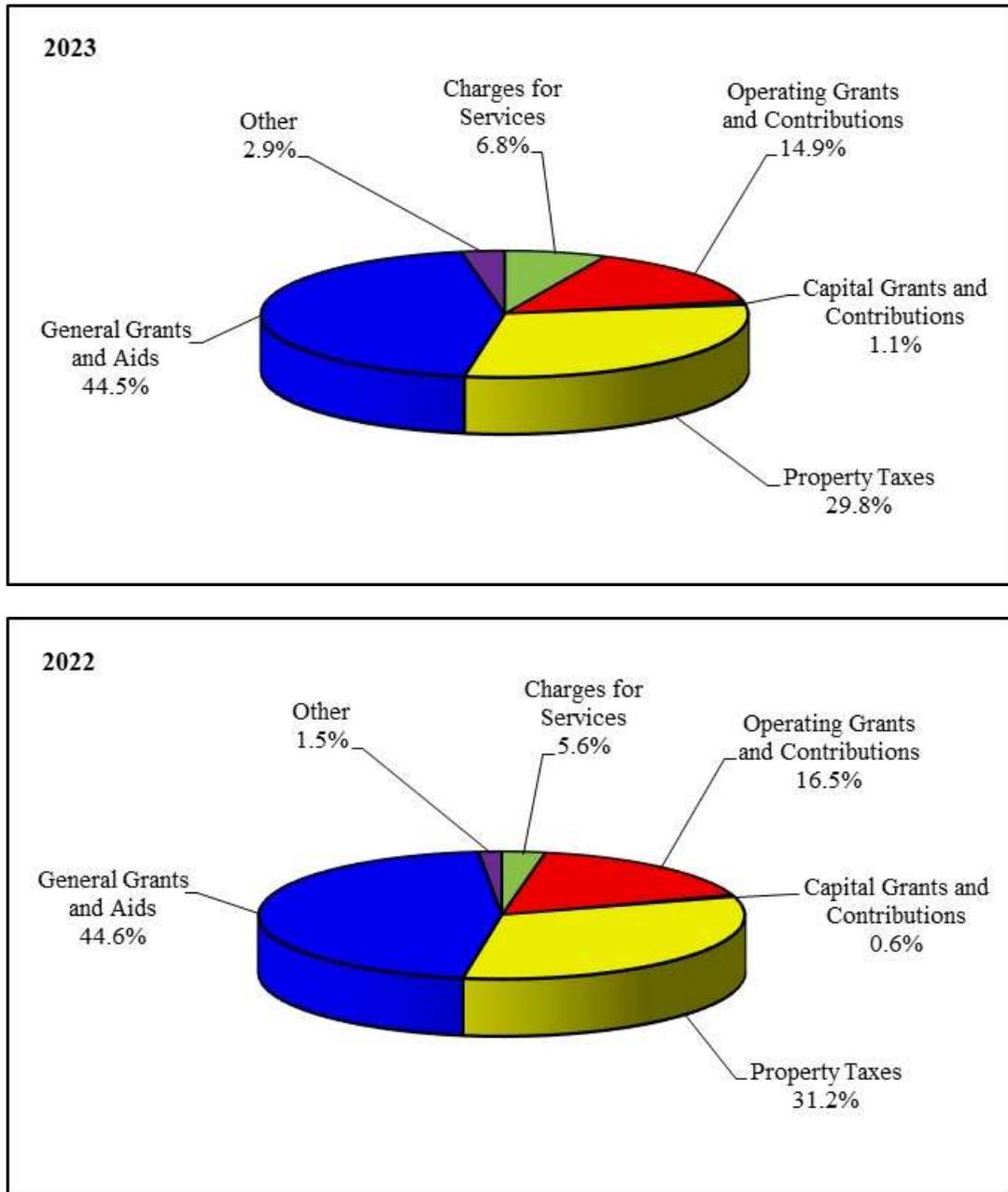
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$9,523,858 (6.0 percent) from the previous year, with funding improvements, improved investment earnings, and increased programming in community service.

Governmental activity expenses decreased \$5,682,942 (3.8 percent) from last year, mainly due to changes in state-wide pension plans, which more than offset inflationary spending increases.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2023 and 2022

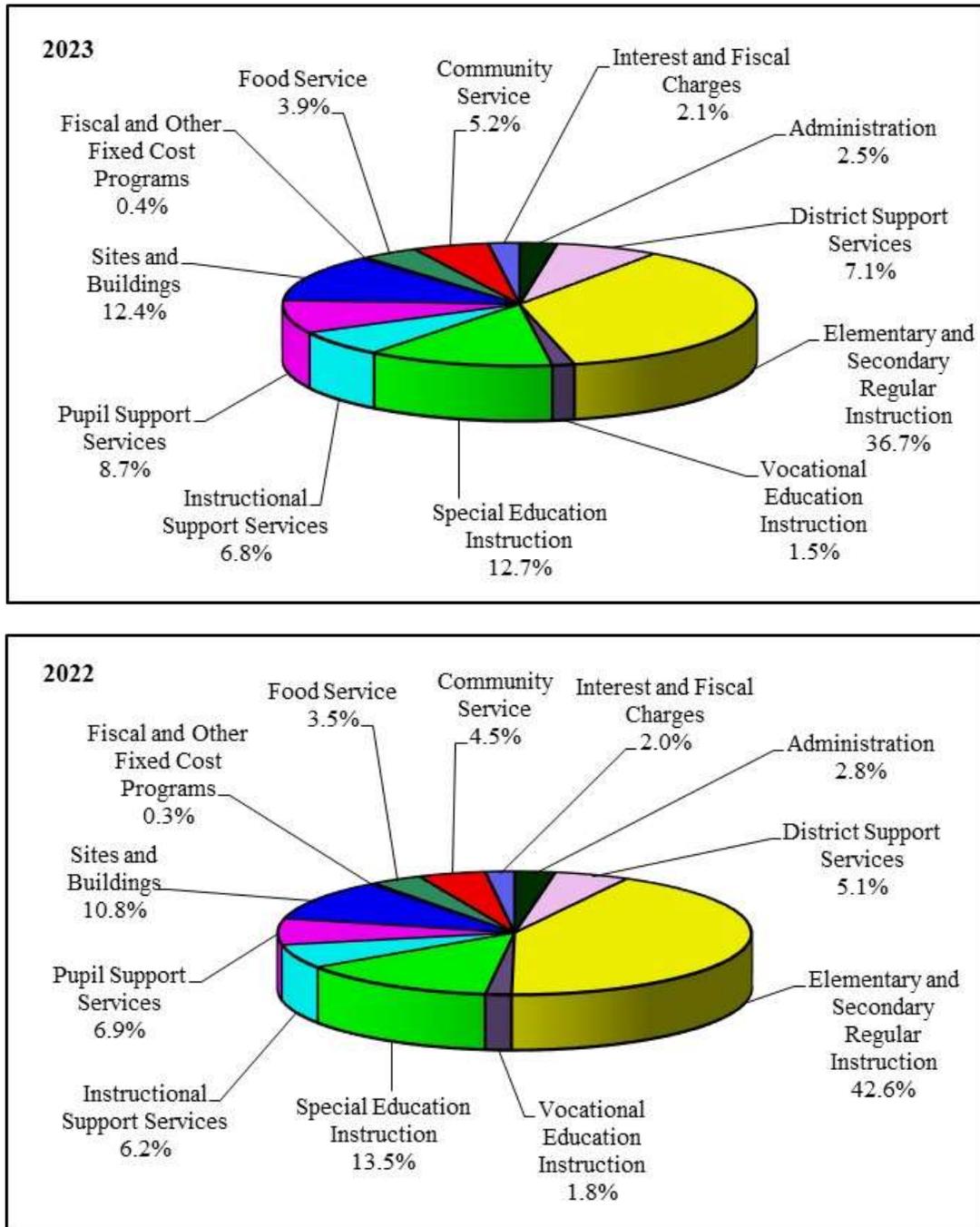


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2023 and 2022



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 shift in expenses between programs and the decrease in elementary and secondary regular instruction when compared to prior year, was largely due to changes in the TRA state-wide pension plan obligations.

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:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 29,565,409	\$ 30,857,985	\$ (1,292,576)
Food Service	1,601,422	1,422,101	179,321
Community Service	3,007,541	1,106,042	1,901,499
Capital Projects – Building			
Construction	12,707,633	3,454,148	9,253,485
Debt Service	<u>2,179,743</u>	<u>1,714,937</u>	<u>464,806</u>
Total governmental funds	<u>\$ 49,061,748</u>	<u>\$ 38,555,213</u>	<u>\$ 10,506,535</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, 2023, the District's governmental funds reported combined fund balances of \$49,061,748, an increase of \$10,506,535 in comparison with the prior year. Approximately 33.1 percent of this amount (\$16,254,607) 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 (\$1,053,299), 2) restricted for particular purposes (\$23,213,938), or 3) assigned for particular purposes (\$8,539,904). The majority of the increase was the result of the District issuing the 2023A General Obligation Facilities Maintenance and Capital Facilities 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:

	Original Budget	Final Budget	Change	Percent Change
Revenues and other financing sources	<u>\$ 139,729,547</u>	<u>\$ 140,786,000</u>	<u>\$ 1,056,453</u>	<u>0.8%</u>
Expenditures and other financing uses	<u>\$ 143,959,123</u>	<u>\$ 145,511,225</u>	<u>\$ 1,552,102</u>	<u>1.1%</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:

	2023 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue and other financing sources	\$ 144,013,222	\$ 3,227,222	2.3%	\$ 3,905,088	2.8%
Expenditures and other financing uses	<u>145,305,798</u>	<u>(205,427)</u>	(0.1%)	<u>4,305,962</u>	3.1%
Net change in fund balances	<u>\$ (1,292,576)</u>	<u>\$ 3,432,649</u>		<u>\$ (400,874)</u>	

The fund balance of the General Fund decreased \$1,292,576 compared to a planned decrease of \$4,725,225 approved in the final budget.

General Fund revenues and other financing sources for 2023 increased \$3,905,088 (2.8 percent), compared to the prior year, and were \$3,227,222 (2.3 percent) more than budget. The largest revenue variances occurred in other revenue, investment earnings, and federal sources. These favorable variances were largely due to conservative budgeting and improved investment returns. Federal sources exceeded budget mainly in special education funding.

The increase from the prior year was mainly in property taxes and state sources. Property taxes increased with the increased levy in the current year. The increase in state sources was mainly in general education aid with increased enrollment and improved funding.

Total General Fund expenditures and other financing uses for 2023 increased \$4,305,962 (3.1 percent) from the prior year. Current year expenditures and other financing uses of \$145,305,798 were \$205,427 (0.1 percent) under budget. The expenditure variance was spread across several programs and object categories of the General Fund, with the largest variances in capital expenditures and purchased services. Capital expenditures were under budget, due to the timing of capital spending in the current year. This was offset by purchased services, which were over budget, mainly in pupil support services, due to transportation costs.

The increase from the prior year was primarily in salaries and purchased services. Salaries increased mainly due to negotiated contract changes and added support personnel positions throughout the District. Purchased services increased with increased transportation costs.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing total fund balance by \$179,321, compared to a balanced budget. Revenues were down with the end of free meals for all students and reductions in federal funding sources. An increase in salaries and employee benefits contributed to the increase in spending.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures by \$1,901,499, compared to a planned fund balance increase of \$500,902. A current year transfer of \$17,485 was made from the General Fund to help support program activity in the Community Service Special Revenue Fund. Revenues and expenditures were more than prior year amounts, due to increased program participation in the current year.

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, 2023, the District had a fund balance of \$11,546,802 restricted for long-term facilities maintenance and \$1,160,831 restricted for capital projects. Fund balance increased \$9,253,485 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 revenues exceeded expenditures by \$464,806 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 \$2,179,743 at June 30, 2023, 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, 2023 was \$8,838,708, which represents a \$155,890 decrease from the prior year. This was mainly due to increased health and dental claims 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/amortization expense for fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 6,774,893	\$ 6,774,893	\$ –
Construction in progress	3,948,269	52,383,103	(48,434,834)
Land improvements	15,583,235	12,948,655	2,634,580
Buildings and improvements	266,787,062	211,808,769	54,978,293
Equipment	29,164,328	27,605,589	1,558,739
Lease buildings and improvements	–	1,287,803	(1,287,803)
Lease equipment	–	289,563	(289,563)
Less accumulated depreciation/amortization	<u>(185,336,065)</u>	<u>(176,561,696)</u>	<u>(8,774,369)</u>
Total	<u><u>\$ 136,921,722</u></u>	<u><u>\$ 136,536,679</u></u>	<u><u>\$ 385,043</u></u>
Depreciation and amortization expense	<u><u>\$ 9,327,500</u></u>	<u><u>\$ 7,566,378</u></u>	<u><u>\$ 1,761,122</u></u>

By the end of 2023, 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 2023, 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 4 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:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds payable	\$ 102,535,000	\$ 92,635,000	\$ 9,900,000
Unamortized premiums/discount	6,012,428	4,507,125	1,505,303
Finance purchases payable	1,728,439	3,259,542	(1,531,103)
Lease liability	-	1,420,653	(1,420,653)
Net/total pension liability	107,398,233	56,515,732	50,882,501
Compensated absences payable	441,662	445,161	(3,499)
Total	<u><u>\$ 218,115,762</u></u>	<u><u>\$ 158,783,213</u></u>	<u><u>\$ 59,332,549</u></u>

The changes in general obligation bonds payable and unamortized premiums/discount are due to the scheduled principal payments and amortization, offset by the sale of facilities maintenance and capital facilities bonds in the current year.

The decrease in finance purchases payable is due to scheduled principal payments in the current year.

The decrease in the lease liability is due to building and equipment leases terminated in the current year.

The difference in the net/total 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 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

District's market value	\$ 12,761,890,675
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,914,283,601</u></u>

Additional details of the District's long-term debt activity can be found in Note 5 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 \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the 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, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 80,423,356	\$ 71,619,258
Receivables		
Current taxes	28,213,451	24,912,925
Delinquent taxes	309,250	492,449
Accounts and interest	1,138,087	607,948
Due from other governmental units	16,971,810	13,522,236
Due from post-employment benefits trust	1,274,529	2,341,026
Lease	1,061,859	1,104,726
Inventory	212,115	217,172
Prepaid items	841,184	710,274
Net OPEB asset	5,864,336	5,836,190
Capital assets		
Not depreciated/amortized	10,723,162	59,157,996
Depreciated, net of accumulated depreciation/amortization	<u>126,198,560</u>	<u>77,378,683</u>
Total capital assets, net of accumulated depreciation and amortization	<u>136,921,722</u>	<u>136,536,679</u>
Total assets	273,231,699	257,900,883
Deferred outflows of resources		
Pension plan deferments	33,636,378	33,122,064
OPEB plan deferments	<u>943,035</u>	<u>1,334,481</u>
Total deferred outflows of resources	<u>34,579,413</u>	<u>34,456,545</u>
Total assets and deferred outflows of resources	<u>\$ 307,811,112</u>	<u>\$ 292,357,428</u>
Liabilities		
Salaries payable	\$ 5,664,983	\$ 5,497,473
Accounts and contracts payable	9,068,817	11,091,550
Accrued interest payable	1,389,151	1,292,138
Due to other governmental units	1,053,347	812,166
Claims payable	679,137	773,330
Unearned revenue	2,048,083	2,042,910
Long-term liabilities		
Due within one year	5,954,172	6,892,900
Due in more than one year	<u>212,161,590</u>	<u>151,890,313</u>
Total long-term liabilities	<u>218,115,762</u>	<u>158,783,213</u>
Total liabilities	238,019,280	180,292,780
Deferred inflows of resources		
Property taxes levied for subsequent year	52,659,709	46,163,599
Lease revenue for subsequent year	1,061,859	1,104,726
Pension plan deferments	21,368,186	94,823,336
OPEB plan deferments	<u>2,615,154</u>	<u>3,490,017</u>
Total deferred inflows of resources	<u>77,704,908</u>	<u>145,581,678</u>
Net position		
Net investment in capital assets	41,081,927	41,428,049
Restricted for		
Capital asset acquisition	3,529,837	2,858,454
Food service	1,601,422	1,422,101
Community service	3,014,510	1,117,029
Debt service	845,398	517,032
OPEB	4,192,217	3,680,654
Other purposes (state and other funding restrictions)	405,404	361,726
Unrestricted	<u>(62,583,791)</u>	<u>(84,902,075)</u>
Total net position	<u>(7,913,076)</u>	<u>(33,517,030)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 307,811,112</u>	<u>\$ 292,357,428</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Activities
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

2023				
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 3,655,253	\$ -	\$ -	\$ -
District support services	10,130,596	-	-	-
Elementary and secondary regular instruction	52,762,413	1,472,709	4,304,598	-
Vocational education instruction	2,174,701	-	-	-
Special education instruction	18,300,983	190,980	16,070,887	-
Instructional support services	9,735,846	-	-	-
Pupil support services	12,516,027	-	903,587	-
Sites and buildings	17,883,620	170,524	-	1,902,610
Fiscal and other fixed cost programs	530,509	-	-	-
Food service	5,645,599	2,876,406	2,723,212	-
Community service	7,466,497	6,793,678	1,242,893	-
Interest and fiscal charges	3,067,315	-	-	-
Total governmental activities	<u>\$ 143,869,359</u>	<u>\$ 11,504,297</u>	<u>\$ 25,245,177</u>	<u>\$ 1,902,610</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 (charges)				
Total general revenues				
Change in net position				
Net position – beginning				
Net position – ending				

	2022
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (3,655,253)	\$ (4,128,183)
(10,130,596)	(7,563,582)
(46,985,106)	(57,486,005)
(2,174,701)	(2,638,448)
(2,039,116)	(5,473,450)
(9,735,846)	(9,321,195)
(11,612,440)	(9,339,703)
(15,810,486)	(15,087,000)
(530,509)	(486,222)
(45,981)	1,146,541
570,074	93,049
<u>(3,067,315)</u>	<u>(2,959,221)</u>
(105,217,275)	(113,243,419)
41,269,733	39,546,476
1,199,871	1,139,894
8,075,161	9,185,248
75,413,506	71,381,077
2,902,365	2,457,975
1,960,593	(70,097)
<u>130,821,229</u>	<u>123,640,573</u>
25,603,954	10,397,154
<u>(33,517,030)</u>	<u>(43,914,184)</u>
<u>\$ (7,913,076)</u>	<u>\$ (33,517,030)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Balance Sheet
Governmental Funds
as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	<u>General Fund</u>	<u>Food Service Special Revenue Fund</u>	<u>Community Service Special Revenue Fund</u>
Assets			
Cash and temporary investments	\$ 43,231,169	\$ 1,027,495	\$ 4,080,140
Receivables			
Current taxes	23,623,188	–	625,199
Delinquent taxes	247,475	–	6,969
Accounts and interest	650,877	3,302	360,470
Due from other governmental units	16,005,208	630,550	335,902
Due from other funds	1,274,529	–	–
Lease	1,061,859	–	–
Inventory	–	212,115	–
Prepaid items	835,657	–	5,527
	<u>\$ 86,929,962</u>	<u>\$ 1,873,462</u>	<u>\$ 5,414,207</u>
Liabilities			
Salaries payable	\$ 5,265,149	\$ 7,689	\$ 392,145
Accounts and contracts payable	6,142,170	29,449	297,875
Due to other governmental units	1,053,347	–	–
Unearned revenue	194,597	234,902	447,338
Total liabilities	<u>12,655,263</u>	<u>272,040</u>	<u>1,137,358</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	43,399,956	–	1,262,339
Lease revenue for subsequent year	1,061,859	–	–
Unavailable revenue – delinquent taxes	247,475	–	6,969
Total deferred inflows of resources	<u>44,709,290</u>	<u>–</u>	<u>1,269,308</u>
Fund balances			
Nonspendable	835,657	212,115	5,527
Restricted	3,935,241	1,389,307	3,002,014
Assigned	8,539,904	–	–
Unassigned	16,254,607	–	–
Total fund balances	<u>29,565,409</u>	<u>1,601,422</u>	<u>3,007,541</u>
	<u>\$ 86,929,962</u>	<u>\$ 1,873,462</u>	<u>\$ 5,414,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 86,929,962</u>	<u>\$ 1,873,462</u>	<u>\$ 5,414,207</u>

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2023	2022
\$ 15,146,625	\$ 6,201,795	\$ 69,687,224	\$ 60,694,011
–	3,965,064	28,213,451	24,912,925
–	54,806	309,250	492,449
88,061	10,148	1,112,858	602,714
–	150	16,971,810	13,522,236
–	–	1,274,529	2,341,026
–	–	1,061,859	1,104,726
–	–	212,115	217,172
–	–	841,184	710,274
<u>\$ 15,234,686</u>	<u>\$ 10,231,963</u>	<u>\$ 119,684,280</u>	<u>\$ 104,597,533</u>
\$ –	\$ –	\$ 5,664,983	\$ 5,497,473
2,527,053	–	8,996,547	11,057,912
–	–	1,053,347	812,166
–	–	876,837	913,995
<u>2,527,053</u>	<u>–</u>	<u>16,591,714</u>	<u>18,281,546</u>
–	7,997,414	52,659,709	46,163,599
–	–	1,061,859	1,104,726
–	54,806	309,250	492,449
–	<u>8,052,220</u>	<u>54,030,818</u>	<u>47,760,774</u>
–	–	1,053,299	927,446
12,707,633	2,179,743	23,213,938	10,589,935
–	–	8,539,904	9,997,353
–	–	16,254,607	17,040,479
<u>12,707,633</u>	<u>2,179,743</u>	<u>49,061,748</u>	<u>38,555,213</u>
<u>\$ 15,234,686</u>	<u>\$ 10,231,963</u>	<u>\$ 119,684,280</u>	<u>\$ 104,597,533</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, 2023
(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 49,061,748	\$ 38,555,213
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	322,257,787	313,098,375
Accumulated depreciation/amortization	(185,336,065)	(176,561,696)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(102,535,000)	(92,635,000)
Unamortized premiums/discount	(6,012,428)	(4,507,125)
Finance purchases payable	(1,728,439)	(3,259,542)
Lease liability	–	(1,420,653)
Net pension liability	(107,398,233)	(56,515,732)
Compensated absences payable	(441,662)	(445,161)
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.		
	5,864,336	5,836,190
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.		
	8,838,708	8,994,598
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,389,151)	(1,292,138)
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	33,636,378	33,122,064
Deferred outflows of resources – OPEB plan deferments	943,035	1,334,481
Deferred inflows of resources – pension plan deferments	(21,368,186)	(94,823,336)
Deferred inflows of resources – OPEB plan deferments	(2,615,154)	(3,490,017)
Deferred inflows of resources – unavailable revenue – delinquent taxes	309,250	492,449
Total net position – governmental activities	<u>\$ (7,913,076)</u>	<u>\$ (33,517,030)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Revenue			
Local sources			
Property taxes	\$ 41,409,487	\$ -	\$ 1,203,889
Investment earnings (charges)	1,221,341	26,739	56,697
Other	4,593,528	2,961,781	7,152,179
State sources	89,825,199	181,640	883,504
Federal sources	6,908,476	2,541,572	450,386
Total revenue	<u>143,958,031</u>	<u>5,711,732</u>	<u>9,746,655</u>
Expenditures			
Current			
Administration	4,314,871	-	-
District support services	9,725,172	-	-
Elementary and secondary regular instruction	63,478,132	-	-
Vocational education instruction	2,637,381	-	-
Special education instruction	22,210,690	-	-
Instructional support services	11,082,005	-	-
Pupil support services	12,745,943	-	-
Sites and buildings	16,810,462	-	-
Fiscal and other fixed cost programs	530,509	-	-
Food service	-	5,457,859	-
Community service	-	-	7,855,668
Capital outlay	-	74,552	-
Debt service			
Principal	1,695,422	-	6,973
Interest and fiscal charges	57,726	-	-
Total expenditures	<u>145,288,313</u>	<u>5,532,411</u>	<u>7,862,641</u>
Excess (deficiency) of revenue over expenditures	(1,330,282)	179,321	1,884,014
Other financing sources (uses)			
Finance purchases issued	-	-	-
Lease issued	-	-	-
Debt issued	-	-	-
Premium on debt issued	-	-	-
Sale of capital assets	47,687	-	-
Insurance recovery	7,504	-	-
Transfers in	-	-	17,485
Transfers (out)	(17,485)	-	-
Total other financing sources (uses)	<u>37,706</u>	<u>-</u>	<u>17,485</u>
Net change in fund balances	(1,292,576)	179,321	1,901,499
Fund balances			
Beginning of year	<u>30,857,985</u>	<u>1,422,101</u>	<u>1,106,042</u>
End of year	<u>\$ 29,565,409</u>	<u>\$ 1,601,422</u>	<u>\$ 3,007,541</u>

See notes to basic financial statements

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2023	2022
\$ –	\$ 8,114,588	\$ 50,727,964	\$ 49,582,452
373,992	80,108	1,758,877	(104,802)
–	–	14,707,488	11,582,518
–	1,494	90,891,837	87,880,626
–	–	9,900,434	10,901,733
<u>373,992</u>	<u>8,196,190</u>	<u>167,986,600</u>	<u>159,842,527</u>
–	–	4,314,871	4,398,769
–	–	9,725,172	7,431,664
–	–	63,478,132	64,538,489
–	–	2,637,381	2,741,151
–	–	22,210,690	21,432,555
–	–	11,082,005	9,834,100
–	–	12,745,943	10,359,843
–	–	16,810,462	15,481,390
–	–	530,509	486,222
–	–	5,457,859	5,170,666
–	–	7,855,668	7,130,524
7,344,618	–	7,419,170	15,030,205
–	5,110,000	6,812,395	7,022,886
128,699	3,102,506	3,288,931	3,596,267
<u>7,473,317</u>	<u>8,212,506</u>	<u>174,369,188</u>	<u>174,654,731</u>
(7,099,325)	(16,316)	(6,382,588)	(14,812,204)
–	–	–	2,422,250
–	–	–	1,287,803
14,528,878	481,122	15,010,000	–
1,823,932	–	1,823,932	–
–	–	47,687	276,663
–	–	7,504	24,878
–	–	17,485	3,271,224
–	–	(17,485)	(3,271,224)
<u>16,352,810</u>	<u>481,122</u>	<u>16,889,123</u>	<u>4,011,594</u>
9,253,485	464,806	10,506,535	(10,800,610)
<u>3,454,148</u>	<u>1,714,937</u>	<u>38,555,213</u>	<u>49,355,823</u>
<u>\$ 12,707,633</u>	<u>\$ 2,179,743</u>	<u>\$ 49,061,748</u>	<u>\$ 38,555,213</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, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ 10,506,535	\$ (10,800,610)
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/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	10,915,404	17,084,951
Depreciation/amortization expense	(9,327,500)	(7,566,378)
A gain or loss on the disposal of capital assets and the lease liability, 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.		
	46,500	–
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	(15,010,000)	–
Finance purchases payable	–	(2,422,250)
Lease liability	–	(1,287,803)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,110,000	6,030,000
Finance purchases payable	1,531,103	836,173
Lease liability	171,292	156,713
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.		
	(97,013)	289,046
Debt issuance premiums/discounts 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.		
	(1,505,303)	348,000
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	(50,882,501)	38,251,312
Net OPEB asset	28,146	(4,786,931)
Compensated absences payable	3,499	41,185
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.		
	(155,890)	1,113,964
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	514,314	(5,122,611)
Deferred outflows of resources – OPEB plan deferments	(391,446)	1,120,263
Deferred inflows of resources – pension plan deferments	73,455,150	(25,749,612)
Deferred inflows of resources – OPEB plan deferments	874,863	2,572,576
Deferred inflows of resources – unavailable revenue – delinquent taxes	(183,199)	289,166
Change in net position – governmental activities	<u>\$ 25,603,954</u>	<u>\$ 10,397,154</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, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 41,386,015	\$ 41,742,493	\$ 41,409,487	\$ (333,006)
Investment earnings	300,000	300,000	1,221,341	921,341
Other	3,308,514	3,308,514	4,593,528	1,285,014
State sources	88,753,921	89,363,964	89,825,199	461,235
Federal sources	5,981,097	6,071,029	6,908,476	837,447
Total revenue	<u>139,729,547</u>	<u>140,786,000</u>	<u>143,958,031</u>	<u>3,172,031</u>
Expenditures				
Current				
Administration	4,457,552	4,379,525	4,314,871	(64,654)
District support services	7,636,439	8,309,339	9,725,172	1,415,833
Elementary and secondary regular instruction	64,721,085	65,061,262	63,478,132	(1,583,130)
Vocational education instruction	2,633,467	2,196,690	2,637,381	440,691
Special education instruction	21,958,092	23,148,558	22,210,690	(937,868)
Instructional support services	10,944,186	10,972,855	11,082,005	109,150
Pupil support services	11,498,244	11,545,162	12,745,943	1,200,781
Sites and buildings	17,772,966	17,569,642	16,810,462	(759,180)
Fiscal and other fixed cost programs	408,800	408,800	530,509	121,709
Debt service				
Principal	1,820,003	1,820,003	1,695,422	(124,581)
Interest and fiscal charges	8,289	8,289	57,726	49,437
Total expenditures	<u>143,859,123</u>	<u>145,420,125</u>	<u>145,288,313</u>	<u>(131,812)</u>
Excess (deficiency) of revenue over expenditures	(4,129,576)	(4,634,125)	(1,330,282)	3,303,843
Other financing sources (uses)				
Sale of capital assets	-	-	47,687	47,687
Insurance recovery	-	-	7,504	7,504
Transfers (out)	(100,000)	(91,100)	(17,485)	73,615
Total other financing sources (uses)	<u>(100,000)</u>	<u>(91,100)</u>	<u>37,706</u>	<u>128,806</u>
Net change in fund balances	<u>\$ (4,229,576)</u>	<u>\$ (4,725,225)</u>	<u>(1,292,576)</u>	<u>\$ 3,432,649</u>
Fund balances				
Beginning of year			<u>30,857,985</u>	
End of year			<u>\$ 29,565,409</u>	

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, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Investment earnings	\$ 10,000	\$ 10,000	\$ 26,739	\$ 16,739
Other – primarily meal sales	3,574,535	3,574,535	2,961,781	(612,754)
State sources	154,159	154,159	181,640	27,481
Federal sources	1,480,616	1,480,616	2,541,572	1,060,956
Total revenue	<u>5,219,310</u>	<u>5,219,310</u>	<u>5,711,732</u>	<u>492,422</u>
Expenditures				
Current				
Salaries	2,168,608	2,012,159	2,069,996	57,837
Employee benefits	820,053	809,801	831,895	22,094
Purchased services	294,650	294,650	251,424	(43,226)
Supplies and materials	2,064,000	2,064,000	2,299,465	235,465
Other expenditures	8,700	8,700	5,079	(3,621)
Capital outlay	30,000	30,000	74,552	44,552
Total expenditures	<u>5,386,011</u>	<u>5,219,310</u>	<u>5,532,411</u>	<u>313,101</u>
Net change in fund balances	<u>\$ (166,701)</u>	<u>\$ –</u>	179,321	<u>\$ 179,321</u>
Fund balances				
Beginning of year			<u>1,422,101</u>	
End of year			<u>\$ 1,601,422</u>	

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, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 1,210,950	\$ 1,210,950	\$ 1,203,889	\$ (7,061)
Investment earnings	–	–	56,697	56,697
Other – primarily tuition and fees	6,705,991	6,705,991	7,152,179	446,188
State sources	844,631	844,631	883,504	38,873
Federal sources	75,000	75,000	450,386	375,386
Total revenue	<u>8,836,572</u>	<u>8,836,572</u>	<u>9,746,655</u>	<u>910,083</u>
Expenditures				
Current				
Salaries	5,616,036	5,616,036	4,968,795	(647,241)
Employee benefits	1,485,788	1,485,788	1,479,771	(6,017)
Purchased services	1,002,856	1,002,856	1,212,904	210,048
Supplies and materials	209,200	209,200	191,304	(17,896)
Other expenditures	10,700	10,700	2,894	(7,806)
Capital outlay	5,600	5,600	–	(5,600)
Debt service				
Principal	6,990	6,990	6,973	(17)
Total expenditures	<u>8,337,170</u>	<u>8,337,170</u>	<u>7,862,641</u>	<u>(474,529)</u>
Excess of revenue over expenditures	499,402	499,402	1,884,014	1,384,612
Other financing sources				
Transfers in	<u>1,500</u>	<u>1,500</u>	<u>17,485</u>	<u>15,985</u>
Net change in fund balances	<u>\$ 500,902</u>	<u>\$ 500,902</u>	<u>1,901,499</u>	<u>\$ 1,400,597</u>
Fund balances				
Beginning of year			<u>1,106,042</u>	
End of year			<u>\$ 3,007,541</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 10,736,132	\$ 10,925,247
Receivables		
Accounts and interest	<u>25,229</u>	<u>5,234</u>
Total current assets	<u>10,761,361</u>	<u>10,930,481</u>
Liabilities		
Current liabilities		
Accounts payable	72,270	33,638
Unearned revenue	1,171,246	1,128,915
Claims payable	<u>679,137</u>	<u>773,330</u>
Total current liabilities	<u>1,922,653</u>	<u>1,935,883</u>
Net position		
Unrestricted	<u>\$ 8,838,708</u>	<u>\$ 8,994,598</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 14,456,421	\$ 14,364,318
Operating expenses		
Health benefit claims	13,555,207	12,160,198
Dental benefit claims	<u>1,258,820</u>	<u>1,124,861</u>
Total operating expenses	<u>14,814,027</u>	<u>13,285,059</u>
Operating income (loss)	(357,606)	1,079,259
Nonoperating revenue		
Investment earnings	<u>201,716</u>	<u>34,705</u>
Change in net position	(155,890)	1,113,964
Net position		
Beginning of year	<u>8,994,598</u>	<u>7,880,634</u>
End of year	<u>\$ 8,838,708</u>	<u>\$ 8,994,598</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 14,498,752	\$ 14,868,066
Payment for health claims	(13,673,893)	(11,842,924)
Payment for dental claims	<u>(1,195,695)</u>	<u>(1,092,784)</u>
Net cash flows from operating activities	(370,836)	1,932,358
Cash flows from investing activities		
Investment income received	<u>181,721</u>	<u>29,471</u>
Net change in cash and cash equivalents	(189,115)	1,961,829
Cash and cash equivalents		
Beginning of year	<u>10,925,247</u>	<u>8,963,418</u>
End of year	<u><u>\$ 10,736,132</u></u>	<u><u>\$ 10,925,247</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (357,606)	\$ 1,079,259
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Due from other funds	-	493,995
Accounts payable	38,632	30,800
Unearned revenue	42,331	9,753
Claims payable	<u>(94,193)</u>	<u>318,551</u>
Net cash flows from operating activities	<u><u>\$ (370,836)</u></u>	<u><u>\$ 1,932,358</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position
as of June 30, 2023

	Custodial Fund	Post-Employment Benefits Trust Fund
	<u> </u>	<u> </u>
Assets		
Cash and temporary investments	\$ —	\$ 327,964
Receivables		
Accounts and interest	—	48,943
Investments, at fair value		
Treasury securities	—	1,754,137
Agency securities	—	1,784,114
Corporate obligations	—	2,131,639
Equities	—	3,898,385
Real estate investment trusts	—	99,947
Mutual funds	—	5,801,193
Mortgage backed securities	—	84,637
Total assets	<u> —</u>	<u> 15,930,959</u>
Liabilities		
Due to governmental funds	<u> —</u>	<u> 1,274,529</u>
Net position		
Restricted for OPEB	<u> \$ —</u>	<u> \$ 14,656,430</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Custodial Fund	Post-Employment Benefits Trust Fund
	<u> </u>	<u> </u>
Additions		
Contributions		
Miscellaneous	\$ 420	\$ -
Investment earnings		
Total investment earnings	-	1,106,759
Less investment expense	-	10,246
Net investment earnings	<u>-</u>	<u>1,096,513</u>
Total additions	<u>420</u>	<u>1,096,513</u>
Deductions		
Miscellaneous	420	-
OPEB	-	1,274,529
Total deductions	<u>420</u>	<u>1,274,529</u>
Change in net position	-	(178,016)
Net position		
Beginning of year	<u>-</u>	<u>14,834,446</u>
End of year	<u>\$ -</u>	<u>\$ 14,656,430</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Basic Financial Statements
June 30, 2023

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 and amortization 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 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 outside 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, 2023, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess
Food Service Special Revenue	\$ 5,219,310	\$ 5,532,411	\$ 313,101
Capital Projects – Building Construction	\$ 2,773,634	\$ 7,473,317	\$ 4,699,683

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 resources 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 lease receivable and delinquent property taxes receivable.

At June 30, 2023, the District reported the following receivables due from other governmental units:

Due from the Minnesota Department of Education	\$ 16,008,467
Due from other Minnesota school districts	270,790
Due from other governmental units	<u>692,553</u>
Total due from other governmental units	<u>\$ 16,971,810</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 \$4,253,742 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 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 in the current year.

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. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. 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, buildings and improvements, and 5 to 15 years for equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described if future ownership is anticipated. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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 Minneapolis School District. 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.

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 the current year.
- 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:

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2022	\$ 17,618	\$ 1,124,861	\$ 1,121,546	\$ 20,933
2023	\$ 20,933	\$ 1,258,820	\$ 1,236,590	\$ 43,163

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

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2022	\$ 437,161	\$ 12,160,198	\$ 11,844,962	\$ 752,397
2023	\$ 752,397	\$ 13,555,207	\$ 13,671,630	\$ 635,974

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 assets 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, net collective difference 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.

The District reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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/amortization, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 prior year, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$	11,475,079
Investments		84,824,177
Cash on hand		<u>6,116</u>
Total	\$	<u><u>96,305,372</u></u>

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

Statement of Net Position		
Cash and temporary investments	\$	80,423,356
Statement of Fiduciary Net Position		
Post-Employment Benefits Trust Fund		
Cash and temporary investments and investments, at fair value		<u>15,882,016</u>
Total	\$	<u><u>96,305,372</u></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 was \$11,475,079. At year-end, 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	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years					Total
	Rating	Agency		No Maturity					
				Date	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury securities	N/A	N/A	Level 1	\$ –	\$ –	\$ 530,367	\$ 710,886	\$ 512,884	\$ 1,754,137
U.S. treasury securities	N/A	N/A	Level 2	\$ –	\$ 4,036,554	\$ –	\$ –	\$ –	\$ 4,036,554
U.S. agency securities	AA	S&P	Level 1	\$ –	\$ –	\$ 92,482	\$ 52,250	\$ 1,639,382	\$ 1,784,114
State and local bonds	AAA	S&P	Level 2	\$ –	\$ –	\$ 247,993	\$ –	\$ –	\$ 247,993
State and local bonds	AA	S&P	Level 2	\$ –	\$ –	\$ 474,425	\$ –	\$ –	\$ 474,425
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 62,507	\$ –	\$ –	\$ 62,507
Corporate obligations	AA	S&P	Level 1	\$ –	\$ –	\$ –	\$ –	\$ 151,605	\$ 151,605
Corporate obligations	A	S&P	Level 1	\$ –	\$ 49,249	\$ 384,555	\$ 276,236	\$ 68,509	\$ 778,549
Corporate obligations	A	Moody's	Level 1	\$ –	\$ –	\$ –	\$ 166,248	\$ –	\$ 166,248
Corporate obligations	BAA	Moody's	Level 1	\$ –	\$ –	\$ 126,340	\$ –	\$ –	\$ 126,340
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ –	\$ 385,842	\$ 311,497	\$ 149,051	\$ 846,390
Negotiable certificates of deposit	Not Rated		Level 2	\$ –	\$ 488,194	\$ –	\$ –	\$ –	\$ 488,194
Equities	Not Rated		Level 1	\$ 3,898,385	\$ –	\$ –	\$ –	\$ –	\$ 3,898,385
Real estate investment trusts	Not Rated		Level 2	\$ 99,947	\$ –	\$ –	\$ –	\$ –	\$ 99,947
Real asset mutual funds	Not Rated		Level 2	\$ 1,180,564	\$ –	\$ –	\$ –	\$ –	\$ 1,180,564
Mortgage backed securities	AAA	S&P	Level 1	\$ –	\$ –	\$ –	\$ –	\$ 84,637	\$ 84,637
OPEB mutual funds	Not Rated		Level 1	\$ 4,620,629	\$ –	\$ –	\$ –	\$ –	\$ 4,620,629
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	\$ 37,146,744	\$ –	\$ –	\$ –	\$ –	\$ 37,146,744
MNTrust Term Series	Not Rated		Amortized cost	\$ –	\$ 5,000,000	\$ –	\$ –	\$ –	\$ 5,000,000
MNTrust Full Flex	Not Rated		Amortized cost	\$ 6,756,025	\$ –	\$ –	\$ –	\$ –	\$ 6,756,025
MNTrust Limited Term Duration	Not Rated		Amortized cost	\$ 12,554,133	\$ –	\$ –	\$ –	\$ –	\$ 12,554,133
MSDLAF Liquid Class	AAA	S&P	Amortized cost	\$ 1,715,562	\$ –	\$ –	\$ –	\$ –	\$ 1,715,562
Mutual fund	AAA	S&P	Amortized cost	\$ 850,495	\$ –	\$ –	\$ –	\$ –	\$ 850,495
Total investments									<u>\$ 84,824,177</u>

N/A – Not Applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Term Series, MNTrust Full Flex, 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 MNTrust Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein. MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days. MNTrust Full Flex Term Series offer weekly liquidity with a one-day notice of withdrawal.

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.

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 – LEASE RECEIVABLE

The District has entered into a lease receivable agreement for cell tower rental space on district property. The lease is reported using an incremental rate increase each year per the agreement with a final maturity through 2039. During the current year, the District received principal and interest payments of \$77,815 on this lease.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 6,774,893	\$ –	\$ –	\$ –	\$ 6,774,893
Construction in progress	52,383,103	8,886,798	–	(57,321,632)	3,948,269
Total capital assets, not depreciated/amortized	59,157,996	8,886,798	–	(57,321,632)	10,723,162
Capital assets, depreciated and amortized					
Land improvements	12,948,655	–	–	2,634,580	15,583,235
Buildings and improvements	211,808,769	291,241	–	54,687,052	266,787,062
Equipment	27,605,589	1,737,365	(178,626)	–	29,164,328
Lease buildings and improvements	1,287,803	–	(1,287,803)	–	–
Lease equipment	289,563	–	(289,563)	–	–
Total capital assets, depreciated and amortized	253,940,379	2,028,606	(1,755,992)	57,321,632	311,534,625
Less accumulated depreciation and amortization for					
Land improvements	(7,169,310)	(587,348)	–	–	(7,756,658)
Buildings and improvements	(150,126,353)	(7,160,582)	–	–	(157,286,935)
Equipment	(19,092,220)	(1,373,562)	173,310	–	(20,292,472)
Lease buildings and improvements	(32,195)	(64,390)	96,585	–	–
Lease equipment	(141,618)	(141,618)	283,236	–	–
Total accumulated depreciation and amortization	(176,561,696)	(9,327,500)	553,131	–	(185,336,065)
Net capital assets, depreciated and amortized	77,378,683	(7,298,894)	(1,202,861)	57,321,632	126,198,560
Total capital assets, net	<u>\$ 136,536,679</u>	<u>\$ 1,587,904</u>	<u>\$ (1,202,861)</u>	<u>\$ –</u>	<u>\$ 136,921,722</u>

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

Administration	\$ 13,455
District support services	437,217
Elementary and secondary regular instruction	4,851,082
Special education instruction	102,539
Instructional support services	34,919
Pupil support services	524,747
Sites and buildings	3,161,176
Food service	128,526
Community service	73,839
Total depreciation and amortization expense	<u>\$ 9,327,500</u>

NOTE 5 – 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	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
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	35,725,000
Facilities maintenance and refunding bonds	11/19/2020	2.000–4.000%	\$ 26,285,000	02/01/2041	20,555,000
Facilities maintenance and capital facilities bonds	03/23/2023	4.000–5.000%	\$ 15,010,000	02/01/3036	15,010,000
Total general obligation bonds payable					<u>\$ 102,535,000</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. Finance Purchases Payable

On September 17, 2012, the District entered a master debt agreement with Apple, Inc. for iPads and MacBooks. The District acquires equipment from time to time under this master agreement as needed. Each debt “schedule” added under this master debt agreement adds equipment to the debt and carries its own debt term and payment schedule. The debt schedules have interest rates ranging from zero percent to 0.99 percent and mature in fiscal year 2026. Upon payment in full of all scheduled debt 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 debt payments on the date which payments are due, the District shall pay 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 debtor may require that the District return the equipment and pay any and all amounts, which may then be due and payable under the debt, plus all debt payments remaining through the end of the then current fiscal period.

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

C. Lease Liability

The District has obtained the use of certain equipment and building space through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 4 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund and Community Service Special Revenue Fund. The agreement is secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default. As of year-end, these lease agreements were terminated.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

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

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 current year ended, are as follows:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 26,936,033	\$ 9,094,311	\$ 1,649,026	\$ 3,206,723
State-wide, multiple-employer – TRA	80,146,777	24,502,355	19,649,211	(17,830,256)
Single-employer – District	315,423	39,712	69,949	24,436
Total	\$ 107,398,233	\$ 33,636,378	\$ 21,368,186	\$ (14,599,097)

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements*	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 92,635,000	\$ 15,010,000	\$ 5,110,000	\$ 102,535,000	\$ 5,175,000
Unamortized premiums/discount	4,507,125	1,823,932	318,629	6,012,428	–
Finance purchases payable	3,259,542	–	1,531,103	1,728,439	693,813
Lease liability	1,420,653	–	1,420,653	–	–
Net/total pension liability	56,515,732	58,037,160	7,154,659	107,398,233	–
Compensated absences payable	445,161	41,337	44,836	441,662	85,359
	\$ 158,783,213	\$ 74,912,429	\$ 15,579,880	\$ 218,115,762	\$ 5,954,172

* The lease liability retirement amount includes \$1,249,361 that was the result of a lease termination in the current year and is not a debt service principal payment.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

Minimum principal and interest payments for general obligation bonds and finance purchases are as follows:

Year Ending June 30,	General Obligation Bonds		Finance Purchases	
	Principal	Interest	Principal	Interest
2024	\$ 5,175,000	\$ 3,509,039	\$ 693,813	\$ –
2025	5,735,000	3,398,006	693,813	–
2026	6,645,000	3,182,206	340,813	–
2027	6,905,000	2,921,106	–	–
2028	5,980,000	2,649,306	–	–
2029–2033	30,210,000	9,586,394	–	–
2034–2038	28,230,000	4,205,025	–	–
2039–2041	13,655,000	626,525	–	–
	<u>\$ 102,535,000</u>	<u>\$ 30,077,607</u>	<u>\$ 1,728,439</u>	<u>\$ –</u>

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at June 30, 2023 includes the District’s net investment in capital assets calculated as follows:

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	\$ 10,723,162
Depreciated/amortized, net of accumulated depreciation/amortization	126,198,560
Less capital related long-term debt outstanding	(108,547,428)
Add debt adjustment for unspent debt proceeds	15,234,686
Less capital related accounts/contracts payable	<u>(2,527,053)</u>
Total net investment in capital assets	<u>\$ 41,081,927</u>

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

B. Governmental Fund Balance Classifications

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.

At year-end, 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	\$ –	\$ 212,115	\$ –	\$ –	\$ –	\$ 212,115
Prepaid items	835,657	–	5,527	–	–	841,184
Total nonspendable	835,657	212,115	5,527	–	–	1,053,299
Restricted						
Student activities	68,921	–	–	–	–	68,921
Scholarships	27,567	–	–	–	–	27,567
Capital projects levy	1,488,503	–	–	–	–	1,488,503
Operating capital	2,041,334	–	–	–	–	2,041,334
Achievement and integration	178,176	–	–	–	–	178,176
Medical Assistance	130,740	–	–	–	–	130,740
Food service	–	1,389,307	–	–	–	1,389,307
Community education programs	–	–	1,301,852	–	–	1,301,852
Early childhood family education programs	–	–	527,680	–	–	527,680
School readiness	–	–	1,172,482	–	–	1,172,482
Long-term facilities maintenance	–	–	–	11,546,802	–	11,546,802
Capital projects	–	–	–	1,160,831	–	1,160,831
Debt service	–	–	–	–	2,179,743	2,179,743
Total restricted	3,935,241	1,389,307	3,002,014	12,707,633	2,179,743	23,213,938
Assigned						
Site carryover	861,291	–	–	–	–	861,291
Activity accounts	478,613	–	–	–	–	478,613
Construction	1,500,000	–	–	–	–	1,500,000
Curriculum adoption	1,200,000	–	–	–	–	1,200,000
Enrollment	1,250,000	–	–	–	–	1,250,000
Inspired Journey	2,250,000	–	–	–	–	2,250,000
Program initiatives	1,000,000	–	–	–	–	1,000,000
Total assigned	8,539,904	–	–	–	–	8,539,904
Unassigned	16,254,607	–	–	–	–	16,254,607
Total	\$ 29,565,409	\$ 1,601,422	\$ 3,007,541	\$ 12,707,633	\$ 2,179,743	\$ 49,061,748

C. 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, 2023, the unassigned fund balance of the General Fund was 13.9 percent of fiscal 2023 expenditures related to the unassigned fund balance category.

NOTE 7 – 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.

Certain full-time and 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 Minnesota State.

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 for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent 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 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a 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 for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2025 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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 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 7 – 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 per year 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 2023 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, 2023, were \$2,079,877. 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,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$5,416,811. The District’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA’s Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA’s contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u>\$ 515,519</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. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$26,936,033 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$789,750. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.3401 percent at the end of the measurement period and 0.3402 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 26,936,033
State’s proportionate share of the net pension liability associated with the District	\$ 789,750

For the year ended June 30, 2023, the District recognized pension expense of \$3,088,716 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$118,007 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2023, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 224,990	\$ 290,933
Changes in actuarial assumptions	6,097,851	122,826
Net collective difference between projected and actual investment earnings	586,545	–
Changes in proportion	105,048	1,235,267
District’s contributions to the GERF subsequent to the measurement date	<u>2,079,877</u>	<u>–</u>
Total	<u>\$ 9,094,311</u>	<u>\$ 1,649,026</u>

The \$2,079,877 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 1,888,298
2025	\$ 1,901,614
2026	\$ (860,469)
2027	\$ 2,435,965

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$80,146,777 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2022, 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 Minneapolis School District. The District’s proportionate share was 1.0009 percent at the end of the measurement period and 0.9510 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	\$ 80,146,777
State’s proportionate share of the net pension liability associated with the District	\$ 5,943,452

For the year ended June 30, 2023, the District recognized a negative pension expense of \$18,647,499. It also recognized \$817,243 as an increase to pension expense for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2023, the District had deferred resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,143,069	\$ 672,145
Changes in actuarial assumptions	12,199,773	16,818,323
Net collective difference between projected and actual investment earnings on pension plan investments	3,639,247	–
Changes in proportion	2,103,455	2,158,743
District’s contributions to the TRA subsequent to the measurement date	<u>5,416,811</u>	<u>–</u>
Total	<u>\$ 24,502,355</u>	<u>\$ 19,649,211</u>

A total of \$5,416,811 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, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (15,069,725)
2025	\$ 2,286,763
2026	\$ 1,323,816
2027	\$ 10,475,007
2028	\$ 420,472

E. Long-Term Expected Return on Investment

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	0.75 %
Total	<u>100.00 %</u>	

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

Mortality rates for the GERF Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA’s experience.

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for the GERF Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 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 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. 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 on the preceding page, 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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 42,546,874	\$ 26,936,033	\$ 14,132,733
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 126,347,030	\$ 80,146,777	\$ 42,276,975

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – 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).

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

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 Voluntary Employees’ Beneficiary Association (VEBA) account (OPEB) and 50 percent to a 403(b) account (pension).

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:

Retirees and beneficiaries receiving benefits	1
Active plan members	<u>8</u>
Total members	<u><u>9</u></u>

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2022, and a measurement date as of June 30, 2023, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 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 3.90 percent. The District discount rate used in the prior measurement date was 3.80 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 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2022	\$ 369,063
Changes for the year	
Service cost	13,833
Interest	14,046
Assumption changes	(1,908)
Plan changes	(38)
Difference between expected and actual experience	(52,795)
Benefit payments	(26,778)
Total net changes	<u>(53,640)</u>
Ending balance – June 30, 2023	<u>\$ 315,423</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.80 percent to 3.90 percent.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.

Plan changes since the prior measurement date include the following:

- The matching contribution increased from \$4,500 to \$5,000 per year for Principals.

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>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.90%	3.90%	4.90%
Total pension liability	\$ 327,314	\$ 315,423	\$ 303,449

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

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

For the current year ended, the District recognized pension expense of \$24,436. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 30,806	\$ 43,995
Changes in actuarial assumptions	8,906	25,954
Total	<u>\$ 39,712</u>	<u>\$ 69,949</u>

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:

Year Ending June 30,	Pension Expense Amount
2024	\$ (3,405)
2025	\$ (3,399)
2026	\$ (2,127)
2027	\$ (8,420)
2028	\$ (9,952)
Thereafter	\$ (2,934)

NOTE 9 – 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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributes 100 percent of the cost of the negotiated current year premiums for specified coverage levels of eligible retired plan members and their spouses. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The Post-Employment Benefits Trust Fund reimbursed the General Fund for the actual cost of medical insurance premiums paid for retirees and the implicit rate subsidy for the year ended June 30, 2023.

D. Membership

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

Retirees and beneficiaries receiving benefits	87
Active plan members	<u>1,328</u>
Total members	<u><u>1,415</u></u>

E. Net OPEB Liability (Asset) of the District

The District’s net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2022. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 8,792,094
Plan fiduciary net position	<u>(14,656,430)</u>
District’s net OPEB liability (asset)	<u><u>\$ (5,864,336)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>166.7%</u></u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and a measurement date as of June 30, 2023, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.30%
Expected long-term investment return	6.30% (net of investment expenses)
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 6 years, then to 4.00% over the next 48 years
Dental trend rate	4.00%

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	43.00 %	7.90 %
Fixed income	37.00	3.90 %
International equity	14.00	7.30 %
Real estate	6.00	8.10 %
Total	100.00 %	6.30 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.40 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.30 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 5.90 percent.

NOTE 9 – 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, 2022	\$ 8,998,256	\$ 14,834,446	\$ (5,836,190)
Changes for the year			
Service cost	567,530	–	567,530
Interest	527,322	–	527,322
Assumption changes	(5,955)	–	(5,955)
Plan changes	76,069	–	76,069
Projected investment earnings	–	934,570	(934,570)
Differences between expected and actual experience	(96,599)	161,943	(258,542)
Benefit payments – paid by trust	(1,274,529)	(1,274,529)	–
Total net changes	<u>(206,162)</u>	<u>(178,016)</u>	<u>(28,146)</u>
Ending balance – June 30, 2023	<u>\$ 8,792,094</u>	<u>\$ 14,656,430</u>	<u>\$ (5,864,336)</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 5.90 percent to 6.30 percent.
- The discount rate was changed from 5.90 percent to 6.30 percent.

Plan changes since the prior measurement date include the following:

- One additional teacher, who was not valued with a \$50,000 early retirement incentive payment payable to a VEBA at June 30, 2022, received this payment during fiscal year 2023.
- The Classified and Minnesota School Employees Association (MSEA) contracts added an early retirement incentive payment of \$500 for employees who retire after the first semester and \$1,000 for employees who retire at the end of the 2022–2023 school year, both payable to a VEBA upon attaining age 55 with 20 years of service. The increase in liability associated with this plan change also includes a corresponding increase in the implicit rate medical subsidy.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	5.30%	6.30%	7.30%
Net OPEB liability (asset)	\$ (5,383,397)	\$ (5,864,336)	\$ (6,320,032)

The following presents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB medical trend rate	5.25% decreasing to 4.00% then 3.00%	6.25% decreasing to 5.00% then 4.00%	7.25% decreasing to 6.00% then 5.00%
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	\$ (6,580,206)	\$ (5,864,336)	\$ (5,038,727)

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 \$511,563. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 2,411,643
Changes in actuarial assumptions	122,060	203,511
Differences between projected and actual investment earnings on OPEB plan investments	820,975	–
Total	<u>\$ 943,035</u>	<u>\$ 2,615,154</u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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
2024	\$ (785,038)
2025	\$ (819,593)
2026	\$ 333,452
2027	\$ (325,797)
2028	\$ (49,509)
Thereafter	\$ (25,634)

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held by the District 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.

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 11 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

The General Fund had a receivable of \$1,274,529 due from the Post-Employment Benefits Trust Fund at June 30, 2023, 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.

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

B. Interfund Transfers

The District transferred \$17,485 from the General Fund to the Community Service Special Revenue Fund to help finance various program costs.

Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Construction Contracts

At June 30, 2023, the District had commitments totaling \$3,477,510 under various construction contracts for which the work was not yet completed.

D. Purchase Power Commitment

Solar Gardens

During fiscal year 2016, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 40 percent of the annual delivered energy of the solar agreement 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. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar agreement for a period of 25 years from the commercial operation date of January 2019.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Solar Panels

The District has 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, 2023, the equipment capitalized through these agreements is \$3,351,130, with accumulated depreciation of \$769,115.

Future power purchase commitment related to these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 171,230
2025	199,273
2026	204,315
2027	210,129
2028	216,199
2029–2033	1,070,261
2034–2038	1,130,050
2039–2043	950,414
2044	<u>35,869</u>
	<u>\$ 4,187,740</u>

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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, 2023

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 Net Pension Liability	Proportionate Share of the District's State of Minnesota's 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%
06/30/2021	06/30/2020	0.3813%	\$ 22,860,679	\$ 705,017	\$ 23,565,696	\$ 27,116,265	84.31%	79.10%
06/30/2022	06/30/2021	0.3402%	\$ 14,528,066	\$ 443,671	\$ 14,971,737	\$ 24,490,636	59.32%	87.00%
06/30/2023	06/30/2022	0.3401%	\$ 26,936,033	\$ 789,750	\$ 27,725,783	\$ 25,472,592	105.75%	76.70%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

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%
06/30/2021	\$ 1,836,831	\$ 1,836,831	\$ -	\$ 24,490,636	7.50%
06/30/2022	\$ 1,910,597	\$ 1,910,597	\$ -	\$ 25,472,592	7.50%
06/30/2023	\$ 2,079,877	\$ 2,079,877	\$ -	\$ 27,732,405	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, 2023

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	Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability of the District's 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%
06/30/2021	06/30/2020	0.9680%	\$ 71,517,137	\$ 5,993,222	\$ 77,510,359	\$ 56,157,098	127.35%	75.48%
06/30/2022	06/30/2021	0.9510%	\$ 41,618,603	\$ 3,510,041	\$ 45,128,644	\$ 56,905,419	73.14%	86.63%
06/30/2023	06/30/2022	1.0009%	\$ 80,146,777	\$ 5,943,452	\$ 86,090,229	\$ 61,875,700	129.53%	76.17%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the 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%
06/30/2021	\$ 4,625,157	\$ 4,625,157	\$ -	\$ 56,905,419	8.13%
06/30/2022	\$ 5,159,959	\$ 5,159,959	\$ -	\$ 61,875,700	8.34%
06/30/2023	\$ 5,416,811	\$ 5,416,811	\$ -	\$ 63,356,101	8.55%

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, 2023

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	\$ 31,507	\$ 30,311	\$ 24,635	\$ 27,541	\$ 25,014	\$ 20,719	\$ 13,833
Interest	11,500	9,186	9,931	10,811	8,730	8,340	14,046
Assumption changes	-	(10,298)	7,441	12,240	(6,680)	(23,493)	(1,908)
Plan changes	-	-	17,075	-	-	-	(38)
Difference between expected and actual experience	-	-	42,973	-	23,513	-	(52,795)
Benefit payments	(145,219)	(97,642)	(14,859)	(65,461)	(150)	(25,731)	(26,778)
Net change in total pension liability	(102,212)	(68,443)	87,196	(14,869)	50,427	(20,165)	(53,640)
Total pension liability – beginning of year	437,129	334,917	266,474	353,670	338,801	389,228	369,063
Total pension liability – end of year	<u>\$ 334,917</u>	<u>\$ 266,474</u>	<u>\$ 353,670</u>	<u>\$ 338,801</u>	<u>\$ 389,228</u>	<u>\$ 369,063</u>	<u>\$ 315,423</u>
Covered-employee payroll	<u>\$2,478,561</u>	<u>\$2,629,505</u>	<u>\$2,307,920</u>	<u>\$2,377,158</u>	<u>\$1,829,506</u>	<u>\$1,884,391</u>	<u>\$1,226,348</u>
Total pension liability as a percentage of covered-employee payroll	<u>13.51%</u>	<u>10.13%</u>	<u>15.32%</u>	<u>14.25%</u>	<u>21.28%</u>	<u>19.59%</u>	<u>25.72%</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, 2023

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 542,422	\$ 541,720	\$ 417,686	\$ 450,254	\$ 490,687	\$ 448,457	\$ 567,530
Interest	766,806	790,171	853,059	595,685	595,638	419,885	527,322
Assumption changes	–	(104,010)	159,481	116,815	46,255	(256,823)	(5,955)
Plan changes	–	389,295	(13,266)	–	–	2,098,457	76,069
Differences between expected and actual experience	–	–	(4,637,752)	–	(1,753,586)	–	(96,599)
Benefit payments – employer-financed	(132,324)	–	(100,000)	–	–	–	–
Benefit payments – paid by trust	(714,186)	(1,006,882)	(702,747)	(364,518)	(1,042,563)	(2,341,026)	(1,274,529)
Net change in total OPEB liability	462,718	610,294	(4,023,539)	798,236	(1,663,569)	368,950	(206,162)
Total OPEB liability – beginning of year	12,445,166	12,907,884	13,518,178	9,494,639	10,292,875	8,629,306	8,998,256
Total OPEB liability – end of year	12,907,884	13,518,178	9,494,639	10,292,875	8,629,306	8,998,256	8,792,094
Plan fiduciary net position							
Contributions – employer	132,324	–	100,000	–	–	–	–
Projected investment earnings	1,645,487	1,020,373	999,208	956,494	892,318	1,135,893	934,570
Differences between expected and actual experience	–	170,558	(185,634)	(247,059)	2,566,475	(3,212,848)	161,943
Benefit payments – employer-financed	(132,324)	–	(100,000)	–	–	–	–
Benefit payments – paid by trust	(714,186)	(1,006,882)	(702,747)	(364,518)	(1,042,563)	(2,341,026)	(1,274,529)
Net change in plan fiduciary net position	931,301	184,049	110,827	344,917	2,416,230	(4,417,981)	(178,016)
Plan fiduciary net position – beginning of year	15,265,103	16,196,404	16,380,453	16,491,280	16,836,197	19,252,427	14,834,446
Plan fiduciary net position – end of year	16,196,404	16,380,453	16,491,280	16,836,197	19,252,427	14,834,446	14,656,430
Net OPEB liability (asset)	\$ (3,288,520)	\$ (2,862,275)	\$ (6,996,641)	\$ (6,543,322)	\$ (10,623,121)	\$ (5,836,190)	\$ (5,864,336)
Fiduciary net position as a percentage of the total OPEB liability	125.48%	121.17%	173.69%	163.57%	223.11%	164.86%	166.70%
Covered-employee payroll	\$ 72,889,181	\$ 75,075,856	\$ 76,440,507	\$ 78,733,722	\$ 77,105,361	\$ 79,418,522	\$ 84,170,294
Net OPEB liability (asset) as a percentage of covered-employee payroll	(4.51%)	(3.81%)	(9.15%)	(8.31%)	(13.78%)	(7.35%)	(6.97%)

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, 2023

<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%
2021	20.50%
2022	(10.80%)
2023	7.40%

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, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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, 2023

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 \$892.0 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, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

2018 CHANGES IN PLAN PROVISIONS

- 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.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

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.
- 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, 2023

PENSION BENEFITS PLAN

2023 CHANGES IN PLAN PROVISIONS

- The matching contribution increased from \$4,500 to \$5,000 per year for Principals.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

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 Supervisors and Specialists (EPSS) post-employment lump sum benefit was changed from 100.00 percent paid to a voluntary employees' beneficiary association (VEBA) account, 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, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN PLAN PROVISIONS

- One additional teacher, who was not valued with a \$50,000 early retirement incentive payment payable to a VEBA at June 30, 2022, received this payment during fiscal year 2023.
- The Classified and MSEA contracts added an early retirement incentive payment of \$500 for employees who retire after the first semester and \$1,000 for employees who retire at the end of the 2022–2023 school year, both payable to a VEBA, upon attaining age 55 with 20 years of service. The increase in liability associated with this plan change also includes a corresponding increase in the implicit rate medical subsidy.

2023 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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 5.90 percent to 6.30 percent.
- The discount rate was changed from 5.90 percent to 6.30 percent.

2022 CHANGES IN PLAN PROVISIONS

- Thirty-six teachers, who retired at the end of the 2021–2022 school year after attaining age 55 with 15 years of service, each received an early retirement incentive of \$50,000 (prorated if less than 1.0 FTE), which was paid to a VEBA on June 30, 2022. The increase in the liability associated with this plan change also includes a corresponding increase in the implicit rate medical subsidy.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.30 percent to 5.90 percent.
- The discount rate was changed from 5.30 percent to 5.90 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.80 percent to 5.30 percent.
- The discount rate was changed from 5.80 percent to 5.30 percent.

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.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The EPSS 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.

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.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 43,231,169	\$ 45,707,578
Receivables		
Current taxes	23,623,188	20,277,142
Delinquent taxes	247,475	387,229
Accounts and interest	650,877	251,009
Due from other governmental units	16,005,208	13,313,254
Due from other funds	1,274,529	2,341,026
Lease	1,061,859	1,104,726
Prepaid items	<u>835,657</u>	<u>599,973</u>
Total assets	<u>\$ 86,929,962</u>	<u>\$ 83,981,937</u>
Liabilities		
Salaries payable	\$ 5,265,149	\$ 5,188,450
Accounts and contracts payable	6,142,170	8,661,721
Due to other governmental units	1,053,347	789,892
Unearned revenue	<u>194,597</u>	<u>209,668</u>
Total liabilities	<u>12,655,263</u>	<u>14,849,731</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	43,399,956	36,782,266
Lease revenue for subsequent year	1,061,859	1,104,726
Unavailable revenue – delinquent taxes	<u>247,475</u>	<u>387,229</u>
Total deferred inflows of resources	<u>44,709,290</u>	<u>38,274,221</u>
Fund balances		
Nonspendable for prepaid items	835,657	599,973
Restricted for student activities	68,921	67,383
Restricted for scholarships	27,567	28,518
Restricted for capital projects levy	1,488,503	1,991,689
Restricted for operating capital	2,041,334	866,765
Restricted for achievement and integration	178,176	126,324
Restricted for Medical Assistance	130,740	139,501
Assigned for site carryover	861,291	996,768
Assigned for activity accounts	478,613	446,234
Assigned for construction	1,500,000	1,456,716
Assigned for curriculum adoption	1,200,000	1,500,000
Assigned for subsequent year's budget	–	1,171,397
Assigned for enrollment	1,250,000	1,250,000
Assigned for equipment	–	227,847
Assigned for Inspired Journey	2,250,000	2,198,391
Assigned for program initiatives	1,000,000	750,000
Unassigned	<u>16,254,607</u>	<u>17,040,479</u>
Total fund balances	<u>29,565,409</u>	<u>30,857,985</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 86,929,962</u>	<u>\$ 83,981,937</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 41,742,493	\$ 41,409,487	\$ (333,006)	\$ 39,318,935
Investment earnings (charges)	300,000	1,221,341	921,341	(192,199)
Other	3,308,514	4,593,528	1,285,014	4,723,039
State sources	89,363,964	89,825,199	461,235	86,913,358
Federal sources	6,071,029	6,908,476	837,447	5,358,285
Total revenue	140,786,000	143,958,031	3,172,031	136,121,418
Expenditures				
Current				
Administration				
Salaries	3,057,305	2,998,238	(59,067)	3,103,054
Employee benefits	849,299	902,857	53,558	882,594
Purchased services	384,102	323,231	(60,871)	331,552
Supplies and materials	9,802	18,828	9,026	16,595
Other expenditures	79,017	71,717	(7,300)	64,974
Total administration	4,379,525	4,314,871	(64,654)	4,398,769
District support services				
Salaries	3,382,551	3,357,619	(24,932)	2,739,573
Employee benefits	986,688	1,064,372	77,684	736,812
Purchased services	1,466,009	2,261,370	795,361	1,923,859
Supplies and materials	1,567,840	1,892,692	324,852	1,389,899
Capital expenditures	871,772	1,129,773	258,001	617,113
Other expenditures	34,479	19,346	(15,133)	24,408
Total district support services	8,309,339	9,725,172	1,415,833	7,431,664
Elementary and secondary regular instruction				
Salaries	44,054,329	44,594,496	540,167	43,854,710
Employee benefits	13,274,044	12,809,798	(464,246)	13,064,072
Purchased services	2,479,623	1,787,555	(692,068)	1,671,445
Supplies and materials	4,302,786	3,436,921	(865,865)	2,687,735
Capital expenditures	641,210	543,071	(98,139)	2,937,922
Other expenditures	309,270	306,291	(2,979)	322,605
Total elementary and secondary regular instruction	65,061,262	63,478,132	(1,583,130)	64,538,489

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	907,836	1,151,165	243,329	1,185,135
Employee benefits	282,347	357,024	74,677	366,202
Purchased services	968,600	1,056,392	87,792	1,114,574
Supplies and materials	29,013	61,633	32,620	47,253
Capital expenditures	—	—	—	6,083
Other expenditures	8,894	11,167	2,273	21,904
Total vocational education instruction	2,196,690	2,637,381	440,691	2,741,151
Special education instruction				
Salaries	14,904,690	14,925,955	21,265	14,098,451
Employee benefits	4,751,127	4,776,732	25,605	5,178,584
Purchased services	3,257,150	2,271,992	(985,158)	1,939,414
Supplies and materials	128,400	147,131	18,731	131,321
Capital expenditures	2,250	10,237	7,987	—
Other expenditures	104,941	78,643	(26,298)	84,785
Total special education instruction	23,148,558	22,210,690	(937,868)	21,432,555
Instructional support services				
Salaries	6,676,561	6,546,980	(129,581)	5,916,998
Employee benefits	1,897,650	1,840,756	(56,894)	1,691,076
Purchased services	1,197,359	1,149,233	(48,126)	1,081,523
Supplies and materials	92,864	305,348	212,484	251,709
Capital expenditures	1,071,100	1,156,304	85,204	838,955
Other expenditures	37,321	83,384	46,063	53,839
Total instructional support services	10,972,855	11,082,005	109,150	9,834,100
Pupil support services				
Salaries	6,488,766	6,670,026	181,260	6,237,618
Employee benefits	2,603,778	2,470,705	(133,073)	2,378,615
Purchased services	656,782	2,359,597	1,702,815	724,700
Supplies and materials	848,390	999,110	150,720	860,571
Capital expenditures	919,000	200,943	(718,057)	128,464
Other expenditures	28,446	45,562	17,116	29,875
Total pupil support services	11,545,162	12,745,943	1,200,781	10,359,843

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,355,500	5,369,584	14,084	4,996,518
Employee benefits	1,891,961	1,602,902	(289,059)	1,385,311
Purchased services	6,988,296	7,672,258	683,962	4,411,550
Supplies and materials	982,524	613,061	(369,463)	901,593
Capital expenditures	2,323,904	1,527,839	(796,065)	3,767,587
Other expenditures	27,457	24,818	(2,639)	18,831
Total sites and buildings	<u>17,569,642</u>	<u>16,810,462</u>	<u>(759,180)</u>	<u>15,481,390</u>
Fiscal and other fixed cost programs				
Purchased services	397,800	519,509	121,709	459,722
Other expenditures	11,000	11,000	—	26,500
Total fiscal and other fixed cost programs	<u>408,800</u>	<u>530,509</u>	<u>121,709</u>	<u>486,222</u>
Debt service				
Principal	1,820,003	1,695,422	(124,581)	985,061
Interest and fiscal charges	8,289	57,726	49,437	39,368
Total debt service	<u>1,828,292</u>	<u>1,753,148</u>	<u>(75,144)</u>	<u>1,024,429</u>
Total expenditures	<u>145,420,125</u>	<u>145,288,313</u>	<u>(131,812)</u>	<u>137,728,612</u>
Excess (deficiency) of revenue over expenditures	(4,634,125)	(1,330,282)	3,303,843	(1,607,194)
Other financing sources (uses)				
Finance purchases issued	—	—	—	2,422,250
Lease issued	—	—	—	1,287,803
Sale of capital assets	—	47,687	47,687	276,663
Insurance recovery	—	7,504	7,504	—
Transfers (out)	(91,100)	(17,485)	73,615	(3,271,224)
Total other financing sources (uses)	<u>(91,100)</u>	<u>37,706</u>	<u>128,806</u>	<u>715,492</u>
Net change in fund balances	<u>\$ (4,725,225)</u>	<u>(1,292,576)</u>	<u>\$ 3,432,649</u>	<u>(891,702)</u>
Fund balances				
Beginning of year		<u>30,857,985</u>		<u>31,749,687</u>
End of year		<u>\$ 29,565,409</u>		<u>\$ 30,857,985</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,027,495	\$ 1,600,242
Receivables		
Accounts and interest	3,302	10,099
Due from other governmental units	630,550	-
Inventory	212,115	217,172
Prepaid items	-	320
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,873,462</u>	<u>\$ 1,827,833</u>
Liabilities		
Salaries payable	\$ 7,689	\$ 22,250
Accounts and contracts payable	29,449	128,795
Unearned revenue	234,902	254,687
Total liabilities	<u>272,040</u>	<u>405,732</u>
Fund balances		
Nonspendable for inventory	212,115	217,172
Nonspendable for prepaid items	-	320
Restricted for food service	1,389,307	1,204,609
Total fund balances	<u>1,601,422</u>	<u>1,422,101</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,873,462</u>	<u>\$ 1,827,833</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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 10,000	\$ 26,739	\$ 16,739	\$ 2,287
Other – primarily meal sales	3,574,535	2,961,781	(612,754)	1,015,198
State sources	154,159	181,640	27,481	176,132
Federal sources	1,480,616	2,541,572	1,060,956	5,213,949
Total revenue	<u>5,219,310</u>	<u>5,711,732</u>	<u>492,422</u>	<u>6,407,566</u>
Expenditures				
Current				
Salaries	2,012,159	2,069,996	57,837	2,024,136
Employee benefits	809,801	831,895	22,094	700,606
Purchased services	294,650	251,424	(43,226)	219,459
Supplies and materials	2,064,000	2,299,465	235,465	2,221,810
Other expenditures	8,700	5,079	(3,621)	4,655
Capital outlay	30,000	74,552	44,552	86,568
Total expenditures	<u>5,219,310</u>	<u>5,532,411</u>	<u>313,101</u>	<u>5,257,234</u>
Net change in fund balances	<u>\$ –</u>	<u>179,321</u>	<u>\$ 179,321</u>	<u>1,150,332</u>
Fund balances				
Beginning of year		<u>1,422,101</u>		<u>271,769</u>
End of year		<u>\$ 1,601,422</u>		<u>\$ 1,422,101</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 4,080,140	\$ 1,996,337
Receivables		
Current taxes	625,199	599,627
Delinquent taxes	6,969	10,987
Accounts and interest	360,470	312,318
Due from other governmental units	335,902	208,822
Prepaid items	<u>5,527</u>	<u>50,000</u>
Total assets	<u>\$ 5,414,207</u>	<u>\$ 3,178,091</u>
Liabilities		
Salaries payable	\$ 392,145	\$ 286,773
Accounts and contracts payable	297,875	106,657
Due to other governmental units	–	6,365
Unearned revenue	<u>447,338</u>	<u>449,640</u>
Total liabilities	1,137,358	849,435
Deferred inflows of resources		
Property taxes levied for subsequent year	1,262,339	1,211,627
Unavailable revenue – delinquent taxes	<u>6,969</u>	<u>10,987</u>
Total deferred inflows of resources	1,269,308	1,222,614
Fund balances		
Nonspendable for prepaid items	5,527	50,000
Restricted for community education programs	1,301,852	230,805
Restricted for early childhood family education programs	527,680	285,706
Restricted for school readiness	<u>1,172,482</u>	<u>539,531</u>
Total fund balances	<u>3,007,541</u>	<u>1,106,042</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,414,207</u>	<u>\$ 3,178,091</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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,210,950	\$ 1,203,889	\$ (7,061)	\$ 1,133,396
Investment earnings	–	56,697	56,697	4,494
Other – primarily tuition and fees	6,705,991	7,152,179	446,188	5,844,281
State sources	844,631	883,504	38,873	789,544
Federal sources	75,000	450,386	375,386	329,499
Total revenue	<u>8,836,572</u>	<u>9,746,655</u>	<u>910,083</u>	<u>8,101,214</u>
Expenditures				
Current				
Salaries	5,616,036	4,968,795	(647,241)	4,537,951
Employee benefits	1,485,788	1,479,771	(6,017)	1,348,722
Purchased services	1,002,856	1,212,904	210,048	1,051,422
Supplies and materials	209,200	191,304	(17,896)	174,626
Other expenditures	10,700	2,894	(7,806)	17,803
Capital outlay	5,600	–	(5,600)	–
Debt service				
Principal	6,990	6,973	(17)	7,825
Total expenditures	<u>8,337,170</u>	<u>7,862,641</u>	<u>(474,529)</u>	<u>7,138,349</u>
Excess of revenue over expenditures	499,402	1,884,014	1,384,612	962,865
Other financing sources				
Transfers in	<u>1,500</u>	<u>17,485</u>	<u>15,985</u>	<u>53,045</u>
Net change in fund balances	<u>\$ 500,902</u>	<u>1,901,499</u>	<u>\$ 1,400,597</u>	<u>1,015,910</u>
Fund balances				
Beginning of year		<u>1,106,042</u>		<u>90,132</u>
End of year		<u>\$ 3,007,541</u>		<u>\$ 1,106,042</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 15,146,625	\$ 5,544,667
Receivables		
Accounts and interest	88,061	26,148
Prepaid items	<u>–</u>	<u>59,981</u>
Total assets	<u>\$ 15,234,686</u>	<u>\$ 5,630,796</u>
Liabilities		
Accounts and contracts payable	\$ 2,527,053	\$ 2,160,739
Due to other governmental units	<u>–</u>	<u>15,909</u>
Total liabilities	2,527,053	2,176,648
Fund balances		
Nonspendable for prepaid items	–	59,981
Restricted for long-term facilities maintenance	11,546,802	2,208,696
Restricted for capital projects	<u>1,160,831</u>	<u>1,185,471</u>
Total fund balances	<u>12,707,633</u>	<u>3,454,148</u>
Total liabilities and fund balances	<u>\$ 15,234,686</u>	<u>\$ 5,630,796</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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 5,000	\$ 373,992	\$ 368,992	\$ 64,351
Expenditures				
Capital outlay				
Purchased services	2,773,634	2,797,208	23,574	4,464,736
Supplies and materials	–	6,500	6,500	–
Capital expenditures	–	4,540,910	4,540,910	10,478,901
Debt service				
Fiscal charges and other	–	128,699	128,699	–
Total expenditures	<u>2,773,634</u>	<u>7,473,317</u>	<u>4,699,683</u>	<u>14,943,637</u>
Excess (deficiency) of revenue over expenditures	(2,768,634)	(7,099,325)	(4,330,691)	(14,879,286)
Other financing sources				
Debt issued	11,640,000	14,528,878	2,888,878	–
Premium on debt issued	–	1,823,932	1,823,932	–
Insurance recovery	–	–	–	24,878
Transfers in	–	–	–	3,218,179
Total other financing sources	<u>11,640,000</u>	<u>16,352,810</u>	<u>4,712,810</u>	<u>3,243,057</u>
Net change in fund balances	<u>\$ 8,871,366</u>	9,253,485	<u>\$ 382,119</u>	(11,636,229)
Fund balances				
Beginning of year		<u>3,454,148</u>		<u>15,090,377</u>
End of year		<u>\$ 12,707,633</u>		<u>\$ 3,454,148</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 6,201,795	\$ 5,845,187
Receivables		
Current taxes	3,965,064	4,036,156
Delinquent taxes	54,806	94,233
Accounts and interest	10,148	3,140
Due from other governmental units	<u>150</u>	<u>160</u>
Total assets	<u>\$ 10,231,963</u>	<u>\$ 9,978,876</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 7,997,414	\$ 8,169,706
Unavailable revenue – delinquent taxes	<u>54,806</u>	<u>94,233</u>
Total deferred inflows of resources	8,052,220	8,263,939
Fund balances		
Restricted for debt service	<u>2,179,743</u>	<u>1,714,937</u>
Total deferred inflows of resources and fund balances	<u>\$ 10,231,963</u>	<u>\$ 9,978,876</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, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 8,168,625	\$ 8,114,588	\$ (54,037)	\$ 9,130,121
Investment earnings	20,000	80,108	60,108	16,265
State sources	—	1,494	1,494	1,592
Total revenue	<u>8,188,625</u>	<u>8,196,190</u>	<u>7,565</u>	<u>9,147,978</u>
Expenditures				
Debt service				
Principal	5,110,000	5,110,000	—	6,030,000
Interest	3,096,156	3,096,156	—	3,550,711
Fiscal charges and other	7,000	6,350	(650)	6,188
Total expenditures	<u>8,213,156</u>	<u>8,212,506</u>	<u>(650)</u>	<u>9,586,899</u>
Excess (deficiency) of revenue over expenditures	(24,531)	(16,316)	8,215	(438,921)
Other financing sources				
Debt issued	—	481,122	481,122	—
Net change in fund balances	<u>\$ (24,531)</u>	<u>464,806</u>	<u>\$ 489,337</u>	<u>(438,921)</u>
Fund balances				
Beginning of year		<u>1,714,937</u>		<u>2,153,858</u>
End of year		<u>\$ 2,179,743</u>		<u>\$ 1,714,937</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2023	2022
Assets				
Current assets				
Cash and temporary investments	\$ 9,854,845	\$ 881,287	\$ 10,736,132	\$ 10,925,247
Receivables				
Accounts and interest	23,369	1,860	25,229	5,234
Total current assets	<u>9,878,214</u>	<u>883,147</u>	<u>10,761,361</u>	<u>10,930,481</u>
Liabilities				
Current liabilities				
Accounts payable	2,613	69,657	72,270	33,638
Unearned revenue	1,073,659	97,587	1,171,246	1,128,915
Claims payable	635,974	43,163	679,137	773,330
Total current liabilities	<u>1,712,246</u>	<u>210,407</u>	<u>1,922,653</u>	<u>1,935,883</u>
Net position				
Unrestricted	<u>\$ 8,165,968</u>	<u>\$ 672,740</u>	<u>\$ 8,838,708</u>	<u>\$ 8,994,598</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2023	2022
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 13,172,447	\$ 1,283,974	\$ 14,456,421	\$ 14,364,318
Operating expenses				
Health benefit claims	13,555,207	-	13,555,207	12,160,198
Dental benefit claims	-	1,258,820	1,258,820	1,124,861
Total operating expenses	<u>13,555,207</u>	<u>1,258,820</u>	<u>14,814,027</u>	<u>13,285,059</u>
Operating income (loss)	(382,760)	25,154	(357,606)	1,079,259
Nonoperating revenue				
Investment earnings	<u>186,815</u>	<u>14,901</u>	<u>201,716</u>	<u>34,705</u>
Change in net position	(195,945)	40,055	(155,890)	1,113,964
Net position				
Beginning of year	<u>8,361,913</u>	<u>632,685</u>	<u>8,994,598</u>	<u>7,880,634</u>
End of year	<u>\$ 8,165,968</u>	<u>\$ 672,740</u>	<u>\$ 8,838,708</u>	<u>\$ 8,994,598</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2023	2022
Cash flows from operating activities				
Contributions from governmental funds	\$ 13,210,140	\$ 1,288,612	\$ 14,498,752	\$ 14,868,066
Payment for health benefit claims	(13,673,893)	-	(13,673,893)	(11,842,924)
Payment for dental benefit claims	-	(1,195,695)	(1,195,695)	(1,092,784)
Net cash flows from operating activities	<u>(463,753)</u>	<u>92,917</u>	<u>(370,836)</u>	<u>1,932,358</u>
Cash flows from investing activities				
Investment income received	<u>168,331</u>	<u>13,390</u>	<u>181,721</u>	<u>29,471</u>
Net change in cash and cash equivalents	(295,422)	106,307	(189,115)	1,961,829
Cash and cash equivalents				
Beginning of year	<u>10,150,267</u>	<u>774,980</u>	<u>10,925,247</u>	<u>8,963,418</u>
End of year	<u>\$ 9,854,845</u>	<u>\$ 881,287</u>	<u>\$ 10,736,132</u>	<u>\$ 10,925,247</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (382,760)	\$ 25,154	\$ (357,606)	\$ 1,079,259
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Due from other funds	-	-	-	493,995
Accounts payable	(2,263)	40,895	38,632	30,800
Unearned revenue	37,693	4,638	42,331	9,753
Claims payable	<u>(116,423)</u>	<u>22,230</u>	<u>(94,193)</u>	<u>318,551</u>
Net cash flows from operating activities	<u>\$ (463,753)</u>	<u>\$ 92,917</u>	<u>\$ (370,836)</u>	<u>\$ 1,932,358</u>

SECTION III – STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 272's (the District) Annual Comprehensive Financial Report (ACFR) 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 ACFR 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 ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 46,150,573	\$ 49,968,770	\$ 46,495,778	\$ 43,813,793
Restricted	5,314,896	4,820,097	4,148,442	4,598,772
Unrestricted	12,945,749	(65,730,130)	(59,580,118)	(100,181,524)
Total governmental activities net position	<u>\$ 64,411,218</u>	<u>\$ (10,941,263)</u>	<u>\$ (8,935,898)</u>	<u>\$ (51,768,959)</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 41,716,939	\$ 38,506,213	\$ 36,712,713	\$ 38,298,795	\$ 41,428,049	\$ 41,081,927
3,970,336	3,450,332	1,886,182	8,176,157	9,956,996	13,588,788
<u>(124,901,677)</u>	<u>(87,950,660)</u>	<u>(91,867,161)</u>	<u>(90,389,136)</u>	<u>(84,902,075)</u>	<u>(62,583,791)</u>
<u>\$ (79,214,402)</u>	<u>\$ (45,994,115)</u>	<u>\$ (53,268,266)</u>	<u>\$ (43,914,184)</u>	<u>\$ (33,517,030)</u>	<u>\$ (7,913,076)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	2014	2015	2016	Fiscal Year 2017
Governmental activities				
Expenses				
Administration	\$ 3,659,478	\$ 3,318,266	\$ 3,827,612	\$ 4,736,758
District support services	6,767,218	6,168,708	5,337,689	5,682,115
Elementary and secondary regular instruction	53,878,287	53,765,254	59,627,119	82,848,774
Vocational education instruction	1,698,280	1,845,940	1,929,401	2,875,255
Special education instruction	17,107,046	18,620,390	19,886,753	27,120,384
Instructional support services	7,971,692	7,201,154	7,722,877	9,535,521
Pupil support services	9,376,195	9,119,888	8,897,020	10,719,258
Sites and buildings	11,067,099	11,811,681	13,696,744	14,574,619
Fiscal and other fixed cost programs	368,206	329,667	252,593	312,351
Food service	4,908,136	4,919,568	4,893,018	5,084,197
Community service	5,811,208	4,156,097	4,492,095	6,168,308
Interest and fiscal charges	2,743,155	2,034,145	2,442,183	2,315,611
Total governmental activities expenses	<u>125,356,000</u>	<u>123,290,758</u>	<u>133,005,104</u>	<u>171,973,151</u>
Program revenues				
Charges for services				
Elementary and secondary regular instruction	4,084,921	1,385,244	1,455,096	1,086,487
Special education instruction	433,841	463,135	883,511	843,310
Pupil support services	148,748	127,424	128,862	120,717
Sites and buildings	71,671	38,760	83,193	38,813
Food service	3,090,246	3,046,821	3,183,516	3,282,523
Community service	3,462,217	2,131,108	2,427,585	2,946,131
Operating grants and contributions	18,304,009	17,531,443	19,955,518	20,243,863
Capital grants and contributions	383,805	886,495	869,776	744,095
Total governmental activities program revenues	<u>29,979,458</u>	<u>25,610,430</u>	<u>28,987,057</u>	<u>29,305,939</u>
Net (expense) revenue	(95,376,542)	(97,680,328)	(104,018,047)	(142,667,212)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	16,665,577	25,962,472	33,216,511	33,659,448
Property taxes, levied for community service	721,453	1,171,597	1,006,495	1,011,306
Property taxes, levied for debt service	12,206,366	12,320,333	7,746,601	7,833,737
General grants and aids	68,326,914	60,176,831	61,289,944	65,912,935
Miscellaneous	1,526,787	2,749,324	2,665,055	2,492,689
Unrestricted investment earnings (charges)	238,990	35,877	98,806	240,592
Gain on sale of capital assets	22,966	-	-	-
Total general revenues and other changes in net position	<u>99,709,053</u>	<u>102,416,434</u>	<u>106,023,412</u>	<u>111,150,707</u>
Change in net position	<u>\$ 4,332,511</u>	<u>\$ 4,736,106</u>	<u>\$ 2,005,365</u>	<u>\$ (31,516,505)</u>

2018	2019	2020	2021	2022	2023
\$ 4,520,405	\$ 2,852,678	\$ 3,949,663	\$ 3,980,844	\$ 4,128,183	\$ 3,655,253
5,860,095	6,583,609	6,472,025	6,676,889	7,563,582	10,130,596
80,606,299	37,173,654	65,891,819	61,082,057	63,777,351	52,762,413
2,799,977	2,020,289	2,852,493	2,685,131	2,638,448	2,174,701
26,612,680	14,259,908	21,849,529	22,133,695	20,194,009	18,300,983
8,946,008	7,114,901	10,049,498	10,410,693	9,321,195	9,735,846
10,510,787	8,559,073	9,856,855	9,867,763	10,270,044	12,516,027
15,048,481	15,317,919	18,815,863	15,633,381	16,166,096	17,883,620
381,996	476,818	391,759	409,603	486,222	530,509
4,983,613	4,917,671	4,722,595	3,584,309	5,223,293	5,645,599
6,674,630	7,449,706	7,941,070	5,858,097	6,824,657	7,466,497
2,181,273	2,011,137	3,484,725	2,927,736	2,959,221	3,067,315
<u>169,126,244</u>	<u>108,737,363</u>	<u>156,277,894</u>	<u>145,250,198</u>	<u>149,552,301</u>	<u>143,869,359</u>
1,308,532	1,048,161	908,656	536,082	2,139,532	1,472,709
326,560	312,860	184,457	179,824	226,363	190,980
118,929	119,335	79,691	31,455	92,281	–
123,089	80,657	141,160	122,638	118,080	170,524
3,414,483	3,298,481	2,376,776	281,143	979,752	2,876,406
3,714,217	5,849,105	4,893,709	3,255,416	5,430,770	6,793,678
20,056,189	20,140,103	22,112,519	25,241,395	26,361,088	25,245,177
2,562,744	1,194,380	1,123,755	1,806,435	961,016	1,902,610
<u>31,624,743</u>	<u>32,043,082</u>	<u>31,820,723</u>	<u>31,454,388</u>	<u>36,308,882</u>	<u>38,652,084</u>
(137,501,501)	(76,694,281)	(124,457,171)	(113,795,810)	(113,243,419)	(105,217,275)
34,452,614	35,330,344	37,483,741	36,967,459	39,546,476	41,269,733
839,740	836,313	974,111	1,063,574	1,139,894	1,199,871
7,891,071	8,889,131	7,899,851	10,069,323	9,185,248	8,075,161
63,786,229	61,010,762	67,105,133	72,603,961	71,381,077	75,413,506
2,566,249	2,905,552	2,066,406	2,005,400	2,457,975	2,902,365
520,155	942,466	1,562,411	440,175	(70,097)	1,960,593
–	–	–	–	–	–
<u>110,056,058</u>	<u>109,914,568</u>	<u>117,091,653</u>	<u>123,149,892</u>	<u>123,640,573</u>	<u>130,821,229</u>
<u>\$ (27,445,443)</u>	<u>\$ 33,220,287</u>	<u>\$ (7,365,518)</u>	<u>\$ 9,354,082</u>	<u>\$ 10,397,154</u>	<u>\$ 25,603,954</u>

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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			
	General Purposes	Community Service	Debt Service	Total
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
2021	36,967,459	1,063,574	10,069,323	48,100,356
2022	39,546,476	1,139,894	9,185,248	49,871,618
2023	41,269,733	1,199,871	8,075,161	50,544,765

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 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			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 952,663	\$ 422,808	\$ 462,195	\$ 717,276
Restricted	810,854	1,256,917	1,207,446	1,871,785
Assigned	1,834,953	3,036,146	2,727,888	2,409,257
Unassigned	<u>11,824,573</u>	<u>10,281,140</u>	<u>13,111,310</u>	<u>14,636,325</u>
Total General Fund	<u>\$ 15,423,043</u>	<u>\$ 14,997,011</u>	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>
All other governmental funds				
Nonspendable	\$ 111,767	\$ 154,926	\$ 199,906	\$ 186,341
Restricted	10,746,472	15,064,990	9,241,713	13,284,487
Unassigned, reported in special revenue funds	<u>—</u>	<u>(184,509)</u>	<u>(321,863)</u>	<u>(321,860)</u>
Total all other governmental funds	<u>\$ 10,858,239</u>	<u>\$ 15,035,407</u>	<u>\$ 9,119,756</u>	<u>\$ 13,148,968</u>
Total all governmental funds	<u>\$ 26,281,282</u>	<u>\$ 30,032,418</u>	<u>\$ 26,628,595</u>	<u>\$ 32,783,611</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 145,362	\$ 1,676,290	\$ 507,235	\$ 686,319	\$ 599,973	\$ 835,657
2,106,412	1,403,680	1,461,779	2,198,592	3,220,180	3,935,241
1,685,452	2,826,715	4,320,382	11,053,757	9,997,353	8,539,904
<u>16,349,250</u>	<u>15,751,476</u>	<u>17,207,918</u>	<u>17,811,019</u>	<u>17,040,479</u>	<u>16,254,607</u>
<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>	<u>\$ 23,497,314</u>	<u>\$ 31,749,687</u>	<u>\$ 30,857,985</u>	<u>\$ 29,565,409</u>
\$ 154,757	\$ 168,408	\$ 180,119	\$ 235,782	\$ 327,473	\$ 217,642
8,120,963	12,316,795	40,319,586	17,595,003	7,369,755	19,278,697
<u>(304,323)</u>	<u>—</u>	<u>(158,931)</u>	<u>(224,649)</u>	<u>—</u>	<u>—</u>
<u>\$ 7,971,397</u>	<u>\$ 12,485,203</u>	<u>\$ 40,340,774</u>	<u>\$ 17,606,136</u>	<u>\$ 7,697,228</u>	<u>\$ 19,496,339</u>
<u>\$ 28,257,873</u>	<u>\$ 34,143,364</u>	<u>\$ 63,838,088</u>	<u>\$ 49,355,823</u>	<u>\$ 38,555,213</u>	<u>\$ 49,061,748</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Property taxes	\$ 29,522,943	\$ 39,380,714	\$ 42,043,669	\$ 42,513,230
Investment earnings (charges)	238,771	35,818	98,544	235,548
Other	12,469,887	10,254,894	11,199,258	11,196,024
State sources	82,458,725	74,137,366	77,667,614	78,997,964
Federal sources	4,032,872	3,987,082	4,075,184	4,366,037
Total revenues	<u>128,723,198</u>	<u>127,795,874</u>	<u>135,084,269</u>	<u>137,308,803</u>
Expenditures				
Current				
Administration	3,721,836	3,339,290	3,584,683	3,685,730
District support services	6,578,632	6,252,752	5,494,082	5,420,285
Elementary and secondary regular instruction	52,490,337	52,144,459	57,391,706	57,571,373
Vocational education instruction	1,855,742	1,868,424	1,946,168	2,198,932
Special education instruction	17,512,064	18,874,537	19,999,874	19,933,386
Instructional support services	7,803,481	7,278,407	7,755,337	7,470,572
Pupil support services	8,983,572	9,048,612	9,002,606	9,574,415
Sites and buildings	8,831,002	8,953,223	11,225,225	10,607,283
Fiscal and other fixed cost programs	368,206	329,667	252,593	312,351
Food service	5,080,318	4,806,685	4,834,354	4,903,381
Community service	5,758,648	4,052,806	4,469,778	5,547,410
Capital outlay	4,945,754	6,069,185	5,738,416	6,830,546
Debt service				
Principal	11,313,922	13,544,547	7,424,957	9,790,936
Interest and fiscal charges	3,291,854	2,915,695	2,760,168	2,583,448
Total expenditures	<u>138,535,368</u>	<u>139,478,289</u>	<u>141,879,947</u>	<u>146,430,048</u>
Excess of revenues over (under) expenditures	(9,812,170)	(11,682,415)	(6,795,678)	(9,121,245)
Other financing sources (uses)				
Finance purchases issued	3,949,384	2,925,198	3,321,304	2,620,690
Lease issued	-	-	-	-
Debt issued	-	10,310,000	-	10,940,000
Premium on debt issued	-	263,301	-	326,471
(Discount) on debt issued	-	-	-	-
Payment on refunded debt	-	-	-	-
Sale of capital assets	22,966	1,935,052	70,551	1,389,100
Insurance recovery	871,675	-	-	-
Transfer in	345,710	213,684	187,683	162,423
Transfer (out)	(345,710)	(213,684)	(187,683)	(162,423)
Total other financing sources (uses)	<u>4,844,025</u>	<u>15,433,551</u>	<u>3,391,855</u>	<u>15,276,261</u>
Net change in fund balances	<u>\$ (4,968,145)</u>	<u>\$ 3,751,136</u>	<u>\$ (3,403,823)</u>	<u>\$ 6,155,016</u>
Debt service as a percentage of noncapital expenditures	<u>11.3%</u>	<u>12.6%</u>	<u>7.7%</u>	<u>9.0%</u>

2018	2019	2020	2021	2022	2023
\$ 43,113,033	\$ 45,070,839	\$ 46,293,901	\$ 48,341,731	\$ 49,582,452	\$ 50,727,964
502,542	873,891	1,497,305	437,482	(104,802)	1,758,877
11,841,851	13,820,831	10,891,879	6,143,412	11,582,518	14,707,488
80,447,376	82,421,906	85,399,143	85,554,833	87,880,626	90,891,837
4,260,545	4,094,548	4,681,309	12,911,731	10,901,733	9,900,434
<u>140,165,347</u>	<u>146,282,015</u>	<u>148,763,537</u>	<u>153,389,189</u>	<u>159,842,527</u>	<u>167,986,600</u>
3,742,489	3,821,305	3,866,118	3,963,186	4,398,769	4,314,871
5,793,381	6,614,803	6,382,404	6,580,214	7,431,664	9,725,172
56,621,307	55,929,788	60,587,905	55,797,331	64,538,489	63,478,132
2,226,472	2,621,806	2,768,252	2,608,998	2,741,151	2,637,381
21,373,181	20,817,558	21,280,844	21,733,158	21,432,555	22,210,690
7,421,018	8,816,341	9,872,363	10,288,448	9,834,100	11,082,005
9,481,647	10,058,348	10,051,078	10,008,666	10,359,843	12,745,943
11,870,809	11,583,684	13,242,276	13,058,211	15,481,390	16,810,462
381,996	476,818	391,759	409,603	486,222	530,509
4,872,931	4,999,856	4,668,771	3,619,295	5,170,666	5,457,859
6,252,847	8,082,430	7,866,888	5,928,843	7,130,524	7,855,668
4,391,705	5,873,791	11,572,617	34,833,668	15,030,205	7,419,170
7,767,965	8,317,049	7,419,298	7,126,171	7,022,886	6,812,395
2,577,313	2,401,758	3,432,915	3,540,392	3,596,267	3,288,931
<u>144,775,061</u>	<u>150,415,335</u>	<u>163,403,488</u>	<u>179,496,184</u>	<u>174,654,731</u>	<u>174,369,188</u>
(4,609,714)	(4,133,320)	(14,639,951)	(26,106,995)	(14,812,204)	(6,382,588)
–	–	3,354,150	–	2,422,250	–
–	–	–	–	1,287,803	–
–	18,405,000	37,765,000	26,285,000	–	15,010,000
–	550,011	3,013,235	1,803,574	–	1,823,932
–	–	–	(21,754)	–	–
–	(8,960,000)	–	(16,910,000)	–	–
83,976	23,800	110,923	467,910	276,663	47,687
–	–	–	–	24,878	7,504
178,419	151,257	221,638	889,510	3,271,224	17,485
(178,419)	(151,257)	(221,638)	(889,510)	(3,271,224)	(17,485)
<u>83,976</u>	<u>10,018,811</u>	<u>44,243,308</u>	<u>11,624,730</u>	<u>4,011,594</u>	<u>16,889,123</u>
<u>\$ (4,525,738)</u>	<u>\$ 5,885,491</u>	<u>\$ 29,603,357</u>	<u>\$ (14,482,265)</u>	<u>\$ (10,800,610)</u>	<u>\$ 10,506,535</u>
<u>7.4%</u>	<u>7.4%</u>	<u>7.1%</u>	<u>7.5%</u>	<u>6.7%</u>	<u>6.2%</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Property Tax			
	General Fund	Community Service Fund	Debt Service Fund	Total
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
2021	37,156,080	1,068,589	10,117,062	48,341,731
2022	39,318,935	1,133,396	9,130,121	49,582,452
2023	41,409,487	1,203,889	8,114,588	50,727,964

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 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
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
2021	7,873,430,100	3,248,404,900	11,121,835,000	10,715,931,040	21.72
2022	7,786,468,900	3,646,337,700	11,432,806,600	11,093,544,120	21.00
2023	9,232,160,900	2,564,850,600	11,797,011,500	12,555,280,521	19.24

(1) Source: City of Eden Prairie assessor. Includes all properties within the city boundaries. This breakdown is not available for property within the 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 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
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%
2021	13.146%	0.946%	7.625%	21.717%	41.335%	22.113%
2022	13.446%	0.975%	6.574%	20.995%	42.351%	22.414%
2023	12.832%	0.874%	5.537%	19.243%	39.422%	20.196%

(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
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%
31.589%	28.939%	2.268%	38.210%	2.793%	2.752%	99.329%
32.475%	29.088%	2.240%	38.535%	2.787%	2.822%	99.854%
29.039%	28.194%	2.880%	34.542%	2.473%	1.851%	90.028%

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INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 2,639,250	1	1.83 %	\$ 595,900	6	0.57 %
FPACP3 Eden LLC (Arrive Eden Prairie Apts)	1,836,263	2	1.27	–	–	–
WPT Land 2 LP (Kroll Ontrack Campus)	1,713,180	3	1.19	–	–	–
REEP-MF Fountain Place LLC (Fountain Place Apts.)	1,168,752	4	0.81	–	–	–
Eden Prairie Center LLC	1,078,910	5	0.75	–	–	–
Virtus Technology MOB LLC	897,190	6	0.62	–	–	–
RH Eden Prairie LLC (Renew Apts)	839,188	7	0.58	–	–	–
TP Elevate LLC	836,105	8	0.58	–	–	–
Park at City West Apartments	700,738	9	0.49	–	–	–
FPACP3 Watertower LLC (Watertower Apts)	653,650	10	0.45	–	–	–
Liberty Property LTD Partnership	–	–	–	2,705,640	1	2.61
Eden Prairie Mall LLC	–	–	–	2,374,250	2	2.29
AGNL Health (Optum Campus)	–	–	–	797,210	3	0.77
CPE Holding 32607 LLC	–	–	–	692,690	4	0.67
PRIT Core Realty Holdings LLC	–	–	–	635,001	5	0.61
Lifetouch, Inc.	–	–	–	579,512	7	0.56
Gelco Corp.	–	–	–	553,240	8	0.53
Windsor Plaza LLC	–	–	–	536,304	9	0.52
IRET Properties	–	–	–	508,990	10	0.49
Total principal taxpayers	12,363,226		8.57	9,978,737		9.61
All other taxpayers	131,890,615		91.43	93,820,902		90.39
Total	\$ 144,253,841		100.00 %	\$ 103,799,639		100.00 %

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
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
2021	38,927,029	1,146,519	9,241,236	–	49,314,784	24,700,000	50.1
2022	41,031,592	1,211,627	8,169,706	–	50,412,925	25,500,000	50.6
2023	47,653,698	1,262,339	7,997,414	–	56,913,451	28,700,000	50.4

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	Outstanding Current Taxes	Percent
	Total Tax Collection	Percentage of Levy				
\$ 19,658,372	\$ 39,455,113	100.0 %	\$ -	- %	\$ -	- %
21,502,779	42,242,252	100.0	-	-	-	-
21,142,057	42,550,574	99.9	53,798	0.1	-	-
21,642,941	43,487,300	100.0	2,961	-	-	-
20,279,787	44,879,787	100.0	10,086	-	-	-
23,168,952	46,668,952	100.0	16,810	-	-	-
24,987,120	48,187,120	100.0	21,576	-	-	-
24,539,909	49,239,909	99.8	74,875	0.2	-	-
24,783,781	50,283,781	99.7	129,144	0.3	-	-
-	28,700,000	50.4	<u>-</u>	-	<u>28,213,451</u>	49.6
			<u>\$ 309,250</u>		<u>\$ 28,213,451</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Improvement Loans	Financed Purchase	Lease			
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
2021	103,520,125	-	1,673,465	-	105,193,590	-	1,651
2022	97,142,125	-	3,259,542	1,420,653	101,822,320	-	1,586
2023	108,547,428	-	1,728,439	-	110,275,867	-	1,719

(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
2014	\$ 67,533,863	\$ 786,744	\$ 66,747,119	\$8,004,131,794	0.83 %	62,004	\$ 1,076
2015	67,926,290	764,935	67,161,355	8,402,678,939	0.80	62,729	1,071
2016	62,311,892	522,897	61,788,995	8,898,122,781	0.69	62,593	987
2017	67,930,803	795,792	67,135,011	9,129,810,474	0.74	63,914	1,050
2018	61,744,640	389,446	61,355,194	9,476,978,643	0.65	63,163	971
2019	64,869,056	844,841	64,024,215	9,927,938,697	0.64	63,726	1,005
2020	99,445,559	101,512	99,344,047	10,389,399,230	0.96	63,456	1,566
2021	103,520,125	611,780	102,908,345	10,715,931,040	0.96	63,726	1,615
2022	97,142,125	517,032	96,625,093	11,093,544,120	0.87	64,198	1,505
2023	108,547,428	845,398	107,702,030	12,555,280,521	0.86	64,142	1,679

- (1) Presented net of issuance premiums and discounts.
- (2) Amount is the governmental activities net position restricted for debt service.
- (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, 2023

Governmental Unit	2022-2023 Taxable Net Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 144,223,821	\$ 110,275,867	100.00 %	\$ 110,275,867
Overlapping debt				
Hennepin County	2,672,668,521	1,027,985,000	4.65	47,790,361
City of Bloomington	195,222,513	67,025,000	0.25	167,886
City of Chanhassen	66,377,962	3,015,000	1.60	48,211
City of Eden Prairie	151,344,100	16,715,000	78.20	13,070,540
City of Edina	176,689,928	44,593,000	0.67	298,871
Metropolitan Council	5,878,109,833	238,225,000	2.06	4,907,082
Three Rivers Park District	1,911,697,254	49,390,000	6.33	3,128,193
Total overlapping debt				69,411,144
Total direct and overlapping debt				\$ 179,687,011

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			
	2014	2015	2016	2017
Debt limit	\$ 1,247,515	\$ 1,285,487	\$ 1,354,606	\$ 1,388,302
Total debt applicable to the limit	65,610	66,315	60,970	66,540
Legal debt margin	<u>\$ 1,181,905</u>	<u>\$ 1,219,172</u>	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>
Total debt applicable to the limit as a percentage of debt limit	5.26%	5.16%	4.50%	4.79%

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

2018	2019	2020	2021	2022	2023
\$ 1,438,249	\$ 1,503,556	\$ 1,570,049	\$ 1,618,221	\$ 1,672,218	\$ 1,914,284
60,645	63,630	94,164	96,511	90,920	100,355
<u>\$ 1,377,604</u>	<u>\$ 1,439,926</u>	<u>\$ 1,475,885</u>	<u>\$ 1,521,710</u>	<u>\$ 1,581,298</u>	<u>\$ 1,813,929</u>
4.22%	4.23%	6.00%	5.96%	5.44%	5.24%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$ 12,761,891
Debt limit (15% of market value)	1,914,284
Debt applicable to the limit	
General obligation bonds	102,535
Less amount set aside for repayment of general obligation debt	<u>(2,180)</u>
Total net debt applicable to the limit	<u>100,355</u>
Legal debt margin	<u>\$ 1,813,929</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)			
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
2021	63,726	-	-		8,534	3.4
2022	64,198	-	-		8,748	2.8
2023	64,142	-	-		8,834	1.7

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

Note: Enrollment is as of October 1.

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Optum	3,312	1	17.55 %	4,000	1	29.69 %
Eden Prairie Mall LLC	2,329	2	12.34	–	–	–
ISD No. 272 (Eden Prairie)	2,329	2	12.34	1,500	3	11.13
C.H. Robinson	2,200	4	11.66	1,517	2	11.26
United Natural Foods, Inc.	2,000	5	10.60	–	–	–
Starkey Labs	1,500	6	7.95	1,440	4	10.69
Emerson Process Management	1,500	6	7.95	–	–	–
Tennant Company	1,500	6	7.95	–	–	–
Element Fleet Management	1,200	9	6.36	–	–	–
MTS Systems Corporation	1,000	10	5.30	808	8	6.00
Cigna	–	–	–	950	5	7.05
Eaton	–	–	–	850	6	6.31
SuperValu Stores, Inc.	–	–	–	850	6	6.31
Kroll Ontrack	–	–	–	808	8	6.00
Dell-Compellent	–	–	–	750	10	5.57
Total	18,870		100.00 %	13,473		100.00 %
Total ISD No. 272 population (see the Demographic and Economic Statistics)	64,142			62,004		
Percent of principal employers to total ISD No. 272 population	29.4%			21.7%		

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			
	2014	2015	2016	2017
Administrative staff	23.7	24.5	24.5	20.8
Support service staff	56.6	51.0	53.0	51.9
Classroom teachers	548.9	544.9	570.7	558.2
Special education teachers	21.7	19.0	20.7	25.5
Total	650.9	639.4	668.9	656.4

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

2018	2019	2020	2021	2022	2023
19.8	21.0	22.0	22.0	23.0	26.0
53.5	54.8	53.7	51.2	51.4	59.0
557.2	558.8	561.0	557.3	560.0	570.3
34.1	34.6	35.4	35.8	41.2	43.5
<u>664.6</u>	<u>669.2</u>	<u>672.1</u>	<u>666.3</u>	<u>675.6</u>	<u>698.8</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Total Governmental Funds Expenditures</u>	<u>Cost per Pupil</u>	<u>Per Pupil Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
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
2021	8,534	179,496,184	21,033	12.7	557.3	15.3
2022	8,748	174,654,731	19,965	(5.1)	560.0	15.6
2023	8,834	174,369,188	19,738	(1.1)	570.3	15.5

Note: Enrollment is as of October 1.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Elementary Schools				
Eden Lake (1987)				
Enrollment (1)	900.91	881.27	727.95	803.15
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	724.90	752.10	773.48	636.19
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	658.30	657.17	682.87	709.83
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	776.56	750.92	723.29	673.38
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)	782.16	757.16	757.58	738.30
Eagle Heights Spanish Immersion				
Enrollment (1)	814.63	808.76	814.13	824.38
EP Distance Learning Academy (2021)				
Enrollment (1)	-	-	-	-
Middle School				
Central Middle School (1960)				
Enrollment (1)	1,424.11	1,415.40	1,377.65	1,368.09
Square feet	242,699	242,699	242,699	242,699
High School				
Eden Prairie High School (1981)				
Enrollment (1)	2,929.31	3,026.64	2,893.37	2,989.96
Square feet	693,771	693,771	693,771	693,771
Total enrollment	9,010.88	9,049.42	8,750.32	8,743.28
Total square feet	1,629,488	1,629,488	1,629,488	1,629,488
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.

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.

2018	2019	2020	2021	2022	2023
823.88	773.34	779.38	550.65	624.45	653.24
110,469	110,469	110,469	110,469	110,469	110,469
650.28	694.65	617.64	398.54	511.80	529.28
93,000	93,000	93,000	93,000	93,000	93,000
727.42	728.39	753.58	557.67	630.98	621.08
95,063	95,063	95,063	95,063	95,063	95,063
631.72	641.40	632.36	450.16	492.70	473.60
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
740.28	742.68	813.15	499.09	586.71	654.65
830.05	825.85	815.57	798.88	677.39	712.96
–	–	–	1,029.30	516.97	439.09
1,341.93	1,317.97	1,321.25	1,317.16	1,893.18	1,912.46
242,699	242,699	242,699	242,699	334,358	334,358
2,937.77	2,962.76	2,904.26	2,825.94	2,769.89	2,757.32
693,771	693,771	693,771	693,771	693,771	693,771
8,683.33	8,687.04	8,637.19	8,427.39	8,704.07	8,753.68
1,629,488	1,629,488	1,629,488	1,629,488	1,721,147	1,721,147
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>
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
2021	5,153	746,803	–	746,803	–
2022	11,097	1,174,180	–	1,174,180	–
2023	11,253	1,011,659	603,281	359,576	48,802

<u>Year Ended June 30,</u>	<u>Student Regular Lunch Prices</u>		
	<u>Elementary</u>	<u>Middle</u>	<u>High School (1)</u>
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
2021	3.00	3.35	3.35
2022	3.00	3.35	3.35
2023	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	
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	133.61	574.92	3,788.77	4,337.11	8,834.41	9,701.86
2021	118.77	542.26	3,700.07	4,237.29	8,598.39	9,445.85
2022	147.16	565.49	3,816.49	4,408.51	8,937.65	9,819.37
2023	154.92	563.95	3,827.78	4,439.85	8,986.50	9,874.47

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 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2023	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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Management Report
for
Independent School District No. 272
Eden Prairie, Minnesota
June 30, 2023

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PRINCIPALS

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Victoria L. Holinka, CPA/CMA
Jaelyn M. Huegel, CPA
Kalen T. Karnowski, CPA

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, 2023. We have organized this report into the following sections:

- Audit Summary
- Financial Trends in Public Education in Minnesota
- Financial Trends of Your District
- 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 10, 2023

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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, 2023. 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 OPINIONS AND FINDINGS

Based on our audit of the District's basic financial statements for the year ended June 30, 2023:

- We have issued unmodified opinions on the District's basic financial statements.
- 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 indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no deficiencies in the District's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported three findings based on our testing of the District’s compliance with Minnesota laws and regulations:
 1. For 2 of 40 disbursements tested, the District was not in compliance with Minnesota Statutes requiring payment of invoices within 35 days from the receipt of goods or services, or the invoices for goods or services, for districts with governing boards that meet at least once a month.
 2. For 1 of 6 contracts selected for testing that were completed during the 2023 fiscal year, the statutory requirement to obtain a Form IC134 or Contractor’s Withholding Affidavit prior to making the final payment to a contractor, was not met.
 3. For 1 of 3 contracts selected for testing that were awarded during the year, the District did not obtain performance and payment bonds from the contractor as required by state statutes.

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, 2023.

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 Governmental Accounting Standards Board 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/amortization 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management 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 10, 2023.

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 supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information accompanying the financial statements and the separately issued Schedule of Expenditures of Federal Awards and Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplemental 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 supplemental 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.

FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

This section provides some state-wide funding and financial trends in public education in Minnesota.

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 two fiscal years. The 2023 Legislature approved per pupil increases of \$275 for fiscal 2024 and \$143 for fiscal 2025. 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 2.00 percent, state-wide.

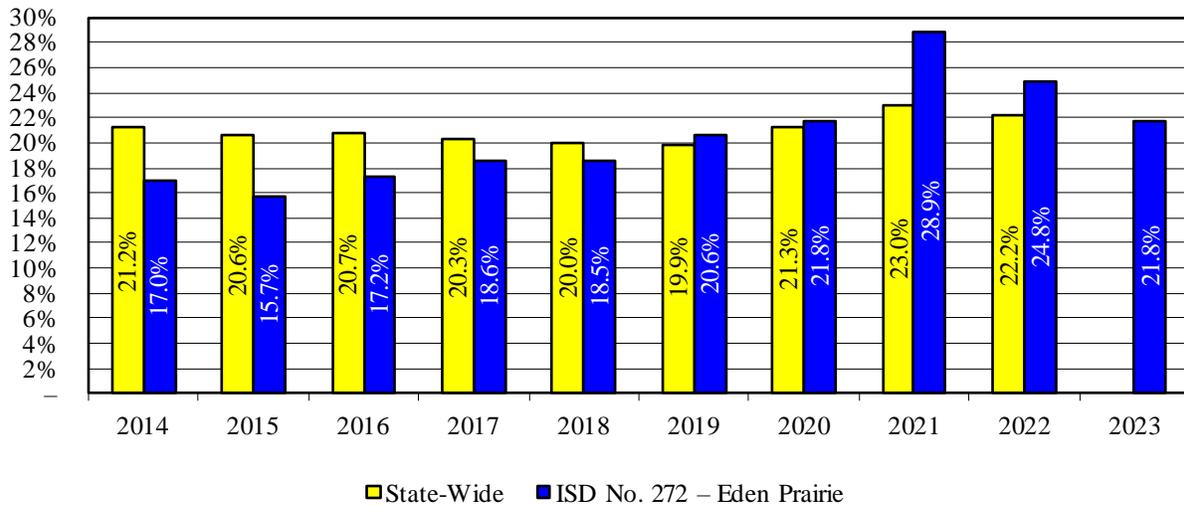
Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.50 %
2015	\$ 5,831	2.00 %
2016	\$ 5,948	2.00 %
2017	\$ 6,067	2.00 %
2018	\$ 6,188	2.00 %
2019	\$ 6,312	2.00 %
2020	\$ 6,438	2.00 %
2021	\$ 6,567	2.00 %
2022	\$ 6,728	2.45 %
2023	\$ 6,863	2.00 %
2024	\$ 7,138	4.00 %
2025	\$ 7,281	2.00 %

For fiscal 2026 and beyond, the actual increase will be equal to the Consumer Price Index-Urban (CPI-U), with a floor of 2.00 percent and a cap of 3.00 percent. CPI-U is determined based upon the prior two fourth-quarter totals. The inclusion of inflationary increases to this formula does not prevent future legislative increases from being approved.

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.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2023.

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.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 21.2 percent at the end of fiscal 2014 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021. In 2022, the state-wide ratio decreased to 22.2 percent as districts returned to more traditional learning models and program operations with the relaxation of pandemic restrictions.

As of June 30, 2023, this ratio was 21.8 percent for the District, as compared to 24.8 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			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 4,311	\$ 4,374	\$ 4,577	
Other local sources	438	571	323	446	304	504	643	
State	10,514	10,504	10,517	10,536	9,835	9,668	9,929	
Federal	992	1,335	956	1,397	1,095	596	764	
Total General Fund	<u>14,520</u>	<u>15,055</u>	<u>15,207</u>	<u>15,885</u>	<u>15,545</u>	<u>15,142</u>	<u>15,913</u>	
Special revenue funds								
Food Service	576	803	568	770	390	713	631	
Community Service	612	731	684	836	672	901	1,077	
Debt Service Fund	<u>1,512</u>	<u>1,508</u>	<u>1,549</u>	<u>1,537</u>	<u>1,175</u>	<u>1,018</u>	<u>906</u>	
Total revenue	<u>\$ 17,220</u>	<u>\$ 18,097</u>	<u>\$ 18,008</u>	<u>\$ 19,028</u>	<u>\$ 17,782</u>	<u>\$ 17,774</u>	<u>\$ 18,527</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,618</u>	<u>8,990</u>	<u>9,047</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 \$167,612,608 in the governmental funds reflected above in fiscal 2023, an increase of \$7,834,432 (4.9 percent) from the prior year, or an increase of \$753 per ADM served. Revenues were up in each category of the General Fund as presented in the table above. General Fund state revenue increased \$261 per ADM, with increased enrollment and the increase in the basic formula allowance as discussed earlier. Property taxes increased \$203 per ADM, due to the increased levy. The availability and use of pandemic-related federal resources also contributed to the revenue increase in the General Fund. General Fund revenues in other local sources increased over the prior year, largely due to more investment earnings. The Food Service Special Revenue Fund was down with a decrease in federal reimbursement rates and the return to paid lunches. An increase in program participation contributed to the increase in the Community Service Special Revenue Fund. Debt Service Fund revenues decreased \$112 per ADM, due to a reduction in 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 and Post-Employment Benefits Debt Service Funds. 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			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
District and school administration	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 1,182	\$ 1,247	\$ 1,427	
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,390	6,852	6,956	
Vocational education instruction	197	210	179	191	301	304	292	
Special education instruction	2,626	2,724	2,792	2,883	2,522	2,384	2,454	
Instructional support services	812	816	917	939	1,017	1,001	1,097	
Pupil support services	1,228	1,429	1,285	1,558	1,083	1,138	1,387	
Sites and buildings and other	1,083	1,113	1,052	1,076	1,606	1,471	1,942	
Total General Fund – noncapital	13,328	14,035	13,957	14,785	14,101	14,397	15,555	
General Fund capital expenditures	793	876	815	897	438	923	505	
Total General Fund	14,121	14,911	14,772	15,682	14,539	15,320	16,060	
Special revenue funds								
Food Service	532	670	522	659	421	585	612	
Community Service	610	689	682	774	688	794	869	
Debt Service Fund	1,576	1,599	1,609	1,561	1,132	1,066	908	
Total expenditures	<u>\$ 16,839</u>	<u>\$ 17,869</u>	<u>\$ 17,585</u>	<u>\$ 18,676</u>	<u>\$ 16,780</u>	<u>\$ 17,765</u>	<u>\$ 18,449</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,618</u>	<u>8,990</u>	<u>9,047</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and seven-county metro area data: School District Profiles Report published by the MDE								

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs. The differences from program to program reflect the District’s particular character, such as its community service programs, as well as the fluctuations from year to year for such things as capital expenditures.

The District spent \$166,895,871 in the governmental funds reflected above in fiscal 2023, an increase of \$7,184,777 (4.5 percent) from the prior year, or an increase of \$684 per ADM served. General Fund expenditures, excluding capital, increased \$1,158 per ADM, with additional expenditures for sites and buildings and other (\$471 per ADM), due to increased long-term facilities maintenance projects in the current year. Pupil support services expenditures increased \$249 per ADM, due to increased transportation costs. General Fund capital expenditures decreased \$418 per ADM, due to the finance purchase issued to purchase technology equipment and the building lease issued in the prior year for space needs. Debt Service Fund expenditures decreased \$158 per ADM, consistent with the decrease in revenues.

SUMMARY

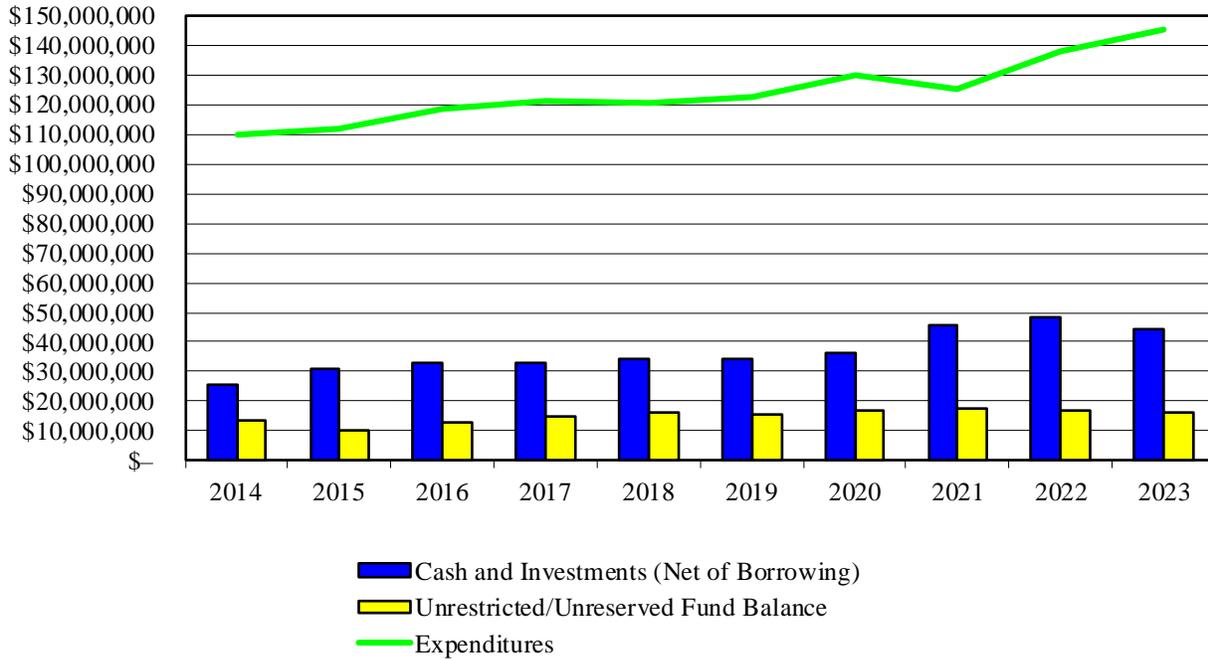
The COVID-19 pandemic caused numerous financial and operational challenges for districts in recent years; creating instability in student populations, requiring numerous shifts in the delivery of educational services, and resulting in substantial new and unfamiliar federal revenue streams, to name a few. Challenges remain, with tight labor markets, inflationary increases, and the end of many federal pandemic-related funding programs. District school boards, administrators, and employees continue to manage these issues, as districts strive to provide a safe and effective learning experience for their students.

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.

General Fund Financial Position
Year Ended June 30,



The General Fund cash balance (adjusted for interfund borrowing) at the end of fiscal year 2023 was \$44,505,698, a decrease of \$3,542,906 from the prior year.

Total fund balance at year-end was \$29,565,409, a decrease of \$1,292,576, compared to a decrease of \$4,725,225 approved in the final budget. The year-end unassigned fund balance was \$16,254,607.

GENERAL FUND COMPONENTS OF FUND BALANCE

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

	June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 1,676,290	\$ 507,235	\$ 686,319	\$ 599,973	\$ 835,657
Restricted fund balances (1)	1,403,680	1,461,779	2,198,592	3,220,180	3,935,241
Unrestricted fund balances					
Assigned	2,826,715	4,320,382	11,053,757	9,997,353	8,539,904
Unassigned	15,751,476	17,207,918	17,811,019	17,040,479	16,254,607
Total fund balance	\$ 21,658,161	\$ 23,497,314	\$ 31,749,687	\$ 30,857,985	\$ 29,565,409
Total expenditures	\$ 122,810,797	\$ 130,053,168	\$ 125,297,301	\$ 137,728,612	\$ 145,288,313
Unrestricted fund balances as a percentage of expenditures	<u>15.1%</u>	<u>16.6%</u>	<u>23.0%</u>	<u>19.6%</u>	<u>17.1%</u>
Unassigned fund balances as a percentage of expenditures	<u>12.8%</u>	<u>13.2%</u>	<u>14.2%</u>	<u>12.4%</u>	<u>11.2%</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, 2023, unrestricted fund balances in the General Fund represented 17.1 percent of annual expenditures, or slightly less than 9 weeks of operations, assuming level spending throughout the year.

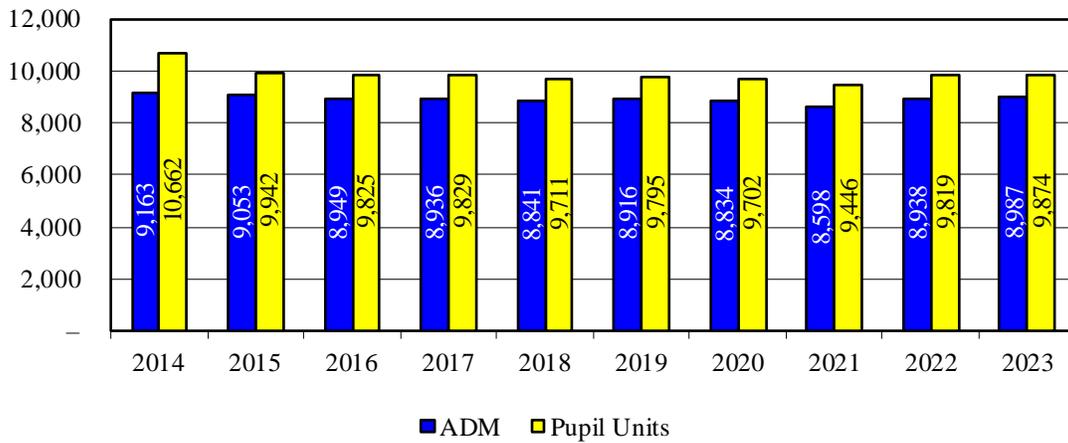
Minimum Fund Balance Policy

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, 2023, the unassigned fund balance of the General Fund was 13.9 percent of fiscal 2023 expenditures related to the unassigned fund balance category.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

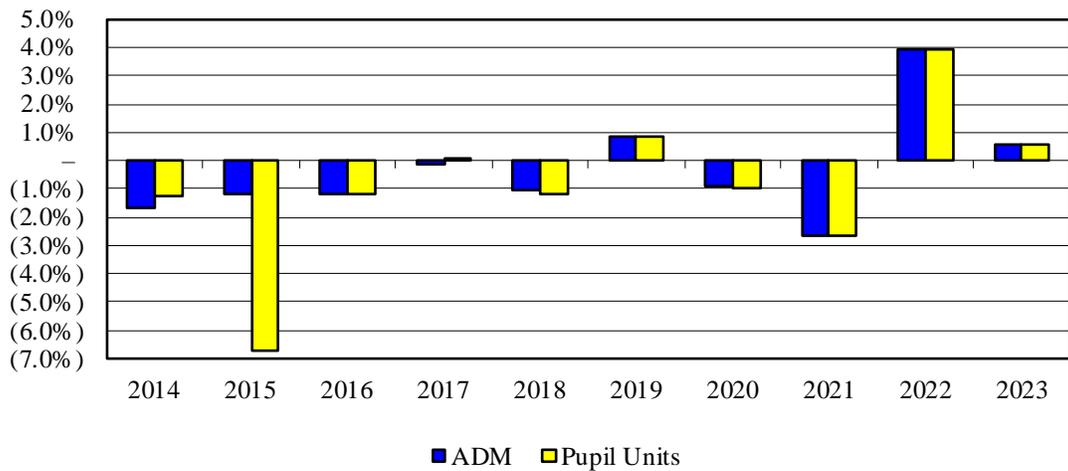
The following graph presents the District’s adjusted ADM and pupil units served for the past 10 years:

Adjusted ADM and Pupil Units Served



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:

Change in Adjusted ADM and Pupil Units Served



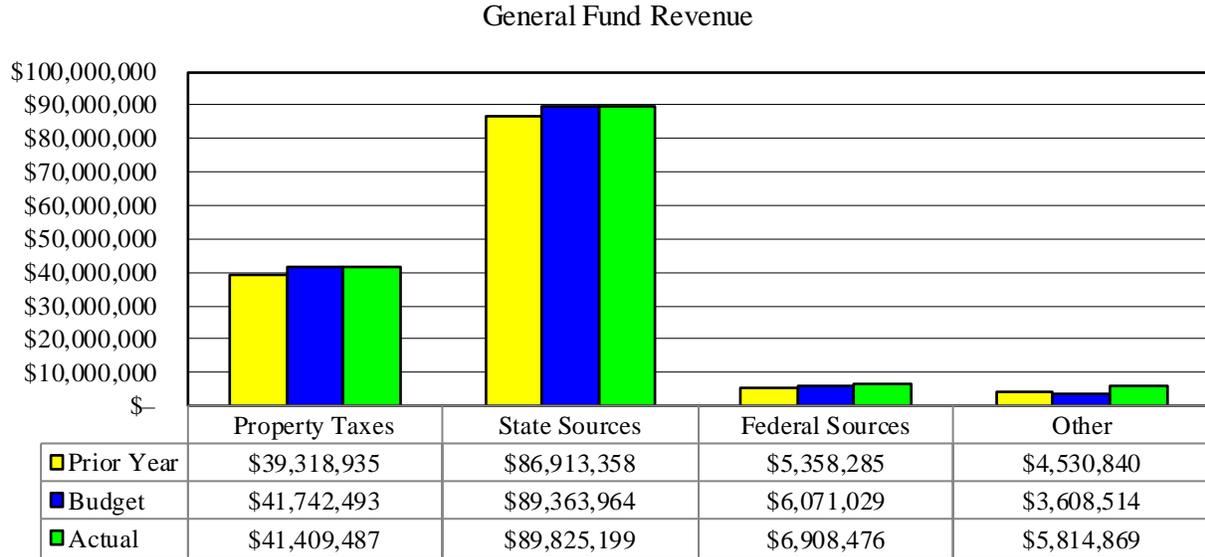
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

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 8,987 in 2023, an increase of 49 (0.5 percent) from the previous year. The resulting pupil units served by the District increased by 55 to 9,874.

GENERAL FUND REVENUES

The following graph summarizes the District's General Fund revenue for 2023:



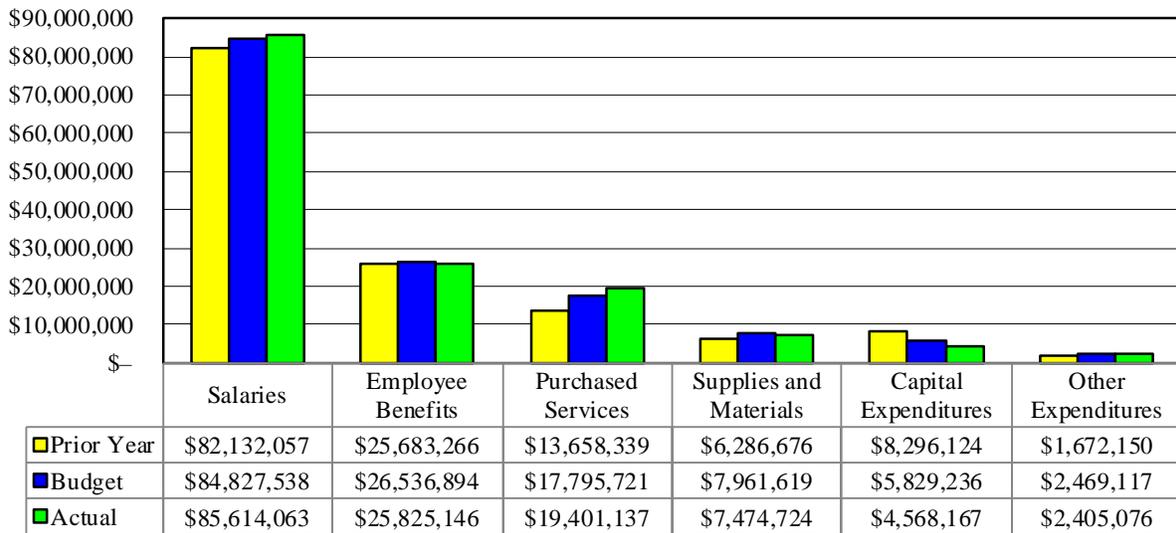
Total General Fund revenues were \$143,958,031 for the year ended June 30, 2023, which was \$3,172,031 (2.3 percent) over the final budget. Other local sources were \$2,206,355 over budget, mainly due to improved investment earnings in the current year and the District collecting more fees and charges than anticipated. Federal sources were over budget \$837,447, due to the timing of grant spending.

General Fund total revenues were \$7,836,613 (5.8 percent) more than the previous year. State sources were up \$2,911,841, due to funding improvements in the basic general education formula allowance and increased enrollment. Property tax revenue increased \$2,090,552, due to the increased levy in the current year. Federal sources were up, due to the increase in COVID-19 and special education entitlements. Revenues from other local sources increased with improved investment earnings in the current year.

GENERAL FUND EXPENDITURES

The following graph summarizes the District's General Fund expenditures for 2023:

General Fund Expenditures

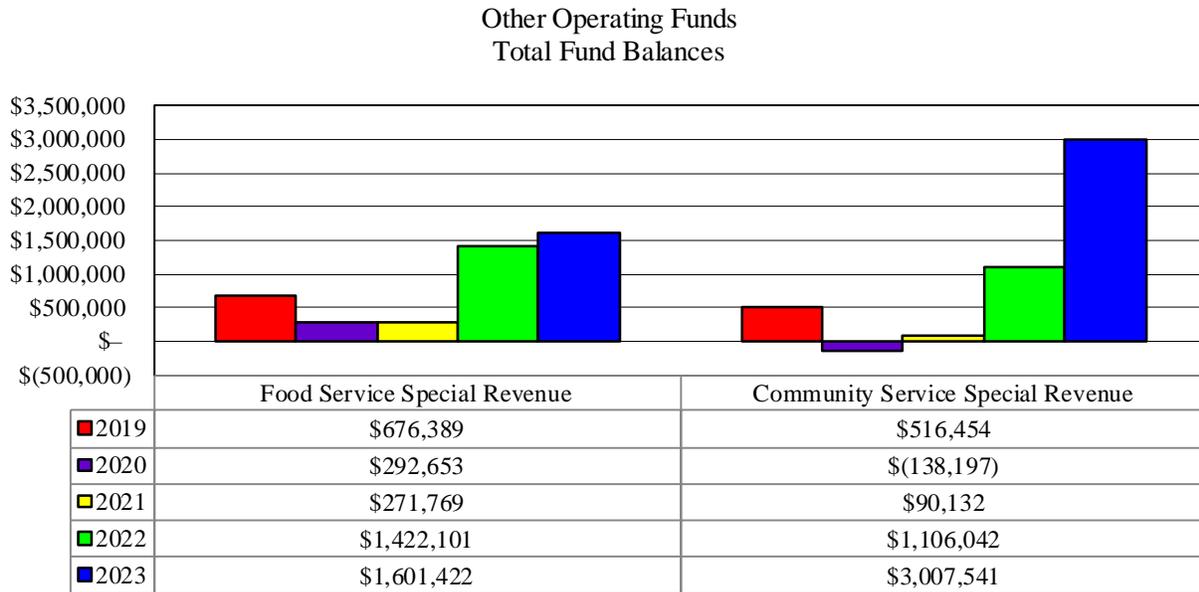


Total General Fund expenditures for 2023 were \$145,288,313, an increase of \$7,559,701 (5.5 percent) from the prior year. Personnel-related costs were \$3,623,886 (3.4 percent) higher than last year, mainly due to contractual increases and added support personnel positions throughout the District. Purchased services expenditures were \$5,742,798 higher than the previous year, mainly due to increased transportation costs. These increases were offset by a decrease in capital expenditures of \$3,727,957 (44.9 percent), mainly due to the finance purchase issued to finance technology products and the building lease issued in the prior year.

Total General Fund expenditures were under budget by \$131,812 (0.1 percent) in 2023, which was spread across several programs and object categories. Purchased services were \$1,605,416 over budget, mainly in pupil support services due to transportation costs. Capital expenditures were \$1,261,069 under budget, due to the timing of projects in the current year.

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 2023 with a fund balance of \$1,601,422, which is an increase of \$179,321 from last year, compared to a balanced budget. Food service revenue was \$5,711,732, which was over budget by \$492,422, mainly in federal sources. Total expenditures of \$5,532,411 were \$313,101 over budget, mainly in supplies and materials. Participation levels were difficult to anticipate with programming changes financing school nutrition programs, contributing to the variances in revenues and expenditures compared to budget and the prior year.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with a fund balance of \$3,007,541, an increase of \$1,901,499 from the prior year, compared to a budgeted increase of \$500,902. A current year transfer of \$17,485 was made from the General Fund to help support program activity in the Community Service Special Revenue Fund. Actual revenues were more than projected amounts by \$910,083, while actual expenditures were less than budget by \$474,529. Conservative budgeting for program participation and federal sources contributed to the revenue budget variance. Expenditures were under budget, mainly in salaries.

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. This would include the accumulation of fund balance for future capital improvements and to provide a cushion in the event of a negative trend in operations.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund reported a fund balance increase of \$9,253,485 in fiscal 2023, compared to a budgeted increase of \$8,871,366, due to the issuance of bonds to finance the acquisition and betterment of school sites and facilities. The year-end fund balance of \$12,707,633 is restricted for capital projects (\$1,160,831) and restricted for the long-term facilities maintenance (\$11,546,802).

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue’s financing plan. Fund balance increased \$464,806 in 2023 to a year-end balance of \$2,179,743, which is restricted to the payment of outstanding debt obligations of the District.

Internal Service Funds

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

At June 30, 2023, the Self-Insured Dental Benefits Internal Service Fund had accumulated \$881,287 of cash and investments (adjusted for interfund borrowing) available to pay future dental benefits for the participating members of the District, including estimated claims payable of \$43,163 accrued at year-end. The Self-Insured Dental Benefits Internal Service Fund ended the year with a net position of \$672,740.

At June 30, 2023, the Self-Insured Health Benefits Internal Service Fund had accumulated \$9,854,845 of cash and investments (adjusted for interfund borrowing) available to pay future health benefits for the participating members of the District, including estimated claims payable of \$635,974 accrued at year-end. The Self-Insured Health Benefits Internal Service Fund ended the year with a net position of \$8,165,968.

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 \$14,656,430 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,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 49,061,748	\$ 38,555,213	\$ 10,506,535
OPEB asset, net of deferments	4,192,217	3,680,654	511,563
Total capital assets, net of depreciation and amortization	136,921,722	136,536,679	385,043
Bonds, finance purchases, lease liability, and unamortized premiums/discount	(110,275,867)	(101,822,320)	(8,453,547)
Pension liability, net of deferments	(95,130,041)	(118,217,004)	23,086,963
Other adjustments	7,317,145	7,749,748	(432,603)
Total net position – governmental activities	<u>\$ (7,913,076)</u>	<u>\$ (33,517,030)</u>	<u>\$ 25,603,954</u>
Net position			
Net investment in capital assets	\$ 41,081,927	\$ 41,428,049	\$ (346,122)
Restricted	13,588,788	9,956,996	3,631,792
Unrestricted	<u>(62,583,791)</u>	<u>(84,902,075)</u>	<u>22,318,284</u>
Total net position	<u>\$ (7,913,076)</u>	<u>\$ (33,517,030)</u>	<u>\$ 25,603,954</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 and pensions.

Total net position increased \$25,603,954 in fiscal 2023. The District's net investment in capital assets decreased \$346,122 this year. The change in this category of net position is typically determined by the relationship between the depreciation/amortization of capital assets and the repayment of the debt issued to construct or acquire the assets.

Restricted net position increased \$3,631,792, primarily in amounts restricted for capital asset acquisition, food service, community service, debt service, other post-employment benefits, and other state funding restrictions.

Unrestricted net position increased \$22,318,284, 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.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62*

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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Special Purpose Audit Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day™

2023

Eden Prairie Schools | ISD #272 | Eden Prairie, MN
Fiscal Year Ending June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 272

Special Purpose Audit Reports
Year Ended June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
School Breakfast Program	10.553	\$ 249,456	
National School Lunch Program	10.555	<u>2,292,116</u>	
Total child nutrition cluster			\$ 2,541,572
COVID-19 – Pandemic EBT Administrative Costs	10.649		3,135
U.S. Department of the Treasury			
Passed through Minnesota Department of Education			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		170,510
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	\$ 1,935,243	
COVID-19 – Special Education Grants to States	84.027	<u>408,220</u>	
Total ALN 84.027			2,343,463
Special Education Preschool Grants	84.173	59,565	
COVID-19 – Special Education Preschool Grants	84.173	<u>35,375</u>	
Total ALN 84.173			94,940
Total special education cluster			2,438,403
Special Education – Grants for Infants and Families	84.181		17,788
Title I Grants to Local Educational Agencies	84.010		1,229,414
Supporting Effective Instruction State Grants	84.367		192,853
English Language Acquisition State Grants	84.365		94,532
Student Support and Academic Enrichment Program	84.424		69,886
Education Stabilization Fund			
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		65,749
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	<u>2,899,423</u>	
Total ALN 84.425			2,965,172
Passed through Independent School District No. 287			
Career and Technical Education – Basic Grants to States	84.048		18,800
U.S. Department of Health and Human Services			
Passed through Minnesota Department of Education			
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases	93.323		110,592
Passed through Minnesota Department of Human Services			
Child Care and Development Fund Cluster			
COVID-19 – Child Care and Development Block Grant	93.575		<u>49,508</u>
Total federal awards			<u>\$ 9,902,165</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 federal Assistance Listing Number (ALN) 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.

Note 4: The District had \$235,020 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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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, 2023, 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 10, 2023.

REPORT ON 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 a 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 or significant deficiencies may exist that have not been identified.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether 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 10, 2023



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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

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 272's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2023.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance requirements referred to above.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to on the previous page and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements. We issued our report thereon dated November 10, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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 10, 2023

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PRINCIPALS

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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, 2023, 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 10, 2023.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the District failed to comply with provisions of the contracting – bid laws and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to the Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2023-001, 2023-002, and 2023-003. Also, 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 depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. 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 RESPONSES TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District’s responses to the legal compliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

(continued)

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 10, 2023

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

What type of auditor’s report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major programs?

U.S. Department of Education – COVID-19 – Education Stabilization Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

Program or Cluster(s)	Federal ALN
U.S. Department of Education – COVID-19 – Education Stabilization Fund	84.425

Threshold for distinguishing type A and B programs. \$750,000

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, 2023

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2023-001 PAYMENT OF INVOICES

Criteria – Minnesota Statutes § 471.425 requires prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services, or the invoice for goods or services, for districts with governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, districts must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month.

Condition – Two of forty disbursements selected for testing were not paid within the required thirty-five days from the receipt of goods and services.

Questioned Costs – Not applicable.

Context – Two of forty disbursements tested were not paid within the required thirty-five-day period.

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

Cause – This was an oversight by district personnel.

Effect – Independent School District No. 272 (the District) did not pay claims within the timeframe allowed by state statutes.

Recommendation – We recommend that the District review its procedures for paying invoices to ensure that all bills are paid within the statutory time limit.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to processing disbursements to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2023-002 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 six contracts selected for testing prior to making final settlement during fiscal year 2023.

Questioned Costs – Not applicable.

Context – One of six 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 Commissioner of Revenue Form IC134 or a Contractor’s Withholding Affidavit 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 SCHOOL DISTRICT NO. 272

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2023-003 CONTRACT PERFORMANCE AND PAYMENT BONDS

Criteria – Minnesota Statutes § 574.26 requires that when contracting for construction services with a value exceeding \$175,000, the District is required to obtain performance and payment bonds from the contractor.

Condition – This requirement was not met for one such contract awarded during the year.

Questioned Costs – Not applicable.

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

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District’s interests in this contract were not protected by performance or payment bonds.

Recommendation – We recommend that the District obtain the required performance and payment bonds for all future contracts for construction services exceeding \$175,000.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to contract performance and payment bonds to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.



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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, 2023, 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 10, 2023.

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 10, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 272

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2023

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 143,958,031	\$ 143,958,029	\$ 2
Total expenditures		\$ 145,288,313	\$ 145,288,313	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 835,657	\$ 835,657	\$ –
Restricted				
401	Student activities	\$ 68,921	\$ 68,921	\$ –
402	Scholarships	\$ 27,567	\$ 27,567	\$ –
403	Staff development	\$ –	\$ –	\$ –
407	Capital projects levy	\$ 1,488,503	\$ 1,488,503	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ 2,041,334	\$ 2,041,334	\$ –
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	\$ 178,176	\$ 178,176	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
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	\$ 130,740	\$ 130,740	\$ –
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	\$ 8,539,904	\$ 8,539,904	\$ –
Unassigned				
422	Unassigned fund balance	\$ 16,254,607	\$ 16,254,607	\$ –
Food Service				
Total revenue		\$ 5,711,732	\$ 5,711,732	\$ –
Total expenditures		\$ 5,532,411	\$ 5,532,411	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 212,115	\$ 212,115	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 1,389,307	\$ 1,389,307	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 9,746,655	\$ 9,746,655	\$ –
Total expenditures		\$ 7,862,641	\$ 7,862,641	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 5,527	\$ 5,527	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 1,301,852	\$ 1,301,852	\$ –
432	ECFE	\$ 527,680	\$ 527,680	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 1,172,482	\$ 1,172,482	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 272

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2023

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 373,992	\$ 373,992	\$ –
Total expenditures		\$ 7,473,317	\$ 7,473,317	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 11,546,802	\$ 11,546,802	\$ –
464	Restricted fund balance	\$ 1,160,831	\$ 1,160,831	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 8,196,190	\$ 8,196,190	\$ –
Total expenditures		\$ 8,212,506	\$ 8,212,506	\$ –
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	\$ 2,179,743	\$ 2,179,743	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
Custodial Fund				
Total revenue		\$ 420	\$ 420	\$ –
Total expenditures		\$ 420	\$ 420	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Internal Service				
Total revenue		\$ 14,658,137	\$ 14,658,137	\$ –
Total expenditures		\$ 14,814,027	\$ 14,814,027	\$ –
422	Net position	\$ 8,838,708	\$ 8,838,708	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ 1,096,513	\$ 1,096,512	\$ 1
Total expenditures		\$ 1,274,529	\$ 1,274,529	\$ –
422	Net position	\$ 14,656,430	\$ 14,656,429	\$ 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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