Edina Public Schools

DEFINING EXCELLENCE

2023

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 273
Edina Public Schools
Edina, Minnesota

Prepared by the Department of Business Services

Independent School District No. 273
Edina Public Schools
5701 Normandale Road
Edina, MN 55424
www.edinaschools.org

2023 Annual Comprehensive Financial Report

Independent School District No. 273, Edina, MN,
for the Year Ended June 30, 2023

Prepared by the Department of Business Services
Mert Woodard, Director, Finance & Operations
Jason Stegeman, Assistant Director, Finance

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INDEPENDENT SCHOOL DISTRICT NO. 273

Table of Contents

Table of Contents (continued)

Table of Contents (continued)

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INTRODUCTORY SECTION

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Edina Public Schools
DEFINING EXCELLENCE

ADMINISTRATIVE OFFICES
5701 Normandale Road
Edina, MN 55424
(925) 848-3900
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December 13, 2023

To: Citizens of the District
Board of Education
Employees of the District

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 273, Edina, county of Hennepin, state of Minnesota (the District), for the fiscal year ended June 30, 2023. Responsibility for the entire financial report rests with District management. The report contains information and reports regarding all funds of the District in conformity with accounting principles generally accepted in the United States of America (GAAP) for defining the reporting entity.

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the District includes within its ACFR a management discussion and analysis (MD&A) report, which allows the District to explain, in layman's terms, its financial position and results of operations for the past fiscal year.

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, an overview of the District's strategic plan, and this transmittal letter. The financial section includes the basic financial statements, combining and individual fund statements and related schedules, and required supplementary information. The Independent Auditor's Report and MD&A are also included in the financial section. Notes to the financial section are provided to enhance the reader's understanding of the District's accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

ECONOMIC CONDITION AND OUTLOOK

The District is a public educational system serving a 16 square-mile area located in Hennepin County, Minnesota, just southwest of Minneapolis. The District is governed by its Board of Education (School Board), who are elected by voters residing within the District's boundaries.

For the 2022–2023 school year, district facilities included six elementary schools, two middle schools, a senior high school, a district administration building, a transportation facility, and an early learning school. Enrollment for the 2022–2023 school year was 8,582 pupils in adjusted average daily membership, which represents an increase of 218 students from the prior year. Forecasts indicate modest increases in enrollment for the next several years, aided primarily by the expansion of Countryside Elementary School to house its dual-language Spanish immersion program and the strong demand to enroll in the District by nonresidents students and families.

Projected enrollment for the near future, based on prior year enrollment trends, district facility capacity, resident demographic studies, the continued demand of nonresidents, and planned additions to district facilities are:

Fiscal Year	Enrollment
2024	8,560
2025	8,630
2026	8,670

The tax base of the District increased 3.35 percent during the past year. The market value of all taxable property in the District in fiscal year 2023 was $11,116,486,387, compared to $10,756,237,669 in fiscal year 2022. The net tax capacity of the District for fiscal year 2023 was $125,283,792, an increase of 5.46 percent over the prior year value of $118,793,566.

The state fiscal disparities law provides for the pooling of 40.0 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing jurisdictions according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District's net contributions were $1,725,325 in fiscal year 2022 and $1,887,552 in fiscal year 2023.

FINANCIAL INFORMATION

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls and segregation of duties. These controls are designed to provide reasonable assurance regarding the safeguarding of District assets and the reliability of financial records used in the preparation of financial statements in conformity with GAAP. The concept of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits likely to be derived, and that the value of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is at the fund level, and is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. The business services department maintains budgetary control district-wide. The administration and the School Board review financial reports monthly. Annually, the original budget is adopted by the School Board prior to the fiscal year beginning on July 1. The administration presents mid-year budget revision recommendations based upon audited results of the prior year, enrollment changes, the effects of changes to employment contracts, or other new information impacting revenues or expenditures. All revisions to the budget during the fiscal year are formally adopted by School Board action. Users of the District's financial statements are directed to the MD&A report for a more in-depth look at the General Fund and other financial information.

DISTRICT FACILITIES

The District's educational facilities consist of nine buildings originally constructed from 1948 to 1972. Each building has had numerous additions and improvements over the years. Despite the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's Long-Term Facilities Maintenance (LTFM) plan. Because of the continual improvement, all educational facilities will effectively serve district operations for many years. During fiscal year 2023, the District broke ground on the addition to Countryside Elementary School that will eventually house 12 sections of dual-language Spanish immersion programming. The total square footage of the District's educational facilities is 1,752,675. The District owns an additional building to store and maintain its fleet of more than 75 pupil transportation vehicles.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balances in recent years. Currently, the General Fund has an unassigned fund balance of approximately $8.0 million, which represents 6.9 percent of budgeted unassigned General Fund expenditures for fiscal 2024, in line with the School Board policy minimum fund balance of 6.0–10.0 percent of unassigned expenditures. The District, by policy, maintains an additional 2.0 percent of unassigned expenditures as a committed fund balance.

In 2017, district voters approved an operating referendum to increase annual operating revenues up to the maximum amount of $2,075 per pupil with yearly inflationary increases, expiring in fiscal year 2028. Also, in 2021, residents voted to increase the District's capital projects levy to 5.932 percent of the District's net tax capacity. The levy, which expires with taxes payable in 2031, will fund technology and capital needs throughout the District.

The state's support in the current economic environment, combined with additional local property tax support approved by residents of the District means the District's financial outlook is stable. The District was able to maintain existing staffing ratios and programs for fiscal year 2024 and has adequate reserves.

Below and on the next page are some facts about the 2023–2024 budget:

- Student enrollment is expected to be stable, but decline slightly, due to the District's intentional strategy of maintaining slightly lower class sizes at the Kindergarten grade level.
- The preliminary budget adopted by the School Board included an increase to the General Fund unassigned fund balance to 8.8 percent of unassigned expenditures.

Revenues:

- General Fund revenue is projected to be $154.5 million, representing significant growth from the prior year, due to the greater than normal state appropriations resulting from the 2023 legislative session.
- The basic per pupil funding amount from the state is $7,138 for fiscal year 2024, an increase of 4.0 percent.
- The voter-approved referendum levy is projected to be $2,197 per pupil unit, a 4.4 percent increase over the prior year.
- Effective fiscal year 2024, the special education cross-subsidy aid from the state will grow from 6.4 percent to 44.0 percent.

Expenditures:

- General Fund expenditures are expected to be $149.4 million.
- The capital projects (technology) levy will increase from $7.0 million to $7.4 million.
- Health insurance premiums and dental insurance premiums are expected to increase by up to 2.0 percent, depending on the employee group.

Construction Projects:

- The District continues to access LTFM revenue through a combination of pay-as-you-go property tax levy authority and general obligation debt to make improvements in the areas of deferred maintenance and health and safety. Anticipated project costs of approximately $8,000,000–$12,000,000 per year are utilized for roof repairs, paving projects, mechanical system replacements, windows, doors, painting, flooring, and a variety of other deferred maintenance projects.

DEBT ADMINISTRATION

In order to finance the acquisition and betterment of school facilities, as well as other capital expenditure needs, the District regularly issues both voter-approved and nonvoter-approved debt. As of June 30, 2023, the District had approximately $182.2 million in outstanding general obligation bonds and an additional $16.2 million in other long-term financing arrangements.

During fiscal year 2023, the District issued $14.2 million of certificates of participation to finance the majority of a 24,000 square foot addition that will house the District's dual-language Spanish immersion program. The addition, which is expected to be ready for occupancy in the winter of 2023, is anticipated to yield the District an additional 250 students by fiscal year 2028.

The District also issued $7.0 million of general obligation bonds to finance a portion of its LTFM Program, as well as pupil transportation vehicles and technology devices. The District's newest instructional facility was constructed in 1972, meaning significant investment is required annually to keep facilities in state of good repair. The District supplements its pay-as-you-go levy authority with bonded debt so that adequate cash is on hand to accelerate the completion of projects. This strategy also allows the District to maintain a relatively stable tax rate for residents of the District.

OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2023. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are issued as a separate report, which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International and its Certificate of Excellence in Financial Reporting program. The District hopes to earn this designation for the very first time with its fiscal year 2023 submission. Seeking recognition from this program is a clear indication of the District's commitment to transparency, high standards in financial reporting, and prudent stewardship of public funds.

The District's continued commitment to excellent financial stewardship has resulted in Moody's Investor Services reaffirming the District's Aaa credit rating, which is the highest rating possible. Fewer than 100 public school districts in the United States hold the coveted Aaa rating, underscoring the significance of the achievement.

ACKNOWLEDGEMENTS

We acknowledge the efforts of the entire Business Services staff in providing complete and accurate data for the fiscal year 2023 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,

Dr. Stacie Stanley
Superintendent

Mert Woodard, SFO
Director, Finance & Operations

Edina Public Schools Strategic Plan 2020-27

MISSION

Edina Public Schools is a dynamic learning community delivering educational excellence and preparing all students to realize their full potential.

Through academics, activities and opportunities, we encourage creativity, foster curiosity, and develop critical thinking skills. We support every student's educational journey by creating a caring and inclusive school culture that supports the whole student.

VISION

For each and every student to discover their possibilities and thrive.

We are guided by our **CORE VALUES**

Integrity, Compassion, Courage, Commitment, Appreciation and Responsibility

edinaschools.org/StrategicPlan

We are committed to these **CORE BELIEFS**:

Academic Excellence
We believe each student deserves access to academic excellence which includes challenging and rich curricula, high expectations, and inspiring instruction that meets their individual needs.

Equity
We believe it is critical to eliminate barriers to success and provide the supports, opportunities and environments so all students can reach their full potential.

Family, School and Community Collaboration
We believe students learn best when students, families, educators and the community partner to provide dynamic support and share responsibility for learning.

Healthy Learning Environment
We believe students thrive in a balanced, healthy environment that promotes the free exchange of ideas and supports students' physical, social-emotional and intellectual needs.

Inclusion
We believe in the inherent dignity of all people, we celebrate individuality, and we value and appreciate diversity.

Life Skills
We believe that inspiring students to grow as critically-thinking collaborative learners will prepare them to be productive, accountable, self-motivated and responsible citizens.

Operational Excellence
We believe in high performance of governance, administration and partnerships, and effective and efficient use of time, human, financial and physical resources in support of the mission.

Professional Excellence
We believe our educators and staff are essential to student success. We value and support them in advancing strategic and innovative initiatives grounded in best practices.

Priority Strategies

Strategy A
Advance Academic Excellence, Growth and Readiness

Strategy B
Ensure an Equitable and Inclusive School Culture

Strategy C
Foster Positive Learning Environments and Whole Student Support

Strategy D
Develop Leadership Throughout the District

Strategy E
Engage Parents, Schools and Community

edinaschools.org/StrategicPlan

Edina Public Schools
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- **School Board**
  - **Dr. Stacie Stanley** Superintendent
    - **Anne Naas** Executive Assistant
    - **Polly Bowles** Department Specialist
    - **Dr. Randy Smasal** Assistant Superintendent
      - **Building Principals**
        - **Steven Cullison** Edina Virtual Pathways Coordinator
    - **Frances Becquer** Director of Achievement Equity & Multilingual Learner Programming
    - **Jody De St. Hubert** Director of Teaching & Learning
      - **Bethany Van Osdel** Assistant Director of Teaching & Learning
        - **Greg Guswiler** Data Programming Analyst
    - **Daphne Edwards** Director of Marketing & Communications
      - **Jaclyn Swords** Communications Coordinator
    - **Dr. Anne Marie Leland** Director of Community Education & Strategic Partnerships
      - **Leah Byrd** Early Learning Center Coordinator
      - **Julie Gabrielson** Operations & Facilities Coordinator
      - **Dr. Cheryl Gunness** Community Involvement Programs Coordinator
      - **Rachel Hicks** Youth Programs Coordinator
    - **Natasha Monsaas-Daly** Director of Media & Technology Services
      - **Nathaniel Lindley** Supervisor of Technology Services
        - **Matthew Flugum** Digital Learning Coordinator
    - **Jody Remsing** Director of Student Support Services
      - **Jennifer Froehlich** Assistant Director of Student Support Services - Elementary
      - **Joanne Karch** Assistant Director of Student Support Services - Secondary
      - **Shawnee Krueger** Supervisor of Health Services
      - **Emily Cory** Student Support Services Coordinator
    - **Sonya Sailer** Director of Human Resources
      - **Camille Sherman** Assistant Director of Human Resources
        - **Kelly Kalash** Benefits Coordinator
    - **Mert Woodard** Director of Finance & Operations
      - **Jason Stegeman** Assistant Director of Finance
      - **Eric Hamilton** Director of Buildings & Grounds
      - **Carrie Rutz** Supervisor of Transportation Services
      - **Nutrition Services**

Updated: December 2023

INDEPENDENT SCHOOL DISTRICT NO. 273

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

	Position
Erica Allenburg	Chair
Julie Greene	Vice Chair
Karen Gabler	Clerk
Janie Shaw	Treasurer
Dan Arom	Assistant Clerk
Regina Neville	Assistant Clerk
Michael Birdman	Assistant Treasurer

ADMINISTRATION

Dr. Stacie Stanley	Superintendent
Dr. Randy Smasal	Assistant Superintendent
Mert Woodard	Director, Finance and Operations
Sonya Sailer	Director, Human Resources
Jody De St. Hubert	Director, Teaching and Learning
Jody Remsing	Director, Student Support Services
Natasha Monsaas-Daly	Director, Media and Technology Services
Dr. Anne Marie Leland	Director, Community Education
Daphne Edwards	Director, Marketing and Communications
Eric Hamilton	Director, Buildings and Grounds
Jason Stegeman, CPA	Assistant Director, Finance

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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. 273
Edina, 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. 273 (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 comparison for the General Fund 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)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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)

SUPPLEMENTARY 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 accompanying supplementary information, as listed in the table of contents, is presented for purposes 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 supplementary 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 December 20, 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 December 13, 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
December 13, 2023

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This section of Independent School District No. 273, Edina, Minnesota'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. Users are encouraged to 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 $7,409,210 (net position deficit). The District's total net position improved by $26,505,621 during the fiscal year ended June 30, 2023.

- Government-wide revenues totaled $174,303,321 and were $26,505,621 more than expenses of $147,797,700.

- The General Fund's total fund balances (under the governmental fund presentation) increased $2,469,563 during the year, compared to an $895,112 decrease projected in the final budget, ending the year at $20,591,585.

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

- Combining and individual fund statements and schedules, presented as supplementary information.

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. 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 (Food Service and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds is presented in the supplementary information section.

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 types 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 funds 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 funds 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. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its self-insured employee dental program. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2023 and 2022

	2023	2022
Assets		
Current and other assets	$ 126,074,807	$ 112,677,964
Capital assets, net of depreciation	285,952,272	274,289,306
Total assets	$ 412,027,079	$ 386,967,270
Deferred outflows of resources	$ 37,178,431	$ 37,713,366
Liabilities		
Current and other liabilities	$ 19,861,728	$ 19,963,734
Long-term liabilities, including due within one year	348,651,235	290,770,616
Total liabilities	$ 368,512,963	$ 310,734,350
Deferred inflows of resources	$ 88,101,757	$ 147,861,117
Net position		
Net investment in capital assets	$ 81,404,498	$ 79,307,413
Restricted	16,384,478	13,096,826
Unrestricted	(105,198,186)	(126,319,070)
Total net position	$ (7,409,210)	$ (33,914,831)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates and capitalization policies may produce a significant difference in the calculated amounts. Another major difference between net position and fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's total net position increased by $26,505,621 in fiscal 2023. The increase in net investment in capital assets is due to the relationship between the rate at which the capital assets are added and depreciated versus the rate at which the related debt is repaid, along with capital asset additions financed through a property tax levy rather than a new debt issuance. Increases in resources restricted for capital asset acquisition and community service contributed to the overall increase in restricted net position. Change in the District's share of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans contributed to the changes in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. The District also issued $21.2 million of new debt in fiscal 2023, which contributed to the increases current and other assets and long-term liabilities.

Table 2 presents a condensed version of the Statement of Activities of the District:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2023 and 2022

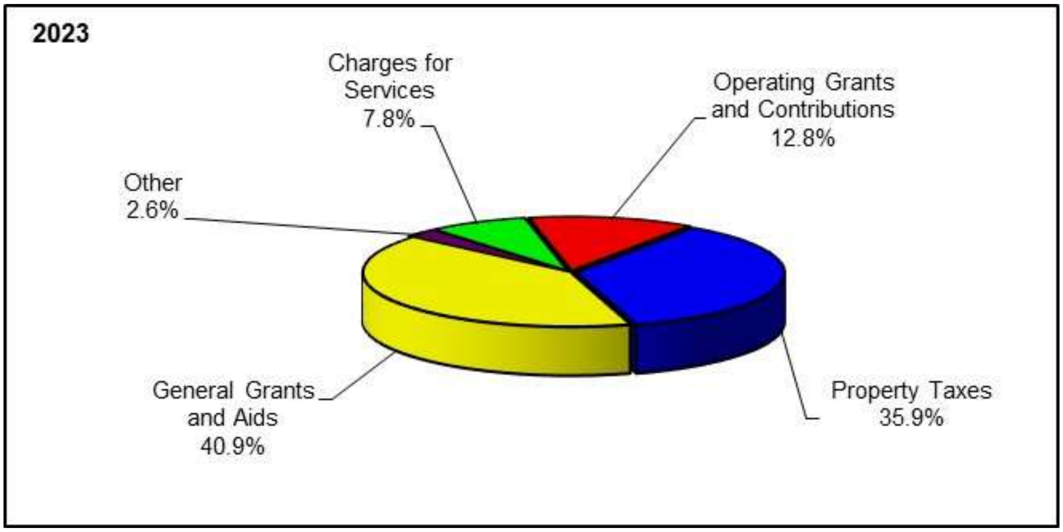
	2023	2022
Revenues		
Program revenues		
Charges for services	$ 13,615,684	$ 9,741,502
Operating grants and contributions	22,373,608	22,222,626
General revenues		
Property taxes	62,599,156	61,139,959
General grants and aids	71,201,456	68,403,930
All other	4,513,417	1,985,091
Total revenues	174,303,321	163,493,108
Expenses		
Administration	2,983,756	3,497,178
District support services	2,608,472	2,731,193
Elementary and secondary regular instruction	51,043,329	59,903,266
Vocational education instruction	477,033	497,732
Special education instruction	22,207,149	23,329,243
Instructional support services	13,152,951	12,507,297
Pupil support services	11,875,451	12,786,642
Sites and buildings	23,238,558	19,925,328
Fiscal and other fixed cost programs	562,301	504,272
Food service	3,790,037	3,743,658
Community service	10,621,001	7,784,122
Interest and fiscal charges	5,237,662	5,264,241
Total expenses	147,797,700	152,474,172
Change in net position	26,505,621	11,018,936
Net position – beginning	(33,914,831)	(44,933,767)
Net position – ending	$ (7,409,210)	$ (33,914,831)

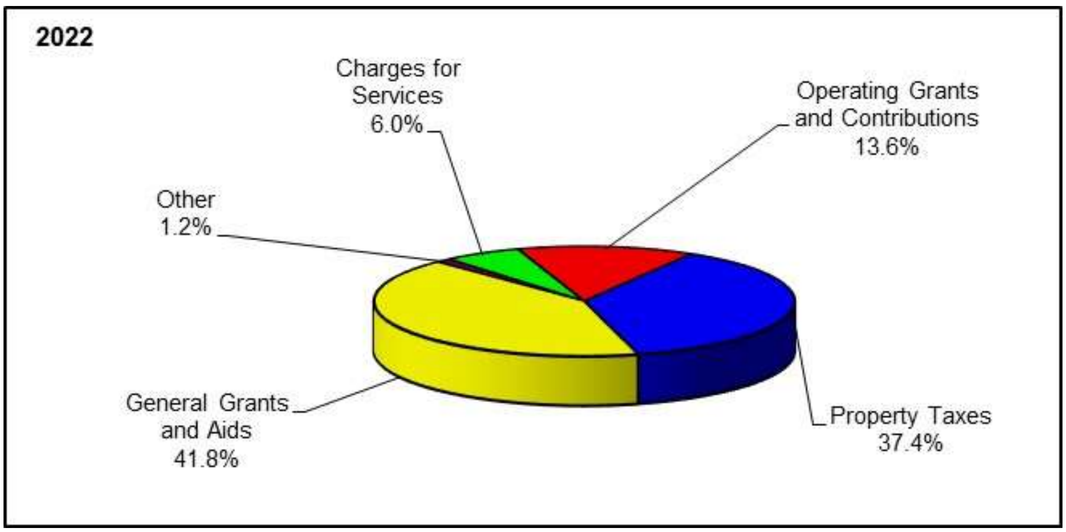
This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt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

Total revenues for fiscal year 2023 were $10,810,213 greater than last year. Increases in property taxes, charges for services (activity fees, admissions, lunch sales, and community service program fees), state aids for general education and special education, and investment income contributed to this increase. Expenses decreased $4,676,472, compared to fiscal year 2022 levels. Increases in expenses for building maintenance and community service programs were offset by a reduction in pension expense related to the state-wide PERA and TRA pension plans mentioned earlier. These reduced pension expenses mainly impacted program areas with high concentrations of personnel costs, including elementary and secondary regular instruction and special education instruction.

Figures A and B show further analysis of these revenue sources and expense functions:

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



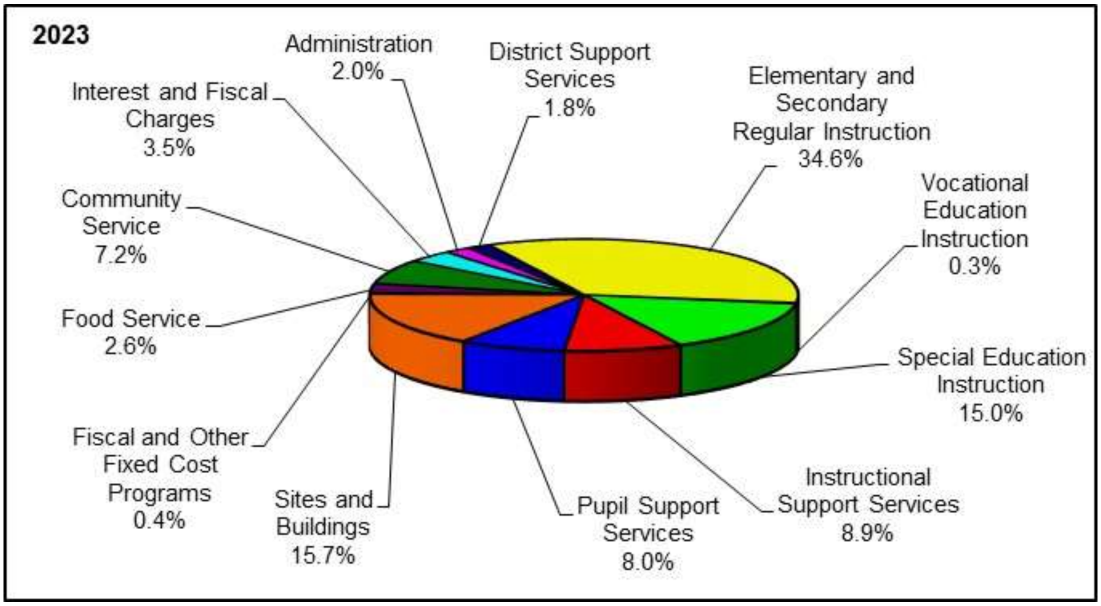


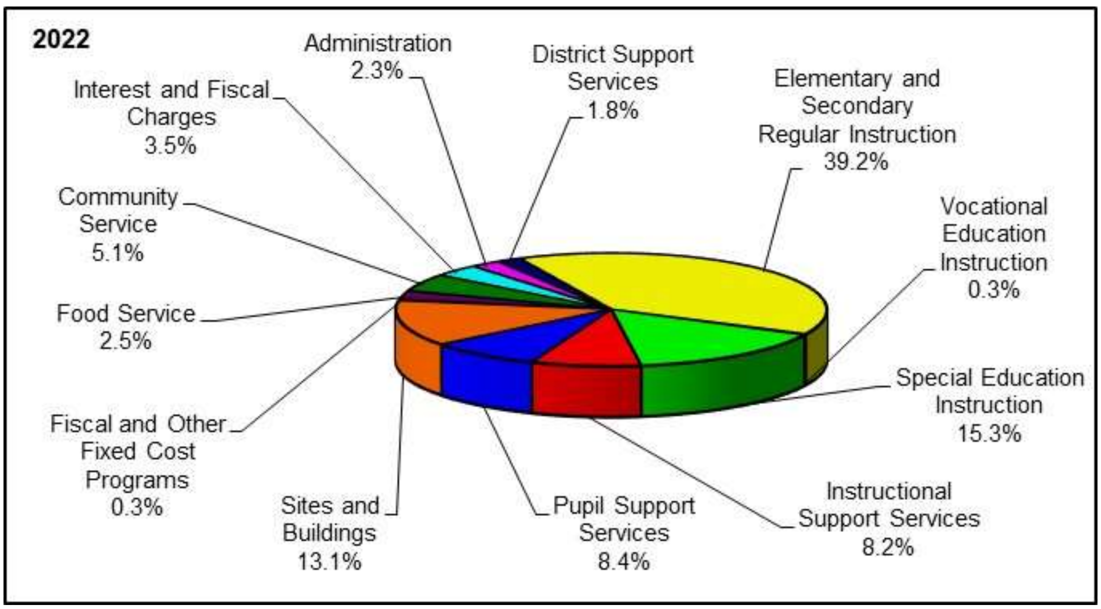
The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

Property taxes are 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 referendums, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

The District generated a larger portion of its revenues for fiscal 2023 from charges for services than in the prior year. The continued post-pandemic transition back to a fully in-person learning model, increased community education program participation, and a return to the traditional school lunch and breakfast programs resulted in higher activity fees and admissions, community service program fees, and student lunch sales.

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 year-to-year changes in the percentage of expenses incurred in several program areas shown above were due to a combination of factors, including changes in the District's learning model and other programs, and reduced expenses related to the two state-wide pension plans as previously discussed.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2023 and 2022

	2023	2022	Change
Major funds			
General	$ 20,591,585	$ 18,122,022	$ 2,469,563
Capital Projects – Building Construction	16,312,313	11,413,906	4,898,407
Debt Service	3,453,905	3,451,305	2,600
Nonmajor funds			
Food Service Special Revenue	1,166,019	1,299,309	(133,290)
Community Service Special Revenue	1,710,124	1,612,330	97,794
Total governmental funds	$ 43,233,946	$ 35,898,872	$ 7,335,074

Total fund balances in the District's governmental funds increased by $7,335,074 during the 2023 year. Nonspendable fund balances increased $436,360, mainly for prepaid expenditures in the General Fund. Fund balances restricted for various purposes increased $6,327,963, with the largest increase in the Capital Projects – Building Construction Fund, due to the issuance of general obligation bonds and certificates of participation for construction projects. Fund balance committed by School Board resolution for cash flow needs in the General Fund increased $1,223,895. Fund balances internally assigned for various purposes in the General Fund decreased $475,837 based on fiscal 2023 expenditures. Unassigned fund balance in the General Fund also decreased $177,307 during the year.

GENERAL FUND

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

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 134,097,136	$ 141,661,463	$ 7,564,327	5.6%
Expenditures	$ 134,476,322	$ 142,290,315	$ 7,813,993	5.8%
Other financing sources (uses)	$ (1,334,000)	$ (266,260)	$ 1,067,740	80.0%

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. In the fall and spring, the District amends the budget for known changes in circumstances, such as enrollment levels, legislative funding, staffing changes, employee contract settlements, and prior year carryover balances. Between the original and final budget, the District increased both the revenue and expenditure budgets for these factors.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2023 Actual	Amount	Percent	Amount	Percent
Revenue	$ 143,459,403	$ 1,797,940	1.3%	$ 7,879,243	5.8%
Expenditures	140,683,273	$ (1,607,042)	(1.1%)	$ 8,040,209	6.1%
Other financing sources (uses)	(306,567)	$ (40,307)	(15.1%)	$ 2,072,113	87.1%
Net change in fund balances	$ 2,469,563				

General Fund revenues for fiscal year 2023 were 1.3 percent over budget. This variance was mainly in investment earnings and other local revenues including student fees, admissions, tuition, gifts, and donations. The District budgets conservatively for these revenues, which tend to vary year-to-year. Program participation and investment earnings both increased more than anticipated.

An increase in the property tax levy, funding improvements for general and special education state aids, and the increases in investment income and other local revenue sources discussed in the previous paragraph contributed to the 5.8 percent overall increase in General Fund revenue.

Expenditures in fiscal year 2023 were 1.1 percent under budget, with higher than anticipated purchased services for regular instruction, pupil support services, and building maintenance partially offset by lower personnel costs, due to difficulties filling all budgeted positions in a challenging labor market.

The increase in expenditures compared to the prior year was mainly in contractual salary increases and benefit cost growth in the regular instruction, special education instruction, and instructional support, program areas; along with increased capital outlay for building maintenance and technology.

The District also transferred $1.6 million to the Capital Projects – Building Construction Fund for larger long-term facilities maintenance (LTFM) projects, compared to a budgeted transfer of $1.3 million.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenue for fiscal year 2023 totaled $682,856 of investment earnings, which exceeded budget by $662,856, due to improved market conditions and interest rates, along with an increase in funds available for investment. This fund also had other financing sources of $23.3 million in fiscal year 2023, including the proceeds from two debt issues and the transfer from the General Fund of $1.6 million for LTFM projects as previously mentioned. Expenditures of $19.1 million were $1.6 million over budget, due to the timing of project accruals and cash disbursements. The June 30, 2023 fund balance of $16.3 million was an increase of $4.9 million, compared to a budgeted increase of $5.6 million.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures related to servicing the District's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. Most of the activity in this fund, including property tax revenue and annual principal and interest expenditures, are controlled by the payment and levy schedules adopted with the sale of each individual debt issue. Debt Service Fund revenue and other financing sources for fiscal year 2023 totaled $15.2 million, similar to total expenditures. The June 30, 2023 fund balance of $3.5 million, was an increase of $2,600, compared to a $72,952 increase anticipated in the budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER DISTRICT FUNDS

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenue for fiscal year 2023 totaled $3.7 million, and expenditures were $3.8 million. The June 30, 2023 fund balance of $1.2 million was a decrease of $133,290, compared to a budgeted decrease of $99,522. The District reverted to operating more traditional school lunch and breakfast programs in fiscal 2023, rather than the pandemic program it operated in the prior year, under which all students of the District received free breakfast and lunch through a one-time federal program. Revenue was over budget by $106,104, due to higher than projected federal meal reimbursement revenue, and expenditures were over budget by $139,872, mainly in food and supply costs.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenue for fiscal 2023 totaled $10.9 million and expenditures were $10.8 million. The year-end fund balance of $1.7 million was an increase of $97,794, compared to a budgeted increase of $6,294. Revenue and expenditures both increased significantly from the prior year and were over budget by $311,134 and $219,634, respectively, due to increased program participation and conservative budgeting.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2023, the District had invested $285,952,273 in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment (see Table 6). Total depreciation expense for this year was $13,771,540.

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2023 and 2022.

Table 6
Capital Assets

	2023	2022	Change
Land	$ 5,240,001	$ 5,240,001	$ –
Land improvements	26,335,782	26,335,782	–
Buildings	399,403,792	387,017,315	12,386,477
Furniture and equipment	25,194,497	23,953,238	1,241,259
Construction in progress	15,553,021	3,746,251	11,806,770
Less accumulated depreciation	(185,774,821)	(172,003,281)	(13,771,540)
Total	$ 285,952,272	$ 274,289,306	$ 11,662,966
Depreciation expense	$ 13,771,540	$ 13,021,000	$ 750,540

The changes presented in the table above reflect the ongoing construction activity at various district sites during fiscal year 2023. The most significant changes from last year were the completion of several large building improvement projects started in prior years, and current year construction in progress on additional projects related to the certificates of participation and bonds issued in the current year for the District's ongoing 10-year LTFM plan.

The District capitalizes furniture, equipment, and land improvements valued at $5,000 or more.

Additional details of the District's capital assets activity can be found in Note 3 of the notes to basic financial statements.

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2023	2022	Change
G.O. notes and bonds payable	$ 182,245,000	$ 183,225,000	$ (980,000)
Certificates of participation payable	14,710,000	625,000	14,085,000
Unamortized premiums	13,007,236	12,955,532	51,704
Financed purchases payable	1,493,588	1,671,766	(178,178)
Severance benefits payable	511,962	388,656	123,306
Net/total pension liabilities	117,021,980	69,641,166	47,380,814
Total OPEB liability	19,661,469	22,263,496	(2,602,027)
Total	$ 348,651,235	$ 290,770,616	$ 57,880,619

The changes in general obligation notes and bonds payable and certificates of participation payable reflect new debt issued in fiscal 2023 with a cumulative par value of $21.2 million, offset by scheduled principal retirements of $8.1 million. The premiums on the new debt issuances totaled almost $1.7 million, which exceed current year amortization by $51,704. The differences in the net/total pension and total OPEB liabilities reflect the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with changes in the District's pension and OPEB plans.

The state limits the amount of general obligation debt the District can issue at 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$ 11,116,486,387
Limit rate	15.0%
Legal debt limit	$ 1,667,472,958

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum and other local property tax levies, 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 Legislature also increased special education cross-subsidy aid from 6.43 percent of the cross-subsidy to 44.0 percent.

Annually, the School Board approves a rolling 10-year LTFM plan. Goals of the plan are to support learning environment and initiatives for students, staff, and community; increase long-term facilities funding of annual deferred maintenance to meet ongoing needs; address backlog of deferred maintenance in buildings; improve energy efficiency; support strategic plan initiatives; and minimize impact to taxpayers. The District finances its LTFM plan through the combination of yearly property tax levy authority and general obligation debt. In conformance with this 10-year plan, the District issued in Spring 2023, $6,095,000 in general obligation facilities maintenance bonds. The plan invests approximately $15.0 million biannually in the remaining years of the LTFM plan to improve mechanical systems, exterior envelope, and paving throughout the District. The District may issue additional general obligation debt in the Spring or Fall of 2025.

On May 11, 2022, the voters of the District approved a renewal and initial increase of $500,000 to the Capital Projects Levy, which will be in place for at least the next 10 years. This levy will grow in direct portion with the District's tax base and will finance technology staff and equipment, software, and other capital needs.

In the Fall of 2022, the District issued $14,200,000 in certificates of participation to finance an addition to one of the District's elementary schools. During the issuance process Moody's Investors Service, a leading global credit rating agency, reaffirmed its Aaa rating of the District, the highest rating assigned by Moody's. The Aaa rating allows the District to obtain the lowest interest rates available when borrowing money by issuing bonds and certificates. The District is one of three in the state to have the highest rating.

In November 2017, the District was successful in its request to renew and increase the existing operating levy scheduled to sunset in fiscal year 2019. The voters approved the increase in a two-step process, with an increase for taxes payable in 2018 of $445 per pupil unit, and an increase of $218 per pupil unit for taxes payable starting in 2020. For fiscal year 2025, the District will receive an estimated $2,197 per pupil. The increase in the operating referendum has allowed the District to maintain the quality of programs and services it offers.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunities for students within a framework of financial fiduciary responsibility.

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 these statements, or need additional financial information, contact the Business Services Department, Independent School District No. 273, 5701 Normandale Road, Edina, Minnesota 55424, or visit the District's website at www.edinaschools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 78,719,752	$ 69,624,545
Receivables		
Current taxes	34,304,371	31,132,945
Delinquent taxes	454,477	473,467
Accounts and interest	331,822	168,111
Due from other governmental units	11,803,442	11,254,313
Inventory	91,025	21,658
Prepaid items	369,918	2,925
Capital assets		
Not depreciated	20,793,022	8,986,252
Depreciated, net of accumulated depreciation	265,159,250	265,303,054
Total assets	412,027,079	386,967,270
Deferred outflows of resources		
Pension plan deferments	34,766,853	35,240,914
OPEB plan deferments	2,411,578	2,472,452
Total deferred outflows of resources	37,178,431	37,713,366
Total assets and deferred outflows of resources	$ 449,205,510	$ 424,680,636
Liabilities		
Salaries and benefits payable	$ 7,611,949	$ 9,574,883
Accounts and contracts payable	7,462,197	5,736,514
Accrued interest payable	3,299,177	3,037,065
Due to other governmental units	216,626	372,696
Unearned revenue	1,271,779	1,242,576
Long-term liabilities		
Due within one year	11,750,211	11,491,480
Due in more than one year	336,901,024	279,279,136
Total long-term liabilities	348,651,235	290,770,616
Total liabilities	368,512,963	310,734,350
Deferred inflows of resources		
Bond refunding deferments	539,971	1,212,133
Property taxes levied for subsequent year	65,342,744	58,960,384
Pension plan deferments	19,425,246	86,796,709
OPEB plan deferments	2,793,796	891,891
Total deferred inflows of resources	88,101,757	147,861,117
Net position		
Net investment in capital assets	81,404,498	79,307,413
Restricted for		
Capital asset acquisition	13,192,829	9,517,795
Debt service	271,199	515,837
Food service	1,166,019	1,299,309
Community service	1,718,644	1,617,915
Other state restrictions	35,787	145,970
Unrestricted	(105,198,186)	(126,319,070)
Total net position	(7,409,210)	(33,914,831)
Total liabilities, deferred inflows of resources, and net position	$ 449,205,510	$ 424,680,636

See notes to basic financial statements

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

	2023				2022
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 2,983,756	$ 21,249	$ –	$ (2,962,507)	$ (3,443,044)
District support services	2,608,472	–	–	(2,608,472)	(2,731,193)
Elementary and secondary regular instruction	51,043,329	1,767,832	457,038	(48,818,459)	(57,993,291)
Vocational education instruction	477,033	–	–	(477,033)	(497,732)
Special education instruction	22,207,149	316,990	18,116,117	(3,774,042)	(7,292,235)
Instructional support services	13,152,951	2,686	628	(13,149,637)	(12,426,211)
Pupil support services	11,875,451	63,964	1,284,336	(10,527,151)	(11,492,729)
Sites and buildings	23,238,558	550,283	104,700	(22,583,575)	(19,340,502)
Fiscal and other fixed cost programs	562,301	–	–	(562,301)	(504,272)
Food service	3,790,037	1,971,809	1,626,894	(191,334)	380,239
Community service	10,621,001	8,920,871	783,895	(916,235)	95,167
Interest and fiscal charges	5,237,662	–	–	(5,237,662)	(5,264,241)
Total governmental activities	$ 147,797,700	$ 13,615,684	$ 22,373,608	(111,808,408)	(120,510,044)
	General revenues				
	Taxes				
	Property taxes, levied for general purposes			46,462,287	44,940,869
	Property taxes, levied for community service			1,090,648	1,118,315
	Property taxes, levied for debt service			15,046,221	15,080,775
	General grants and aids			71,201,456	68,403,930
	Other general revenues			2,468,116	1,899,993
	Investment earnings			2,045,301	85,098
	Total general revenues			138,314,029	131,528,980
	Change in net position			26,505,621	11,018,936
	Net position – beginning			(33,914,831)	(44,933,767)
	Net position – ending			$ (7,409,210)	$ (33,914,831)

Balance Sheet
Governmental Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
Assets						
Cash and temporary investments	$ 41,576,711	$ 21,114,735	$ 10,617,719	$ 4,887,838	$ 78,197,003	$ 69,068,284
Receivables						
Current taxes	26,570,590	–	7,119,037	614,744	34,304,371	31,132,945
Delinquent taxes	335,081	–	111,301	8,095	454,477	473,467
Accounts and interest	276,860	13,701	2,662	26,326	319,549	156,162
Due from other governmental units	11,727,801	–	–	75,641	11,803,442	11,254,313
Inventory	23,064	–	–	67,961	91,025	21,658
Prepaid items	369,918	–	–	–	369,918	2,925
Total assets	$ 80,880,025	$ 21,128,436	$ 17,850,719	$ 5,680,605	$ 125,539,785	$ 112,109,754
Liabilities						
Salaries and benefits payable	$ 7,455,954	$ –	$ –	$ 155,995	$ 7,611,949	$ 9,574,883
Accounts and contracts payable	2,440,640	4,816,123	1,662	154,151	7,412,576	5,682,750
Due to other governmental units	216,626	–	–	–	216,626	372,696
Unearned revenue	19,001	–	–	1,252,778	1,271,779	1,242,576
Total liabilities	10,132,221	4,816,123	1,662	1,562,924	16,512,930	16,872,905
Deferred inflows of resources						
Property taxes levied for subsequent year	49,831,045	–	14,278,681	1,233,018	65,342,744	58,960,384
Unavailable revenue – delinquent taxes	325,174	–	116,471	8,520	450,165	377,593
Total deferred inflows of resources	50,156,219	–	14,395,152	1,241,538	65,792,909	59,337,977
Fund balances						
Nonspendable	392,982	–	–	67,961	460,943	24,583
Restricted	4,342,395	16,312,313	3,453,905	2,808,182	26,916,795	20,588,832
Committed	2,322,850	–	–	–	2,322,850	1,098,955
Assigned	5,519,524	–	–	–	5,519,524	5,995,361
Unassigned	8,013,834	–	–	–	8,013,834	8,191,141
Total fund balances	20,591,585	16,312,313	3,453,905	2,876,143	43,233,946	35,898,872
Total liabilities, deferred inflows of resources, and fund balances	$ 80,880,025	$ 21,128,436	$ 17,850,719	$ 5,680,605	$ 125,539,785	$ 112,109,754

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

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)

	2023	2022
Total fund balances – governmental funds	$ 43,233,946	$ 35,898,872
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	471,727,093	446,292,587
Accumulated depreciation	(185,774,821)	(172,003,281)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources.		
G.O. notes and bonds payable	(182,245,000)	(183,225,000)
Certificates of participation payable	(14,710,000)	(625,000)
Unamortized premiums	(13,007,236)	(12,955,532)
Financed purchases payable	(1,493,588)	(1,671,766)
Severance benefits payable	(511,962)	(388,656)
Net/total pension liabilities	(117,021,980)	(69,641,166)
Total OPEB liability	(19,661,469)	(22,263,496)
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 Fund are included in the governmental activities in the Statement of Net Position.	485,401	514,446
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,299,177)	(3,037,065)
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	34,766,853	35,240,914
Deferred outflows of resources – OPEB plan deferments	2,411,578	2,472,452
Deferred inflows of resources – bond refunding deferments	(539,971)	(1,212,133)
Deferred inflows of resources – pension plan deferments	(19,425,246)	(86,796,709)
Deferred inflows of resources – OPEB plan deferments	(2,793,796)	(891,891)
Deferred inflows of resources – unavailable revenue – delinquent taxes	450,165	377,593
Total net position – governmental activities	$ (7,409,210)	$ (33,914,831)

INDEPENDENT SCHOOL DISTRICT NO. 273

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	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
Revenue						
Local sources						
Property taxes	$ 46,405,452	$ –	$ 15,031,347	$ 1,089,785	$ 62,526,584	$ 61,138,083
Investment earnings	1,186,645	682,856	29,300	146,500	2,045,301	85,098
Other	5,191,120	–	–	10,892,680	16,083,800	11,500,106
State sources	87,753,124	–	–	838,216	88,591,340	83,091,253
Federal sources	2,923,062	–	–	1,572,573	4,495,635	7,992,699
Total revenue	143,459,403	682,856	15,060,647	14,539,754	173,742,660	163,807,239
Expenditures						
Current						
Administration	3,449,633	–	–	–	3,449,633	3,873,432
District support services	2,516,269	–	–	–	2,516,269	2,853,562
Elementary and secondary regular instruction	60,953,667	–	–	–	60,953,667	58,812,519
Vocational education instruction	456,282	–	–	–	456,282	418,857
Special education instruction	26,173,927	–	–	–	26,173,927	24,570,499
Instructional support services	14,745,151	–	–	–	14,745,151	12,959,940
Pupil support services	12,921,436	–	–	–	12,921,436	12,947,747
Sites and buildings	18,330,408	–	–	–	18,330,408	15,164,467
Fiscal and other fixed cost programs	562,301	–	–	–	562,301	504,272
Food service	–	–	–	3,790,593	3,790,593	3,732,088
Community service	–	–	–	10,684,338	10,684,338	8,021,126
Capital outlay	–	19,054,076	–	100,319	19,154,395	6,365,318
Debt service						
Principal	502,998	–	8,015,000	–	8,517,998	8,002,883
Interest and fiscal charges	71,201	–	7,219,125	–	7,290,326	7,593,862
Total expenditures	140,683,273	19,054,076	15,234,125	14,575,250	189,546,724	165,820,572
Excess (deficiency) of revenue over expenditures	2,776,130	(18,371,220)	(173,478)	(35,496)	(15,804,064)	(2,013,333)
Other financing sources (uses)						
Insurance recoveries	–	–	–	–	–	141,389
Financed purchases	209,820	–	–	–	209,820	531,737
Debt issued	940,000	20,118,922	176,078	–	21,235,000	7,000,000
Premium on debt issued	127,740	1,566,578	–	–	1,694,318	357,053
Transfers in	–	1,584,127	–	–	1,584,127	3,051,806
Transfers (out)	(1,584,127)	–	–	–	(1,584,127)	(3,051,806)
Total other financing sources (uses)	(306,567)	23,269,627	176,078	–	23,139,138	8,030,179
Net change in fund balances	2,469,563	4,898,407	2,600	(35,496)	7,335,074	6,016,846
Fund balances						
Beginning of year	18,122,022	11,413,906	3,451,305	2,911,639	35,898,872	29,882,026
End of year	$ 20,591,585	$ 16,312,313	$ 3,453,905	$ 2,876,143	$ 43,233,946	$ 35,898,872

See notes to basic financial statements

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)

	2023	2022
Total net change in fund balances – governmental funds	$ 7,335,074	$ 6,016,846
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	25,434,506	10,609,437
Depreciation expense	(13,771,540)	(13,021,000)
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.	(29,045)	(61,766)
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.		
G.O. notes, bonds, and certificates of participation payable	(21,235,000)	(7,000,000)
Financed purchases payable	(209,820)	(531,737)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
G.O. notes, bonds, and certificates of participation payable	8,130,000	7,650,000
Financed purchases payable	387,998	352,883
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.	(262,112)	53,398
Debt issuance premiums are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources.	(51,704)	1,247,008
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.		
Severance benefits payable	(123,306)	84,100
Net/total pension liabilities	(47,380,814)	33,554,107
Total OPEB liability	2,602,027	(781,243)
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	(474,061)	(3,778,375)
Deferred outflows of resources – OPEB plan deferments	(60,874)	511,285
Deferred inflows of resources – bond refunding deferments	672,162	672,162
Deferred inflows of resources – pension plan deferments	67,371,463	(24,734,145)
Deferred inflows of resources – OPEB plan deferments	(1,901,905)	174,100
Deferred inflows of resources – unavailable revenue – delinquent taxes	72,572	1,876
Change in net position – governmental activities	$ 26,505,621	$ 11,018,936

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 41,314,578	$ 46,853,980	$ 46,405,452	$ (448,528)
Investment earnings	283,695	598,647	1,186,645	587,998
Other	2,599,946	3,693,487	5,191,120	1,497,633
State sources	86,342,099	87,783,483	87,753,124	(30,359)
Federal sources	3,556,818	2,731,866	2,923,062	191,196
Total revenue	134,097,136	141,661,463	143,459,403	1,797,940
Expenditures				
Current				
Administration	3,595,122	3,596,141	3,449,633	(146,508)
District support services	2,593,804	3,392,344	2,516,269	(876,075)
Elementary and secondary regular instruction	62,052,233	62,410,847	60,953,667	(1,457,180)
Vocational education instruction	422,070	436,799	456,282	19,483
Special education instruction	25,753,094	26,204,783	26,173,927	(30,856)
Instructional support services	8,256,451	14,233,518	14,745,151	511,633
Pupil support services	11,210,499	11,563,869	12,921,436	1,357,567
Sites and buildings	18,791,413	18,650,378	18,330,408	(319,970)
Fiscal and other fixed cost programs	1,262,301	1,262,301	562,301	(700,000)
Debt service				
Principal	471,910	471,910	502,998	31,088
Interest and fiscal charges	67,425	67,425	71,201	3,776
Total expenditures	134,476,322	142,290,315	140,683,273	(1,607,042)
Excess (deficiency) of revenue over expenditures	(379,186)	(628,852)	2,776,130	3,404,982
Other financing sources (uses)				
Financed purchases	–	–	209,820	209,820
Debt issued	–	940,000	940,000	–
Premium on debt issued	–	127,740	127,740	–
Transfers (out)	(1,334,000)	(1,334,000)	(1,584,127)	(250,127)
Total other financing sources (uses)	(1,334,000)	(266,260)	(306,567)	(40,307)
Net change in fund balances	$ (1,713,186)	$ (895,112)	2,469,563	$ 3,364,675
Fund balances				
Beginning of year			18,122,022	
End of year			$ 20,591,585	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
Proprietary Fund
Internal Service Fund
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	2023	2022
Assets		
Current assets		
Cash and temporary investments	$ 522,749	$ 556,261
Accounts receivable	12,273	11,949
Total assets	535,022	568,210
Liabilities		
Current liabilities		
Accounts and contracts payable	49,621	53,764
Net position		
Unrestricted	$ 485,401	$ 514,446

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

	2023	2022
Operating revenue		
Charges for services	$ 858,609	$ 842,240
Operating expenses		
Dental claims and expenses	887,654	904,006
Operating income (loss)	(29,045)	(61,766)
Net position		
Beginning of year	514,446	576,212
End of year	$ 485,401	$ 514,446

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Cash Flows
Proprietary Fund
Internal Service Fund
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Contributions from governmental funds	$ 858,285	$ 855,160
Dental claims and other expense payments	(891,797)	(901,567)
Net cash flows from operating activities	(33,512)	(46,407)
Net change in cash and cash equivalents	(33,512)	(46,407)
Cash and temporary investments		
Beginning of year	556,261	602,668
End of year	$ 522,749	$ 556,261
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (29,045)	$ (61,766)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(324)	12,920
Accounts and contracts payable	(4,143)	2,439
Net cash flows from operating activities	$ (33,512)	$ (46,407)

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Organization

Independent School District No. 273, Edina, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th grade students attending the District either as a resident of the District or through an open enrollment option election. It is governed by a School Board elected by voters of the District to four-year terms. 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 District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally 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. 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory tax shift described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues 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 Minnesota Statutes. 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 proprietary fund financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. Because the principal users of the internal services are the District’s governmental activities, the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. An internal service fund accounts 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 principal operating revenue of the District’s Internal Service Fund is charges to other district funds for service. Operating expenses for the Internal Service Fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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 the Long-Term Facilities Maintenance (LTFM) 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.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the District's child nutrition program.

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.

Proprietary Funds

Internal Service Fund – The District's Internal Service Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Actual expenditures for the fiscal year ended June 30, 2023 exceeded budgeted appropriations by $139,872 in the Food Service Special Revenue Fund, by $219,634 in the Community Service Special Revenue Fund, by $1,577,391 in the Capital Projects – Building Construction Fund, and by $6,547 in the Debt Service Fund. Revenues and other financing sources in excess of budget, along with available fund balances, financed these variances.

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 are not pooled, and earnings on these proceeds are allocated directly to the fund.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 equivalents. The proprietary (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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 property taxes receivable.

The District reported the following receivables due from other governmental units at year-end:

Due from the MDE	$ 11,143,467
Due from other Minnesota school districts	10,156
Due from other governmental units	649,819
Total due from other governmental units	$ 11,803,442

H. Inventory

Inventories are recorded using the consumption method of accounting and consist of purchased food or surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. 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 reported as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $3,461,628 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 reported as a deferred inflow of resources (property taxes levied for subsequent year).

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess material amounts of infrastructure capital assets. 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 assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Compensated absences, if material, are accrued when earned in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future, and are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

O. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (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 merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

P. 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 significant reductions in the District's insurance coverage in the current fiscal year.

2. **Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the balance of dental claim liabilities were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2022	$ 51,325	$ 904,006	$ 901,567	$ 53,764
2023	$ 53,764	$ 887,654	$ 891,797	$ 49,621

Q. 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 a deferred inflow of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District reports deferred outflows and inflows of resources related to pensions and other post-employment benefit plans (OPEB) reported 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, 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.

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.

R. Interfund Transfers

The General Fund transferred $1,584,127 to the Capital Projects – Building Construction Fund to allocate revenue that will be expended by the Capital Projects – Building Construction Fund for LTFM projects. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets. The District's net investment in capital assets at year-end is calculated as follows:

Capital assets, net of accumulated depreciation	$ 285,952,272
Outstanding debt related to capital assets	(211,433,895)
Deferred charges on capital-related debt	(539,971)
Unspent proceeds from capital-related debt	7,426,092
Total due from other governmental units	$ 81,404,498

- **Restricted Net Position** – Net position restricted by externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **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.

T. 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 director of finance and operations are authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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 amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, 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 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 5,996,639
Investments	72,723,113
Cash and temporary investments	$ 78,719,752

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.

The year-end bank balances of the District's deposits totaled $5,996,556, which were fully covered by federal deposit insurance or collateral held by the District's agent in the District's name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Rating	Rating Agency	Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years: Less Than 1 Year	1 to 5	Total
Negotiable certificates of deposits	Not Rated		Level 2	$ 975,817	$ 968,475	$ 1,944,292
U.S. treasuries	Not Rated		Level 2	$ 5,956,757	$ –	5,956,757
Investment pools						
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	No Maturity Date		3,901,308
MSDLAF MAX Class	AAA	S&P	Amortized Cost	No Maturity Date		12,480,376
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	No Maturity Date		37,334,593
MNTrust Full Flex	Not Rated		Amortized Cost	No Maturity Date		8,158,822
American Funds Select Government	AAA	S&P	Level 2	No Maturity Date		2,946,965
Total investments						$ 72,723,113

The District's investments include external investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are regulated by Minnesota Statutes and not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MNTrust Full Flex investments can be withdrawn weekly with one day advance notice.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – 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.

The District's investment policy also requires that commercial paper be of corporations organized in the United States; having at least $1 billion of outstanding corporate paper obligations; rated at the highest classification by Standard and Poor's (A-1) or Moody's Investors Service (P-1); and not be on credit watch for potential downgrades. No more than 50 percent of the District's investments can be in commercial paper on any given day. District policy does not allow investments in derivatives.

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 policies limit the investment on any given day, in any given corporation, to $1 million.

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 investment maturities; however, the District considers such things as interest rates and cash flow needs when purchasing investments.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 5,240,001	$ –	$ –	$ –	$ 5,240,001
Construction in progress	3,746,251	24,193,247	–	(12,386,477)	15,553,021
Total capital assets, not depreciated	8,986,252	24,193,247	–	(12,386,477)	20,793,022
Capital assets, depreciated					
Land improvements	26,335,782	–	–	–	26,335,782
Buildings	387,017,315	–	–	12,386,477	399,403,792
Furniture and equipment	23,953,238	1,241,259	–	–	25,194,497
Total capital assets, depreciated	437,306,335	1,241,259	–	12,386,477	450,934,071
Less accumulated depreciation for					
Land improvements	(9,066,150)	(1,213,516)	–	–	(10,279,666)
Buildings	(145,992,318)	(11,183,672)	–	–	(157,175,990)
Furniture and equipment	(16,944,813)	(1,374,352)	–	–	(18,319,165)
Total accumulated depreciation	(172,003,281)	(13,771,540)	–	–	(185,774,821)
Net capital assets, depreciated	265,303,054	(12,530,281)	–	12,386,477	265,159,250
Total capital assets, net	$ 274,289,306	$ 11,662,966	$ –	$ –	$ 285,952,272

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

Administration	$ 49,307
Elementary and secondary regular instruction	3,049,312
Vocational education instruction	88,165
Special education instruction	904
Instructional support services	15,918
Pupil support services	784,919
Sites and buildings	9,768,761
Community service	14,254
Total depreciation expense	$ 13,771,540

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Notes and Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Alternative facilities bonds	12/30/2014	3.00–3.50%	$ 6,050,000	02/01/2035	$ 6,050,000
School building bonds	07/22/2015	4.00–5.00%	$ 113,385,000	02/01/2037	97,750,000
Facilities maintenance and building bonds	04/13/2017	2.50–4.00%	$ 16,350,000	02/01/2031	15,685,000
Facilities maintenance bonds	05/02/2019	3.00–5.00%	$ 24,075,000	02/01/2036	24,075,000
School building refunding bonds	11/14/2019	5.00%	$ 19,890,000	02/01/2024	5,515,000
Alternative facilities refunding bonds	11/05/2020	3.00–4.00%	$ 9,085,000	02/01/2026	8,550,000
Facilities maintenance bonds	05/27/2021	2.00–3.00%	$ 10,585,000	02/01/2031	10,585,000
School building bonds	09/30/2021	2.00–3.00%	$ 7,000,000	02/01/2035	7,000,000
Capital notes	05/11/2023	4.00%	$ 940,000	02/01/2031	940,000
Facilities maintenance bonds	05/11/2023	5.00%	$ 6,095,000	02/01/2037	6,095,000
Total general obligation notes and bonds payable					$ 182,245,000

These notes and bonds were issued to finance acquisition and/or construction of capital facilities, purchase capital equipment, or refund prior debt issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these notes and bonds. The annual future debt service levies authorized are equal to 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. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2011C Certificates of Participation	11/17/2011	2.00–3.75%	$ 1,615,000	04/01/2027	$ 510,000
2022A Certificates of Participation	11/09/2022	4.00–5.00%	$ 14,200,000	04/01/2038	14,200,000
					$ 14,710,000

The District sold certificates of participation under Minnesota Statutes § 123B.51 to finance various construction projects. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

C. Financed Purchases Payable

Assets Financed	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Building addition	07/15/2014	3.43%	$ 2,233,000	01/15/2029	$ 1,034,051
Apple iPads	02/05/2022	1.50%	$ 65,790	02/05/2024	21,929
School buses	10/25/2021	2.00%	$ 206,619	11/25/2023	68,971
School buses	08/15/2021	2.40%	$ 259,328	09/15/2028	192,763
Copier	12/25/2022	5.20%	$ 209,820	01/25/2029	175,874
Total financed purchases payable					$ 1,493,588

The District has entered into various agreements to finance a building addition and purchases of equipment and vehicles. The agreements are secured by the underlying assets. Annual principal and interest on these agreements are being paid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation notes and bonds, certificates of participation, and financed purchases are as follows:

Year Ending	G.O. Notes and Bonds		Certificates of Participation		Financed Purchases	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 7,625,000	$ 6,982,785	$ 540,000	$ 955,905	$ 304,693	$ 50,190
2025	7,895,000	6,685,713	830,000	665,500	221,409	40,857
2026	10,630,000	6,358,113	870,000	625,875	229,304	32,961
2027	12,620,000	5,953,238	915,000	584,163	237,491	24,774
2028	13,665,000	5,403,338	815,000	540,100	245,980	16,285
2029–2033	75,120,000	18,197,588	4,730,000	2,046,750	254,711	7,554
2034–2038	54,690,000	4,863,388	6,010,000	776,150	–	–
	$ 182,245,000	$ 54,444,160	$ 14,710,000	$ 6,194,442	$ 1,493,588	$ 172,621

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pension, OPEB, and severance benefits for eligible employees based on unused sick leave, as further described elsewhere in these notes. Such benefits are paid primarily from the General Fund.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans, and a single-employer plan administered by the District. The following is a summary of the net/total pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 22,960,176	$ 8,352,741	$ 684,579	$ 3,087,879
State-wide, multiple-employer – TRA	80,266,889	23,917,188	17,088,218	(14,314,910)
Single-employer – District	13,794,915	2,496,924	1,652,449	1,150,240
Total	$ 117,021,980	$ 34,766,853	$ 19,425,246	$ (10,076,791)

F. Changes in Long-Term Liabilities

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
G.O. notes and bonds payable	$ 183,225,000	$ 7,035,000	$ 8,015,000	$ 182,245,000	$ 7,625,000
Certificates of participation payable	625,000	14,200,000	115,000	14,710,000	540,000
Unamortized premiums	12,955,532	1,694,318	1,642,614	13,007,236	–
Financed purchases payable	1,671,766	209,820	387,998	1,493,588	304,693
Severance benefits payable	388,656	154,489	31,183	511,962	129,845
Net/total pension liabilities	69,641,166	56,739,564	9,358,750	117,021,980	1,330,135
Total OPEB liability	22,263,496	1,181,290	3,783,317	19,661,469	1,820,538
	$ 290,770,616	$ 81,214,481	$ 23,333,862	$ 348,651,235	$ 11,750,211

NOTE 5 – FUND BALANCES

The table below presents a breakdown of governmental fund equity components as defined earlier in these notes. State mandated restrictions that have an accumulated deficit at June 30, if any, 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. However, a description of any deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. At June 30, 2023, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 23,064	$ –	$ –	$ 67,961	$ 91,025
Prepaid items	369,918	–	–	–	369,918
Total nonspendable	392,982	–	–	67,961	460,943
Restricted					
Student activities	35,787	–	–	–	35,787
Building project funded by certificates of participation	–	6,280,935	–	–	6,280,935
Operating capital	4,306,608	–	–	–	4,306,608
LTFM	–	8,545,571	–	–	8,545,571
Building construction	–	1,485,807	–	–	1,485,807
Debt service	–	–	3,453,905	–	3,453,905
Food service	–	–	–	1,098,058	1,098,058
Community education	–	–	–	1,240,072	1,240,072
ECFE	–	–	–	299,896	299,896
School readiness	–	–	–	71,697	71,697
Community service	–	–	–	98,459	98,459
Total restricted	4,342,395	16,312,313	3,453,905	2,808,182	26,916,795
Committed					
Cash flow	2,322,850	–	–	–	2,322,850
Assigned					
Separation/retirement benefits	4,183,033	–	–	–	4,183,033
Carryover	822,667	–	–	–	822,667
Literacy and virtual programming	513,824	–	–	–	513,824
Total assigned	5,519,524	–	–	–	5,519,524
Unassigned	8,013,834	–	–	–	8,013,834
Total	$ 20,591,585	$ 16,312,313	$ 3,453,905	$ 2,876,143	$ 43,233,946

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned General Fund balance goal of 6.0–10.0 percent of the subsequent year's budgeted unassigned General Fund expenditures. At June 30, 2023, the unassigned fund balance of the General Fund was 6.9 percent of budgeted unassigned expenditures for fiscal 2024.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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.

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, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent 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 $1,825,561. 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 $5,332,716. The District's contributions were equal to the required contributions for each year as set by state statutes.

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:

	in thousands
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	(572)
Total employer contributions	479,929
Total nonemployer contributions	35,590
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 515,519

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 $22,960,176 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 $673,126. 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 0.2899 percent at the end of the measurement period and 0.2740 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 22,960,176
State's proportionate share of the net pension liability associated with the District	$ 673,126

For the year ended June 30, 2023, the District recognized pension expense of $2,987,299 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $100,580 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 191,780	$ 232,724
Changes in actuarial assumptions	4,919,916	92,128
Net collective difference between projected and actual investment earnings	867,532	–
Changes in proportion	547,952	359,727
District's contributions to the GERF subsequent to the measurement date	1,825,561	–
Total	$ 8,352,741	$ 684,579

The $1,825,561 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:

Year Ending June 30,	Pension Expense Amount
2024	$ 2,058,963
2025	$ 2,108,782
2026	$ (401,550)
2027	$ 2,076,406

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $80,266,889 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 1.0024 percent at the end of the measurement period and 0.9765 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 associated with the District were as follows:

District's proportionate share of the net pension liability	$ 80,266,889
State's proportionate share of the net pension liability associated with the District	$ 5,952,297

For the year ended June 30, 2023, the District recognized negative pension expense of ($15,133,369). It also recognized $818,459 as an increase to pension expense for the support provided by direct aid.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,145,358	$ 685,383
Changes in actuarial assumptions	12,526,102	16,370,965
Net collective difference between projected and actual investment earnings on pension plan investments	2,923,081	–
Changes in proportion	1,989,931	31,870
District's contributions to the TRA subsequent to the measurement date	5,332,716	–
Total	$ 23,917,188	$ 17,088,218

A total of $5,332,716 reported as deferred outflows of resources related to pensions resulting from school 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:

Year Ending June 30,	Pension Expense Amount
2024	$ (13,126,416)
2025	$ 2,532,920
2026	$ 1,166,317
2027	$ 10,677,928
2028	$ 245,505

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:

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

NOTE 6 – 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 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 6 – 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 6 – 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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	$ 36,266,800	$ 22,960,176	$ 12,046,690
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 126,536,380	$ 80,266,889	$ 42,340,334

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 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. The following employee groups receive the benefit: Superintendent, Superintendent's Advisory Council, Administrators (Edina Administrative Council), Controller, Director of Buildings and Grounds, Teachers, Classified Supervisors, and Edina Professional Association of Support Staff. All pension benefits are based on contractual agreements with these employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. The benefits are calculated using a predetermined number of days depending on the employee group, multiplied by the employee's daily base pay, or in certain cases, a fixed amount per year of service. Payments are made in either a lump sum or installments to a 403(b) plan or in a lump sum directly to the employee. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

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 contributed $1,330,135 to finance these benefits in the current year. The District has not established a trust fund to finance these pension benefits.

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

C. Membership

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

Retirees and beneficiaries receiving benefits	66
Active plan members	766
Total members	832

D. Actuarial Methods and Assumptions

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

Discount rate	3.80%
20-year municipal bond yield	3.80%
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.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

The following assumption changes were made since the previous valuation:

- Mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10 percent to 3.80 percent.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.80 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 15,205,578
Changes for the year	
Service cost	851,523
Interest	325,575
Assumption changes	(1,519,823)
Differences between expected and actual experience	44,945
Benefit payments	(1,112,883)
Total net changes	(1,410,663)
Ending balance	$ 13,794,915

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

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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	2.80%	3.80%	4.80%
Total pension liability	$ 14,659,645	$ 13,794,915	$ 12,965,752

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

The District recognized pension expense of $1,150,240 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 641,162	$ –
Changes in actuarial assumptions	525,627	1,652,449
District's contributions subsequent to the measurement date	1,330,135	–
Total	$ 2,496,924	$ 1,652,449

A total of $1,330,135 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 total pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2024	$ (26,858)
2025	$ (26,858)
2026	$ (26,858)
2027	$ (26,858)
2028	$ (26,858)
Thereafter	$ (351,370)

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

A. Plan Description and Benefits Provided

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility 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 separate financial report.

All retirees of the District have the option under state law to continue their health insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, 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.

B. 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 contributed $1,820,538 to finance these benefits in the current year. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

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

Retirees and beneficiaries receiving benefits	127
Active plan members	1,086
Total members	1,213

D. Actuarial Methods and Assumptions

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

Discount rate	3.80%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% grading to 5.00% over 6 years, and then to 4.00% over the next 48 years
Dental trend rate	4.00%

NOTE 8 – 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.

Future retirees electing coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 50 percent when a pre-age 65 subsidy is not available. Married future retirees electing spouse coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 25 percent when a pre-age 65 subsidy is not available.

The municipal bond rate assumption was set by considering published rate information for 20-year high-quality, tax-exempt, general obligation municipal bonds as of the measurement date.

The following assumption changes were made since the previous valuation:

- Mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 2.1 percent to 3.8 percent.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.8 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 22,263,496
Changes for the year	
Service cost	1,042,382
Interest	470,833
Assumption changes	(1,691,244)
Difference between expected and actual experience	(644,262)
Benefit payments	(1,779,736)
Total net changes	(2,602,027)
Ending balance	$ 19,661,469

G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.80%	3.80%	4.80%
Total OPEB liability	$ 20,854,767	$ 19,661,469	$ 18,508,340

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

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

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	$ 18,272,406	$ 19,661,469	$ 21,251,489

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

The District recognized OPEB expense of $1,181,290 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ –	$ 1,290,468
Changes in actuarial assumptions	591,040	1,503,328
District's contributions subsequent to the measurement date	1,820,538	–
Total	$ 2,411,578	$ 2,793,796

A total of $1,820,538 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Pension Expense
2024	$ (331,925)
2025	$ (331,925)
2026	$ (331,925)
2027	$ (331,923)
2028	$ (169,171)
Thereafter	$ (705,887)

NOTE 9 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The Plan is administered by an outside administrator and is accounted for in the District's General Fund. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

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

NOTE 10 – 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 funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

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 Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2999%	$ 14,087,800	$ –	$ 14,087,800	$ 15,747,600	89.46%	78.70%
06/30/2016	06/30/2015	0.2742%	$ 14,210,468	$ –	$ 14,210,468	$ 16,108,678	88.22%	78.20%
06/30/2017	06/30/2016	0.2774%	$ 22,523,504	$ 294,246	$ 22,817,750	$ 17,218,936	130.81%	68.90%
06/30/2018	06/30/2017	0.2894%	$ 18,475,105	$ 232,340	$ 18,707,445	$ 18,646,353	99.08%	75.90%
06/30/2019	06/30/2018	0.2896%	$ 16,065,821	$ 526,989	$ 16,592,810	$ 18,550,623	86.61%	79.50%
06/30/2020	06/30/2019	0.2832%	$ 15,657,494	$ 486,646	$ 16,144,140	$ 20,000,631	78.29%	80.20%
06/30/2021	06/30/2020	0.2860%	$ 17,147,008	$ 528,718	$ 17,675,726	$ 20,329,984	84.34%	79.10%
06/30/2022	06/30/2021	0.2740%	$ 11,701,028	$ 357,366	$ 12,058,394	$ 19,693,058	59.42%	87.00%
06/30/2023	06/30/2022	0.2899%	$ 22,960,176	$ 673,126	$ 23,633,302	$ 21,643,669	106.08%	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	$ 1,195,515	$ 1,195,515	$ –	$ 16,108,678	7.42%
06/30/2016	$ 1,291,318	$ 1,291,318	$ –	$ 17,218,936	7.50%
06/30/2017	$ 1,398,478	$ 1,398,478	$ –	$ 18,646,353	7.50%
06/30/2018	$ 1,391,159	$ 1,391,159	$ –	$ 18,550,623	7.50%
06/30/2019	$ 1,492,966	$ 1,492,966	$ –	$ 20,000,631	7.46%
06/30/2020	$ 1,527,748	$ 1,527,748	$ –	$ 20,329,984	7.51%
06/30/2021	$ 1,476,311	$ 1,476,311	$ –	$ 19,693,058	7.50%
06/30/2022	$ 1,626,519	$ 1,626,519	$ –	$ 21,643,669	7.51%
06/30/2023	$ 1,825,561	$ 1,825,561	$ –	$ 24,375,775	7.49%

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. 273

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	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.9949%	$ 45,844,276	$ 3,225,114	$ 49,069,390	$ 45,414,080	100.95%	81.50%
06/30/2016	06/30/2015	0.9238%	$ 57,146,166	$ 7,009,435	$ 64,155,601	$ 46,887,773	121.88%	76.80%
06/30/2017	06/30/2016	0.9434%	$ 225,023,410	$ 22,586,637	$ 247,610,047	$ 48,890,860	460.26%	44.88%
06/30/2018	06/30/2017	0.9473%	$ 189,098,264	$ 18,280,007	$ 207,378,271	$ 50,958,882	371.08%	51.57%
06/30/2019	06/30/2018	0.9661%	$ 60,680,123	$ 5,701,256	$ 66,381,379	$ 53,228,684	114.00%	78.07%
06/30/2020	06/30/2019	0.9711%	$ 61,898,118	$ 5,477,592	$ 67,375,710	$ 52,764,016	117.31%	78.21%
06/30/2021	06/30/2020	0.9701%	$ 71,672,288	$ 6,006,361	$ 77,678,649	$ 56,562,354	126.71%	75.48%
06/30/2022	06/30/2021	0.9765%	$ 42,734,560	$ 3,604,328	$ 46,338,888	$ 58,442,263	73.12%	86.63%
06/30/2023	06/30/2022	1.0024%	$ 80,266,889	$ 5,952,297	$ 86,219,186	$ 61,966,812	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 Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 3,516,583	$ 3,516,583	$ –	$ 46,887,773	7.50%
06/30/2016	$ 3,680,210	$ 3,680,210	$ –	$ 48,890,860	7.53%
06/30/2017	$ 3,820,933	$ 3,820,933	$ –	$ 50,958,882	7.50%
06/30/2018	$ 3,990,842	$ 3,990,842	$ –	$ 53,228,684	7.50%
06/30/2019	$ 4,071,634	$ 4,071,634	$ –	$ 52,764,016	7.72%
06/30/2020	$ 4,470,670	$ 4,470,670	$ –	$ 56,562,354	7.90%
06/30/2021	$ 4,751,341	$ 4,751,341	$ –	$ 58,442,263	8.13%
06/30/2022	$ 5,166,345	$ 5,166,345	$ –	$ 61,966,812	8.34%
06/30/2023	$ 5,332,716	$ 5,332,716	$ –	$ 62,383,557	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. 273

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios

	District Fiscal Year Ended June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	$ 706,737	$ 669,633	$ 712,907	$ 784,741	$ 987,492	$ 1,064,687	$ 851,523
Interest	326,649	332,966	390,691	448,042	431,916	360,618	325,575
Assumption changes	–	(370,946)	(121,816)	334,570	147,110	239,059	(1,519,823)
Plan changes	–	–	74,470	–	(3,674)	–	–
Differences between expected and actual experience	–	–	756,667	–	218,511	–	44,945
Benefit payments	(794,118)	(762,623)	(567,874)	(581,302)	(696,030)	(834,763)	(1,112,883)
Net change in total pension liability	239,268	(130,970)	1,245,045	986,051	1,085,325	829,601	(1,410,663)
Total pension liability							
Beginning of year	10,951,258	11,190,526	11,059,556	12,304,601	13,290,652	14,375,977	15,205,578
End of year	$ 11,190,526	$ 11,059,556	$ 12,304,601	$ 13,290,652	$ 14,375,977	$ 15,205,578	$ 13,794,915
Covered-employee payroll	$ 48,516,585	$ 49,972,083	$ 57,844,851	$ 59,580,197	$ 57,275,903	$ 58,997,180	$ 60,503,318
Total pension liability as a percentage of covered-employee payroll	23.07%	22.13%	21.27%	22.31%	25.10%	25.77%	22.80%

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. 273

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2023

	District Fiscal Year Ended June 30,					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	$ 1,168,447	$ 1,082,683	$ 1,187,453	$ 1,316,083	$ 1,416,201	$ 1,042,382
Interest	670,515	697,232	697,658	662,415	531,817	470,833
Assumption changes	–	5,718	480,367	108,111	320,867	(1,691,244)
Differences between expected and actual experience	–	(1,470,574)	–	(96,313)	–	(644,262)
Benefit payments	(953,365)	(981,707)	(1,005,875)	(1,111,887)	(1,487,642)	(1,779,736)
Net change in total OPEB liability	885,597	(666,648)	1,359,603	878,409	781,243	(2,602,027)
Total OPEB liability						
Beginning of year	19,025,292	19,910,889	19,244,241	20,603,844	21,482,253	22,263,496
End of year	$ 19,910,889	$ 19,244,241	$ 20,603,844	$ 21,482,253	$ 22,263,496	$ 19,661,469
Covered-employee payroll	$ 62,990,740	$ 69,887,838	$ 71,984,473	$ 67,776,263	$ 69,809,551	$ 70,329,978
Total OPEB liability as a as a percentage of covered-employee payroll	31.61%	27.54%	28.62%	31.70%	31.89%	27.96%

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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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.

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.

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.

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.

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.

PENSION BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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.
- 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 PLAN PROVISIONS

- The Community Education Service Coordinators are no longer eligible for this benefit.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- Severance benefits are now available for the Edina Professional Association of Support Staff and the Superintendent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were 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 discount rate was changed from 3.40 percent to 3.50 percent.

PENSION BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 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 retirement tables 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.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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.
- 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 healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collateral Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2023

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 1,272,216	$ 3,615,622	$ 4,887,838
Receivables			
Current taxes	–	614,744	614,744
Delinquent taxes	–	8,095	8,095
Accounts and interest	5,324	21,002	26,326
Due from other governmental units	4,823	70,818	75,641
Inventory	67,961	–	67,961
Total assets	$ 1,350,324	$ 4,330,281	$ 5,680,605
Liabilities			
Salaries and benefits payable	$ 6,547	$ 149,448	$ 155,995
Accounts and contracts payable	8,833	145,318	154,151
Unearned revenue	168,925	1,083,853	1,252,778
Total liabilities	184,305	1,378,619	1,562,924
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,233,018	1,233,018
Deferred revenue – delinquent taxes	–	8,520	8,520
Total deferred inflows of resources	–	1,241,538	1,241,538
Fund balances			
Nonspendable	67,961	–	67,961
Restricted	1,098,058	1,710,124	2,808,182
Total fund balances	1,166,019	1,710,124	2,876,143
Total liabilities, deferred inflows of resources, and fund balances	$ 1,350,324	$ 4,330,281	$ 5,680,605

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,089,785	$ 1,089,785
Investment earnings	58,600	87,900	146,500
Other	1,971,809	8,920,871	10,892,680
State sources	148,196	690,020	838,216
Federal sources	1,478,698	93,875	1,572,573
Total revenue	3,657,303	10,882,451	14,539,754
Expenditures			
Current			
Food service	3,790,593	–	3,790,593
Community service	–	10,684,338	10,684,338
Capital outlay	–	100,319	100,319
Total expenditures	3,790,593	10,784,657	14,575,250
Net change in fund balances	(133,290)	97,794	(35,496)
Fund balances			
Beginning of year	1,299,309	1,612,330	2,911,639
End of year	$ 1,166,019	$ 1,710,124	$ 2,876,143

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2023	2022
Assets		
Cash and temporary investments	$ 41,576,711	$ 38,858,438
Receivables		
Current taxes	26,570,590	23,124,607
Delinquent taxes	335,081	343,380
Accounts and interest	276,860	136,620
Due from other governmental units	11,727,801	11,183,296
Inventory	23,064	–
Prepaid items	369,918	2,925
Total assets	$ 80,880,025	$ 73,649,266
Liabilities		
Salaries and benefits payable	$ 7,455,954	$ 9,484,009
Accounts and contracts payable	2,440,640	2,564,886
Due to other governmental units	216,626	367,494
Unearned revenue	19,001	19,001
Total liabilities	10,132,221	12,435,390
Deferred inflows of resources		
Property taxes levied for subsequent year	49,831,045	42,823,515
Unavailable revenue – delinquent taxes	325,174	268,339
Total deferred inflows of resources	50,156,219	43,091,854
Fund balances		
Nonspendable for inventory	23,064	–
Nonspendable for prepaids	369,918	2,925
Restricted for student activities	35,787	26,404
Restricted for staff development	–	119,566
Restricted for operating capital	4,306,608	2,308,787
Restricted for long-term facilities maintenance	–	378,883
Committed for cash flow	2,322,850	1,098,955
Assigned for separation/retirement benefits	4,183,033	3,818,111
Assigned for carryover	822,667	588,432
Assigned for literacy and virtual programming	513,824	1,044,193
Assigned for subsequent year's budget	–	544,625
Unassigned	8,013,834	8,191,141
Total fund balances	20,591,585	18,122,022
Total liabilities, deferred inflows of resources, and fund balances	$ 80,880,025	$ 73,649,266

INDEPENDENT SCHOOL DISTRICT NO. 273

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			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 46,853,980	$ 46,405,452	$ (448,528)	$ 44,953,106
Investment earnings	598,647	1,186,645	587,998	46,182
Other	3,693,487	5,191,120	1,497,633	3,948,410
State sources	87,783,483	87,753,124	(30,359)	82,445,205
Federal sources	2,731,866	2,923,062	191,196	4,187,257
Total revenue	141,661,463	143,459,403	1,797,940	135,580,160
Expenditures				
Current				
Administration	3,596,141	3,449,633	(146,508)	3,873,432
District support services	3,392,344	2,516,269	(876,075)	2,853,562
Elementary and secondary regular instruction	62,410,847	60,953,667	(1,457,180)	58,812,519
Vocational education instruction	436,799	456,282	19,483	418,857
Special education instruction	26,204,783	26,173,927	(30,856)	24,570,499
Instructional support services	14,233,518	14,745,151	511,633	12,959,940
Pupil support services	11,563,869	12,921,436	1,357,567	12,947,747
Sites and buildings	18,650,378	18,330,408	(319,970)	15,164,467
Fiscal and other fixed cost programs	1,262,301	562,301	(700,000)	504,272
Debt service				
Principal	471,910	502,998	31,088	462,883
Interest and fiscal charges	67,425	71,201	3,776	74,886
Total expenditures	142,290,315	140,683,273	(1,607,042)	132,643,064
Excess (deficiency) of revenue over expenditures	(628,852)	2,776,130	3,404,982	2,937,096
Other financing sources (uses)				
Insurance recoveries	–	–	–	141,389
Financed purchases	–	209,820	209,820	531,737
Debt issued	940,000	940,000	–	–
Premium on debt issued	127,740	127,740	–	–
Transfers (out)	(1,334,000)	(1,584,127)	(250,127)	(3,051,806)
Total other financing sources (uses)	(266,260)	(306,567)	(40,307)	(2,378,680)
Net change in fund balances	$ (895,112)	2,469,563	$ 3,364,675	558,416
Fund balances				
Beginning of year		18,122,022		17,563,606
End of year		$ 20,591,585		$ 18,122,022

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2023	2022
Assets		
Cash and temporary investments	$ 1,272,216	$ 1,525,154
Receivables		
Accounts and interest	5,324	–
Due from other governmental units	4,823	31,759
Inventory	67,961	21,658
Total assets	$ 1,350,324	$ 1,578,571
Liabilities		
Salaries and benefits payable	$ 6,547	$ 13
Accounts and contracts payable	8,833	33,201
Unearned revenue	168,925	246,048
Total liabilities	184,305	279,262
Fund balances		
Nonspendable for inventory	67,961	21,658
Restricted for food service	1,098,058	1,277,651
Total fund balances	1,166,019	1,299,309
Total liabilities and fund balances	$ 1,350,324	$ 1,578,571

INDEPENDENT SCHOOL DISTRICT NO. 273

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			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 14,915	$ 58,600	$ 43,685	$ 1,979
Other – primarily meal sales	2,395,995	1,971,809	(424,186)	352,581
State sources	164,237	148,196	(16,041)	74,774
Federal sources	976,052	1,478,698	502,646	3,696,542
Total revenue	3,551,199	3,657,303	106,104	4,125,876
Expenditures				
Current				
Salaries	421,591	382,605	(38,986)	272,243
Employee benefits	113,560	98,668	(14,892)	138,286
Purchased services	2,832,052	2,942,612	110,560	2,903,922
Supplies and materials	172,136	356,353	184,217	407,862
Other expenditures	36,382	10,355	(26,027)	9,775
Capital outlay	75,000	–	(75,000)	16,321
Total expenditures	3,650,721	3,790,593	139,872	3,748,409
Net change in fund balances	$ (99,522)	(133,290)	$ (33,768)	377,467
Fund balances				
Beginning of year		1,299,309		921,842
End of year		$ 1,166,019		$ 1,299,309

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2023	2022
Assets		
Cash and temporary investments	$ 3,615,622	$ 3,301,174
Receivables		
Current taxes	614,744	541,252
Delinquent taxes	8,095	9,070
Accounts and interest	21,002	1,628
Due from other governmental units	70,818	39,258
Total assets	$ 4,330,281	$ 3,892,382
Liabilities		
Salaries and benefits payable	$ 149,448	$ 86,419
Accounts and contracts payable	145,318	112,599
Due to other governmental units	–	5,202
Unearned revenue	1,083,853	977,527
Total liabilities	1,378,619	1,181,747
Deferred inflows of resources		
Property taxes levied for subsequent year	1,233,018	1,090,648
Unavailable revenue – delinquent taxes	8,520	7,657
Total deferred inflows of resources	1,241,538	1,098,305
Fund balances		
Restricted for community education programs	1,240,072	1,217,494
Restricted for early childhood family education programs	299,896	299,864
Restricted for school readiness	71,697	46,105
Restricted for community service	98,459	48,867
Total fund balances	1,710,124	1,612,330
Total liabilities, deferred inflows of resources, and fund balances	$ 4,330,281	$ 3,892,382

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 1,087,837	$ 1,089,785	$ 1,948	$ 1,118,925
Investment earnings	2,000	87,900	85,900	2,639
Other – primarily tuition and fees	8,699,212	8,920,871	221,659	7,199,115
State sources	695,268	690,020	(5,248)	571,274
Federal sources	87,000	93,875	6,875	108,900
Total revenue	10,571,317	10,882,451	311,134	9,000,853
Expenditures				
Current				
Salaries	5,981,174	6,254,692	273,518	4,547,334
Employee benefits	1,248,662	1,345,082	96,420	963,931
Purchased services	2,511,162	2,391,391	(119,771)	1,834,270
Supplies and materials	594,817	561,633	(33,184)	550,108
Other expenditures	129,800	131,540	1,740	125,483
Capital outlay	99,408	100,319	911	56,369
Total expenditures	10,565,023	10,784,657	219,634	8,077,495
Net change in fund balances	$ 6,294	97,794	$ 91,500	923,358
Fund balances				
Beginning of year		1,612,330		688,972
End of year		$ 1,710,124		$ 1,612,330

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

	2023	2022
Assets		
Cash and temporary investments	$ 21,114,735	$ 14,372,498
Receivables		
Accounts and interest	13,701	17,914
Total assets	$ 21,128,436	$ 14,390,412
Liabilities		
Salaries and benefits payable	$ –	$ 4,442
Accounts and contracts payable	4,816,123	2,972,064
Total liabilities	4,816,123	2,976,506
Fund balances		
Restricted for projects funded by COPs	6,280,935	–
Restricted for long-term facilities maintenance	8,545,571	6,830,125
Restricted for building construction	1,485,807	4,583,781
Total fund balances	16,312,313	11,413,906
Total liabilities and fund balances	$ 21,128,436	$ 14,390,412

INDEPENDENT SCHOOL DISTRICT NO. 273

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			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 20,000	$ 682,856	$ 662,856	$ 30,999
Expenditures				
Capital outlay				
Salaries	–	1,779	1,779	–
Employee benefits	–	345	345	–
Purchased services	2,308,534	4,678,187	2,369,653	1,739,767
Capital expenditures	15,168,151	14,373,765	(794,386)	4,552,861
Debt service				
Interest and fiscal charges	–	–	–	125,967
Total expenditures	17,476,685	19,054,076	1,577,391	6,418,595
Excess (deficiency) of revenue over expenditures	(17,456,685)	(18,371,220)	(914,535)	(6,387,596)
Other financing sources				
Debt issued	20,295,000	20,118,922	(176,078)	7,000,000
Premium on debt issued	1,390,499	1,566,578	176,079	357,053
Transfers in	1,334,000	1,584,127	250,127	3,051,806
Total other financing sources	23,019,499	23,269,627	250,128	10,408,859
Net change in fund balances	$ 5,562,814	4,898,407	$ (664,407)	4,021,263
Fund balances				
Beginning of year		11,413,906		7,392,643
End of year		$ 16,312,313		$ 11,413,906

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2023	2022
Assets		
Cash and temporary investments	$ 10,617,719	$ 11,011,020
Receivables		
Current taxes	7,119,037	7,467,086
Delinquent taxes	111,301	121,017
Accounts and interest	2,662	–
Total assets	$ 17,850,719	$ 18,599,123
Liabilities		
Accounts and contracts payable	$ 1,662	$ –
Deferred inflows of resources		
Property taxes levied for subsequent year	14,278,681	15,046,221
Unavailable revenue – delinquent taxes	116,471	101,597
Total deferred inflows of resources	14,395,152	15,147,818
Fund balances		
Restricted for debt service	3,453,905	3,451,305
Total liabilities, deferred inflows of resources, and fund balances	$ 17,850,719	$ 18,599,123

INDEPENDENT SCHOOL DISTRICT NO. 273

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			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 15,044,488	$ 15,031,347	$ (13,141)	$ 15,066,052
Investment earnings	79,964	29,300	(50,664)	3,299
Total revenue	15,124,452	15,060,647	(63,805)	15,069,351
Expenditures				
Debt service				
Principal	8,015,000	8,015,000	–	7,540,000
Interest	7,202,578	7,202,577	(1)	7,385,884
Fiscal charges and other	10,000	16,548	6,548	7,125
Total expenditures	15,227,578	15,234,125	6,547	14,933,009
Excess (deficiency) of revenue over expenditures	(103,126)	(173,478)	(70,352)	136,342
Other financing sources				
Debt issued	176,078	176,078	–	–
Net change in fund balances	$ 72,952	2,600	$ (70,352)	136,342
Fund balances				
Beginning of year		3,451,305		3,314,963
End of year		$ 3,453,905		$ 3,451,305

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STATISTICAL SECTION
(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 273'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 level 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 presented is derived from the District's ACFR for the relevant year.

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	$ 36,988,080	$ 42,533,620	$ 43,418,286	$ 47,480,908
Restricted	2,521,430	4,028,984	7,970,131	14,242,051
Unrestricted	6,737,597	(60,108,736)	(63,470,870)	(103,158,513)
Total governmental activities net position	$ 46,247,107	$ (13,546,132)	$ (12,082,453)	$ (41,435,554)

Note 1: The District implemented GASB Statement No. 68 in fiscal year 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately $68.7 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately $6.2 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately $9.1 million. Prior year amounts have not been restated.

2018	2019	2020	2021	2022	2023
$ 60,040,219	$ 64,290,068	$ 69,414,627	$ 74,779,603	$ 79,307,413	$ 81,404,498
16,131,196	14,352,180	11,777,774	10,673,134	13,096,826	16,384,478
(147,642,861)	(120,772,175)	(127,097,824)	(130,386,504)	(126,319,070)	(105,198,186)
$ (71,471,446)	$ (42,129,927)	$ (45,905,423)	$ (44,933,767)	$ (33,914,831)	$ (7,409,210)

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Expenses				
Administration	$ 3,288,777	$ 2,822,761	$ 3,242,345	$ 4,634,672
District support services	2,982,575	3,016,067	3,110,167	3,416,144
Elementary and secondary regular instruction	49,824,755	51,936,220	56,906,604	79,642,160
Vocational education instruction	357,150	431,746	402,701	296,086
Special education instruction	17,015,210	16,333,926	18,732,703	24,859,012
Instructional support services	4,972,525	5,153,658	5,460,656	7,553,915
Pupil support services	7,686,018	7,857,389	8,040,874	9,424,680
Sites and buildings	13,929,573	13,075,629	16,255,995	16,856,606
Fiscal and other fixed cost programs	219,543	231,429	248,613	319,454
Food service	3,186,469	2,781,028	2,727,737	2,770,229
Community service	7,832,332	7,017,085	7,280,463	8,010,769
Interest and fiscal charges	2,045,896	2,065,524	6,657,060	6,188,267
Total governmental activities expenses	113,340,823	112,722,462	129,065,918	163,971,994
Program revenues				
Charges for services				
Administration	–	–	48,426	61,368
Elementary and secondary regular instruction	618,742	815,239	904,973	826,065
Special education instruction	184,719	200,885	208,917	137,973
Instructional support services	25,000	40,164	–	–
Pupil support services	20,256	20,890	17,600	17,238
Sites and buildings	712,632	670,465	638,198	523,884
Food service	2,770,547	2,321,202	2,260,094	2,148,743
Community service	6,499,436	5,561,794	5,432,708	5,043,246
Operating grants and contributions	13,160,555	13,335,745	15,847,284	14,107,577
Total governmental activities program revenues	23,991,887	22,966,384	25,358,200	22,866,094
Net (expense) revenue	(89,348,936)	(89,756,078)	(103,707,718)	(141,105,900)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	11,127,352	22,510,922	23,599,692	30,913,347
Property taxes, levied for community service	552,513	1,123,300	1,153,321	1,182,392
Property taxes, levied for capital projects	8,856,631	9,199,284	11,509,597	5,061,998
Property taxes, levied for debt service	7,095,028	6,934,567	6,766,015	14,096,440
General grants and aids	66,679,341	57,816,937	59,099,180	63,759,959
Other general revenues	1,011,896	1,036,099	2,308,284	2,112,923
Investment earnings	26,775	14,444	735,308	838,354
Special item	–	–	–	–
Total general revenues and other changes in net position	95,349,536	98,635,553	105,171,397	117,965,413
Change in net position	$ 6,000,600	$ 8,879,475	$ 1,463,679	$ (23,140,487)

2018	2019	2020	2021	2022	2023
$ 4,172,107	$ 2,218,112	$ 3,355,426	$ 3,545,896	$ 3,497,178	$ 2,983,756
3,500,226	2,656,587	2,831,412	2,798,389	2,731,193	2,608,472
78,379,255	40,403,099	64,939,467	64,417,805	59,903,266	51,043,329
387,560	238,186	584,027	435,878	497,732	477,033
25,379,452	15,671,871	24,253,131	23,809,800	23,329,243	22,207,149
7,652,292	4,044,870	6,123,950	9,134,634	12,507,297	13,152,951
11,162,024	10,039,710	11,019,797	10,075,079	12,786,642	11,875,451
19,989,575	23,315,175	24,750,786	25,836,493	19,925,328	23,238,558
306,141	252,778	305,513	451,186	504,272	562,301
3,289,385	2,922,698	2,637,069	1,432,491	3,743,658	3,790,037
7,720,547	7,444,575	8,103,181	5,239,236	7,784,122	10,621,001
6,232,703	6,186,183	6,253,404	5,566,552	5,264,241	5,237,662
168,171,267	115,393,844	155,157,163	152,743,439	152,474,172	147,797,700
58,777	33,512	44,794	13,655	54,134	21,249
1,903,654	1,819,367	1,430,084	1,039,250	1,469,646	1,767,832
197,837	202,526	115,553	42,675	18,568	316,990
–	–	–	646	1,506	2,686
41,207	52,783	23,487	32,979	61,126	63,964
530,950	509,760	569,743	349,991	584,826	550,283
2,239,943	2,238,064	1,640,049	31,490	352,581	1,971,809
5,715,389	6,492,272	5,776,927	3,310,816	7,199,115	8,920,871
14,410,211	16,423,646	16,936,588	19,889,104	22,222,626	22,373,608
25,097,968	27,771,930	26,537,225	24,710,606	31,964,128	35,989,292
(143,073,299)	(87,621,914)	(128,619,938)	(128,032,833)	(120,510,044)	(111,808,408)
30,129,873	33,151,451	33,408,171	38,700,828	44,940,869	46,462,287
1,119,670	1,074,332	1,116,918	1,100,338	1,118,315	1,090,648
5,344,774	5,300,000	5,914,554	4,920,118	–	–
15,398,422	15,089,758	15,895,731	14,725,692	15,080,775	15,046,221
62,441,248	59,507,776	64,777,362	68,134,313	68,403,930	71,201,456
1,889,515	1,852,396	2,674,991	1,333,919	1,899,993	2,468,116
1,071,750	987,720	1,031,666	89,281	85,098	2,045,301
4,696,546	–	–	–	–	–
122,091,798	116,963,433	124,819,393	129,004,489	131,528,980	138,314,029
$ (20,981,501)	$ 29,341,519	$ (3,800,545)	$ 971,656	$ 11,018,936	$ 26,505,621

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	$ 79,058	$ 148,739	$ 89,550	$ 128,765
Restricted	1,087,346	1,333,394	1,789,869	3,107,162
Committed	2,562,543	2,747,450	1,976,507	2,838,407
Assigned	8,535,455	4,457,719	7,387,574	5,773,902
Unassigned	3,347,101	10,134,564	8,155,342	6,843,919
Total General Fund	$ 15,611,503	$ 18,821,866	$ 19,398,842	$ 18,692,155
All other governmental funds				
Nonspendable				
Special revenue funds	$ 13,282	$ 6,746	$ –	$ 16,759
Capital Projects – Building Construction Fund	–	264,975	15,502	10,853
Restricted				
Special revenue funds	1,791,917	1,935,188	2,018,959	1,670,808
Capital Projects – Building Construction Fund	3,987,824	3,274,537	114,816,902	60,595,861
Debt Service Fund	947,081	1,428,414	200,151	732,774
Unassigned				
Special revenue funds	–	–	–	(57,546)
Capital Projects – Building Construction Fund	–	(267,234)	–	–
Total all other governmental funds	$ 6,740,104	$ 6,642,626	$ 117,051,514	$ 62,969,509
Total all governmental funds	$ 22,351,607	$ 25,464,492	$ 136,450,356	$ 81,661,664

2018	2019	2020	2021	2022	2023
$ 714,427	$ 31,133	$ –	$ –	$ 2,925	$ 392,982
3,289,820	2,814,296	1,459,232	1,333,034	2,833,640	4,342,395
927,819	1,037,614	1,068,409	1,074,602	1,098,955	2,322,850
3,535,342	3,534,808	3,752,941	6,094,910	5,995,361	5,519,524
5,268,594	6,764,615	8,613,512	9,061,060	8,191,141	8,013,834
$ 13,736,002	$ 14,182,466	$ 14,894,094	$ 17,563,606	$ 18,122,022	$ 20,591,585
$ 480	$ –	$ –	$ –	$ 21,658	$ 67,961
12,739	–	–	11,431	–	–
1,746,245	2,032,459	1,455,180	1,610,814	2,889,981	2,808,182
19,791,866	25,077,215	12,413,939	7,458,401	11,413,906	16,312,313
1,539,589	2,596,972	3,026,960	3,314,963	3,451,305	3,453,905
–	–	–	–	–	–
–	–	–	(77,189)	–	–
$ 23,090,919	$ 29,706,646	$ 16,896,079	$ 12,318,420	$ 17,776,850	$ 22,642,361
$ 36,826,921	$ 43,889,112	$ 31,790,173	$ 29,882,026	$ 35,898,872	$ 43,233,946

INDEPENDENT SCHOOL DISTRICT NO. 273

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				
Taxes	$ 27,029,768	$ 40,362,621	$ 43,034,354	$ 51,045,152
Investment earnings	26,775	14,444	735,308	838,354
Other	11,843,228	10,666,738	11,819,200	10,871,440
State sources	77,587,783	69,032,439	72,452,309	72,575,056
Federal sources	2,252,113	1,979,554	2,494,155	2,437,217
Total revenues	118,739,667	122,055,796	130,535,326	137,767,219
Expenditures				
Current				
Administration	3,100,900	3,124,572	3,281,563	3,542,398
District support services	2,969,022	3,063,669	3,093,531	3,097,417
Elementary and secondary regular instruction	45,074,133	47,412,069	52,518,801	53,688,788
Vocational education instruction	357,150	432,541	402,746	280,680
Special education instruction	16,841,301	16,239,313	18,601,905	18,431,801
Instructional support services	4,916,476	5,063,892	5,508,758	5,382,317
Pupil support services	7,544,789	7,745,956	7,922,598	8,118,389
Sites and buildings	9,691,920	9,006,454	8,954,875	11,733,576
Fiscal and other fixed cost programs	219,543	231,429	248,613	319,454
Food service	3,183,720	2,776,284	2,693,974	2,748,269
Community service	7,652,852	6,847,345	7,201,847	7,211,986
Capital outlay	15,710,333	16,035,489	24,590,991	80,947,545
Debt service				
Principal	4,286,603	4,855,321	4,841,995	6,354,550
Interest and fiscal charges	2,776,347	2,718,823	5,916,089	7,513,874
Total expenditures	124,325,089	125,553,157	145,778,286	209,371,044
Excess of revenues over (under) expenditures	(5,585,422)	(3,497,361)	(15,242,960)	(71,603,825)
Other financing sources (uses)				
Sale of equipment	–	–	–	–
Sale of real property	–	–	–	–
Insurance recovery proceeds	–	–	–	–
Financed purchases	–	–	–	–
Bonds issued	–	6,050,000	113,385,000	16,350,000
Certificates of participation issued	–	–	–	–
Premium on debt issued	–	67,246	12,843,824	465,133
Capital leases issued	2,319,600	493,000	–	–
Payment to refunded bond escrow agent	–	–	–	–
Transfers in	–	–	–	4,102,593
Transfers out	–	–	–	(4,102,593)
Total other financing sources (uses)	2,319,600	6,610,246	126,228,824	16,815,133
Net change in fund balances	$ (3,265,822)	$ 3,112,885	$ 110,985,864	$ (54,788,692)
Debt service as a percentage of noncapital expenditures	6.3%	6.8%	8.5%	10.6%

2018	2019	2020	2021	2022	2023
$ 52,129,918	$ 54,484,845	$ 56,429,303	$ 59,466,560	$ 61,138,083	$ 62,526,584
1,071,750	987,720	1,031,666	88,447	85,098	2,045,301
12,577,272	13,200,680	12,275,628	6,136,020	11,500,106	16,083,800
74,418,915	77,151,756	79,168,635	81,366,601	83,091,253	88,591,340
2,462,536	3,059,848	2,515,385	6,481,911	7,992,699	4,495,635
142,660,391	148,884,849	151,420,617	153,539,539	163,807,239	173,742,660
3,165,048	3,301,695	3,009,563	3,342,784	3,873,432	3,445,138
3,252,865	2,918,207	2,800,341	2,714,576	2,853,562	2,510,347
55,129,942	55,976,301	56,626,943	56,763,928	58,812,519	60,623,730
437,560	371,717	417,775	347,713	418,857	456,282
19,799,024	21,165,695	22,535,544	22,568,276	24,570,499	26,170,884
5,826,639	5,720,643	5,600,116	8,891,998	12,959,940	12,120,115
10,026,345	10,536,840	10,138,725	9,321,573	12,947,747	11,869,856
9,665,421	12,863,141	15,903,909	13,571,083	15,164,467	15,770,264
306,141	252,778	305,513	451,186	504,272	562,301
3,172,591	2,934,016	2,371,549	1,321,720	3,732,088	3,797,416
7,135,225	7,885,155	7,805,415	5,202,701	8,021,126	10,684,338
59,273,703	27,983,835	20,021,117	27,541,508	6,365,318	25,727,730
7,408,860	7,643,316	8,382,929	7,461,830	8,002,883	8,517,998
7,616,783	7,552,759	7,681,704	7,915,046	7,593,862	7,290,326
192,216,147	167,106,098	163,601,143	167,415,922	165,820,572	189,546,724
(49,555,756)	(18,221,249)	(12,180,526)	(13,876,383)	(2,013,333)	(15,804,064)
–	–	–	5,185	–	–
4,721,013	–	–	–	–	–
–	–	–	14,216	141,389	–
–	–	–	317,611	531,737	209,820
–	24,075,000	19,890,000	19,670,000	7,000,000	7,035,000
–	–	–	–	–	14,200,000
–	1,208,440	2,061,538	2,391,224	357,053	1,694,318
–	–	–	–	–	–
–	–	(21,895,000)	(10,430,000)	–	–
7,866,783	3,213,503	–	–	3,051,806	1,584,127
(7,866,783)	(3,213,503)	–	–	(3,051,806)	(1,584,127)
4,721,013	25,283,440	56,538	11,968,236	8,030,179	23,139,138
$ (44,834,743)	$ 7,062,191	$ (12,123,988)	$ (1,908,147)	$ 6,016,846	$ 7,335,074
10.7%	10.6%	11.1%	10.7%	10.0%	9.6%

INDEPENDENT SCHOOL DISTRICT NO. 273

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2014	$ 81,955,185	$ 7,435,007,626	1.1 %
2015	82,475,249	7,527,342,023	1.1
2016	91,003,016	8,197,930,469	1.1
2017	96,086,686	8,655,567,325	1.1
2018	99,554,444	8,997,851,250	1.1
2019	106,330,012	9,520,250,340	1.1
2020	112,615,801	10,109,194,711	1.1
2021	116,453,509	10,476,131,305	1.1
2022	118,793,566	10,756,237,669	1.1
2023	125,283,792	11,116,486,387	1.1

Note: Per the Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available.

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 273

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

Tax Levy Collectible	ISD No. 273	Edina	Bloomington	St. Louis Park	Hennepin County	Special Districts
2014	27.556%	N/A	N/A	N/A	N/A	N/A
2015	27.344%	N/A	N/A	N/A	N/A	N/A
2016	34.898%	N/A	N/A	N/A	N/A	N/A
2017	34.798%	N/A	N/A	N/A	N/A	N/A
2018	30.972%	27.751%	40.573%	46.383%	46.398%	9.071%
2019	30.589%	27.380%	40.045%	44.706%	45.356%	8.669%
2020	30.589%	27.945%	39.557%	43.398%	44.087%	8.356%
2021	31.474%	28.779%	39.743%	42.855%	42.808%	7.973%
2022	29.975%	28.936%	40.730%	44.681%	41.861%	8.001%
2023	28.093%	28.056%	38.013%	42.861%	41.084%	7.082%
County Auditor's Gross Spread Levies						
2014	$ 39,958,154	N/A	N/A	N/A	N/A	N/A
2015	44,206,722	N/A	N/A	N/A	N/A	N/A
2016	51,188,271	N/A	N/A	N/A	N/A	N/A
2017	51,991,396	N/A	N/A	N/A	N/A	N/A
2018	54,977,370	$ 35,659,777	$ 57,001,564	$ 31,835,173	$ 788,559,712	$ 163,262,262
2019	56,459,789	37,271,021	59,405,698	32,471,521	829,555,042	165,554,394
2020	59,308,017	39,467,543	61,731,187	32,987,460	868,958,906	163,219,491
2021	60,925,445	41,787,871	62,366,022	33,371,999	868,958,906	165,964,336
2022	62,729,399	45,130,036	63,262,900	33,886,668	899,372,132	170,489,349
2023	68,800,246	49,610,600	67,151,511	43,104,094	930,849,945	175,478,697

N/A – Not Available

Note: Above tax rates are used to levy city, county, and school district taxes. Information prior to 2018 is not readily available for overlapping governments.

Source: Hennepin County Taxpayer Services Division

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INDEPENDENT SCHOOL DISTRICT NO. 273

Principal Property Taxpayers
Current Year and Nine Years Ago

		2023			2014		
Taxpayer	Type of Property	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Galleria Shopping Center LLC	Commercial	$ 2,390,690	1	1.91 %	$ 1,593,450	1	1.94 %
Southdale Office Partners, LLC	Apartment	1,009,858	2	0.81	–	–	–
WPT Land 2 LP	Commercial	901,830	3	0.72	–	–	–
One Southdale Place, LLC	Commercial	749,796	4	0.60	–	–	–
7700 France Avenue LLC	Apartment	700,760	5	0.56	508,794	5	0.62
Edina Market Street LLC	Apartment	662,090	6	0.53	–	–	–
Southdale Center, LLC	Commercial	581,000	7	0.46	539,462	4	0.66
CRP/TCC AA II Edina LLC	Apartment	521,250	8	0.42	–	–	–
6801 France DST	Commercial	463,860	9	0.37	–	–	–
DRF Edina Medical Building LLC	Commercial	411,368	10	0.33	–	–	–
Liberty Property Limited Partnership	Commercial	–	–	–	712,386	2	0.87
Southdale Office LLC	Commercial	–	–	–	701,274	3	0.86
Target Corporation	Commercial	–	–	–	439,250	6	0.54
Midwest Portfolio Corp.	Commercial	–	–	–	320,860	7	0.39
Galleria Hotel, LLC	Commercial	–	–	–	313,722	8	0.38
Eden Avenue LLC	Commercial	–	–	–	251,738	9	0.31
FilmTec Corporation	Industrial	–	–	–	234,870	10	0.29
Total		$ 8,392,502		6.70 %	$ 5,615,806		6.85 %

Source: Fiscal year 2023 information obtained from the Official Statement associated with the District's General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2023A (prepared by Ehlers and Associates, Inc.).

Source: Fiscal year 2014 information obtained from the Official Statement associated with the District's General Obligation Alternative Facilities Bonds, Series 2014A (prepared by Ehlers and Associates, Inc.).

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Taxes Levied for the Fiscal Year			Collections First Year Levy Recognized	
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total	Amount	Percentage of Levy
2014	$ 32,117,255	$ 7,193,037	$ 39,310,292	$ 39,310,292	100.0 %
2015	32,864,973	7,093,181	39,958,154	39,958,154	100.0
2016	37,403,128	6,803,594	44,206,722	44,206,722	100.0
2017	37,025,344	14,162,927	51,188,271	51,188,271	100.0
2018	36,594,683	15,396,713	51,991,396	51,863,380	99.8
2019	39,888,090	15,089,280	54,977,370	54,817,949	99.7
2020	40,564,810	15,894,979	56,459,789	56,255,923	99.6
2021	44,583,034	14,724,983	59,308,017	59,037,223	99.5
2022	45,846,105	15,079,339	60,925,445	60,631,484	99.5
2023	47,684,911	15,044,488	62,729,399	62,258,879	99.2

Note: Collections includes adjustments and abatements. Information on current and delinquent collections is not available prior to 2018. Delinquent receivables are written off after seven years.

Source: Minnesota Department of Education School Tax Reports and Hennepin County Tax Settlement Reports

Received in Subsequent Years	Total to Date		Delinquent	
	Amount	Percentage of Levy	Amount	Percent
$ –	$ 39,310,292	100.0 %	$ –	– %
–	39,958,154	100.0	–	–
–	44,206,722	100.0	–	–
–	51,188,271	100.0	–	–
128,016	51,991,396	100.0	–	–
141,438	54,959,387	99.9	17,983	–
183,053	56,438,976	99.9	20,813	–
237,029	59,274,252	99.9	33,765	0.1
224,606	60,856,090	99.8	69,355	0.1
157,958	62,416,837	99.5	312,562	0.5
			$ 454,477	

INDEPENDENT SCHOOL DISTRICT NO. 273

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Notes and Bonds	Premium (Discount)	Certificates of Participation	Financed Purchases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2014	$ 60,935,000	$ 6,819,010	$ 1,445,000	$ 2,656,102	$ 71,855,112	2.4 %	$ 1,460
2015	62,870,000	6,188,027	1,350,000	2,503,781	72,911,808	2.3	1,436
2016	172,010,000	17,785,150	1,255,000	2,001,786	193,051,936	5.9	3,727
2017	182,230,000	16,945,453	1,155,000	1,877,236	202,207,689	5.7	3,852
2018	175,050,000	15,615,362	1,055,000	1,748,376	193,468,738	5.6	3,683
2019	191,720,000	15,481,849	950,000	1,615,060	209,766,909	5.7	3,938
2020	181,575,000	13,282,191	845,000	1,477,131	197,179,322	4.8	3,686
2021	183,765,000	14,202,540	735,000	1,492,912	200,195,452	5.2	3,737
2022	183,225,000	12,955,532	625,000	1,671,766	198,477,298	4.8	3,705
2023	182,245,000	13,007,236	14,710,000	1,493,588	211,455,824	N/A	3,947

N/A – Not Available

(1) See Demographic and Economic Statistics table for population and personal income.

Source: The District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 273

Ratio of Net General Obligation Bonded Debt
to Tax Capacity and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2014	$ 60,935,000	$ 947,081	$ 59,987,919	$ 81,955,185	73.20 %	49,216	$ 1,219
2015	62,870,000	1,428,414	61,441,586	82,475,249	74.50	50,766	1,210
2016	172,010,000	200,151	171,809,849	91,003,016	188.80	51,804	3,317
2017	182,230,000	732,774	181,497,226	96,086,686	188.89	52,497	3,457
2018	175,050,000	1,539,589	173,510,411	99,554,444	174.29	52,535	3,303
2019	191,720,000	2,596,972	189,123,028	106,330,012	177.86	53,268	3,550
2020	181,575,000	3,026,960	178,548,040	112,615,801	158.55	53,494	3,338
2021	183,765,000	3,314,963	180,450,037	116,453,509	154.95	53,572	3,368
2022	183,225,000	3,451,305	179,773,695	118,793,566	151.33	53,572	3,356
2023	182,245,000	2,799,411	179,445,589	125,283,792	143.23	53,572	3,350

(1) See Demographic and Economic Statistics table for population.

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Direct and Overlapping Debt
as of June 30, 2023

Governmental Unit	Tax Collection Calendar Year – 2022 Taxable Net Tax Capacity	Net Bonded Debt	Debt Applicable to Tax Capacity in ISD No. 273 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 273	$ 125,283,792	$ 179,445,589	100.00 %	$ 179,445,589
Overlapping debt (1)				
Hennepin County	139,099,337	1,018,886,023	5.61	57,159,506
Cities				
Bloomington	1,505,337	32,261,987	0.82	264,548
Edina	137,514,944	35,227,082	79.86	28,132,348
St. Louis Park	79,056	61,851,976	0.09	55,667
Other				
Metropolitan Council	139,099,337	83,059,397	3.05	2,533,312
Three Rivers Park District	139,099,337	47,650,901	7.79	3,712,005
Hennepin County Regional Railroad Authority	139,099,337	85,464,798	5.61	4,794,575
District share of total overlapping debt				96,651,961
Total direct and overlapping debt				$ 276,097,550

(1) Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of General Services – Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 273

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	$ 1,115,251,144	$ 1,129,101,303	$ 1,229,689,570	$ 1,298,335,099
Total net debt applicable to the limit	60,935,000	62,870,000	172,010,000	182,230,000
Legal debt margin	$ 1,054,316,144	$ 1,066,231,303	$ 1,057,679,570	$ 1,116,105,099
Total net debt applicable to the limit as a percentage of debt limit	5.46%	5.57%	13.99%	14.04%
Taxable market value	$ 7,435,007,626	$ 7,527,342,023	$ 8,197,930,469	$ 8,655,567,325

Note: Per Minnesota finance laws, the District’s outstanding general obligation debt should not exceed 15 percent of total property market 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
	$ 1,349,677,688	$ 1,428,037,551	$ 1,516,379,207	$ 1,571,419,696	$ 1,613,435,650	$ 1,667,472,958
	175,050,000	191,720,000	181,575,000	183,765,000	183,225,000	182,245,000
	$ 1,174,627,688	$ 1,236,317,551	$ 1,334,804,207	$ 1,387,654,696	$ 1,430,210,650	$ 1,485,227,958
	12.97%	13.43%	11.97%	11.69%	11.36%	10.93%
	$ 8,997,851,250	$ 9,520,250,340	$ 10,109,194,711	$ 10,476,131,305	$ 10,756,237,669	$ 11,116,486,387

INDEPENDENT SCHOOL DISTRICT NO. 273

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2014	49,216	$ 3,053,163,776	$ 62,036	8,431	3.10 %
2015	50,766	3,231,154,368	63,648	8,456	2.82
2016	51,804	3,264,895,296	63,024	8,429	3.08
2017	52,497	3,567,906,108	67,964	8,479	2.83
2018	52,535	3,480,338,680	66,248	8,464	2.26
2019	53,268	3,711,714,240	69,680	8,412	2.63
2020	53,494	4,111,334,864	76,856	8,365	5.10
2021	53,572	3,873,041,312	72,296	8,242	2.50
2022	53,572	4,172,562,364	77,887	8,364	2.10
2023	53,572	N/A	N/A	8,582	2.10

N/A – Not Available

Sources: Population data based on information from property developers and cities; methodology approved by the state demographer’s office.

Per capita personal income data is for the state of Minnesota and is obtained from the United States Census Bureau.

Enrollment information from district records.

Unemployment rates are for Hennepin County as of June and were obtained from the Minnesota Department of Employment and Economic Development.

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year			
	2023		2014	
Employer	Employees	Rank	Employees	Rank
Independent School District (ISD) No. 273	1,374	1	1,245	1
City of Edina	931	2	811	2
Regis Corporation	900	3	600	3
Bi Worldwide	735	4	600	4
Lund Food Holdings	650	5	405	6
Western National Insurance Group	458	6	–	–
Jerry’s Enterprises Inc.	450	7	–	–
Dow FilmTec/DuPont	375	8	375	10
Target	375	9	–	–
SpartanNash	350	10	–	–
Barr Engineering	–	–	453	5
Edina Realty	–	–	400	7
International Dairy Queen, Inc.	–	–	400	8
Accenture Limited	–	–	390	9
Total	6,598		5,679	
Total ISD No. 273 population (see the Schedule of Demographic and Economic Statistics)	53,572		49,216	
Percent of principal employers to total ISD No. 273 population	12.3%		11.5%	

Source: Fiscal year 2023 information obtained from the Official Statement associated with the District’s General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2023A (prepared by Ehlers and Associates, Inc.).

Fiscal year 2014 information obtained from the Official Statement associated with the District’s General Obligation School Building Bonds, Series 2015A (prepared by Ehlers and Associates, Inc.).

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year 2014	2015	2016	2017
Administration				
Principals	N/A	N/A	N/A	N/A
Associate principals	N/A	N/A	N/A	N/A
Deans	N/A	N/A	N/A	N/A
Nonaffiliated	N/A	N/A	N/A	N/A
Total administration	–	–	–	–
Licensed classroom and instructional personnel				
High school classroom teachers	N/A	N/A	N/A	N/A
Middle school classroom teachers	N/A	N/A	N/A	N/A
Elementary classroom teachers	N/A	N/A	N/A	N/A
Special education	N/A	N/A	N/A	N/A
Media specialists	N/A	N/A	N/A	N/A
Specialists and intervention	N/A	N/A	N/A	N/A
Total licensed classroom and instructional personnel	–	–	–	–
Licensed support personnel				
Curriculum and instruction	N/A	N/A	N/A	N/A
Peer coaches	N/A	N/A	N/A	N/A
Counselors	N/A	N/A	N/A	N/A
Social workers	N/A	N/A	N/A	N/A
Licensed school nurses	N/A	N/A	N/A	N/A
School psychologists	N/A	N/A	N/A	N/A
Total licensed support personnel	–	–	–	–
Non-licensed support personnel				
Clerical	N/A	N/A	N/A	N/A
Custodial	N/A	N/A	N/A	N/A
Transportation	N/A	N/A	N/A	N/A
Paraprofessionals	N/A	N/A	N/A	N/A
Community education	N/A	N/A	N/A	N/A
Other administrative staff	N/A	N/A	N/A	N/A
Total support services	–	–	–	–
District-wide totals	–	–	–	–

N/A – Not Available

Note: Prior to fiscal year 2023, the District did not maintain easily accessible staff data.

Source: The District’s Human Resources Department

2018	2019	2020	2021	2022	2023
N/A	N/A	N/A	N/A	N/A	9.0
N/A	N/A	N/A	N/A	N/A	7.0
N/A	N/A	N/A	N/A	N/A	8.0
N/A	N/A	N/A	N/A	N/A	28.0
–	–	–	–	–	52.0
N/A	N/A	N/A	N/A	N/A	115.0
N/A	N/A	N/A	N/A	N/A	101.0
N/A	N/A	N/A	N/A	N/A	189.0
N/A	N/A	N/A	N/A	N/A	123.0
N/A	N/A	N/A	N/A	N/A	9.0
N/A	N/A	N/A	N/A	N/A	53.0
–	–	–	–	–	590.0
N/A	N/A	N/A	N/A	N/A	7.0
N/A	N/A	N/A	N/A	N/A	8.0
N/A	N/A	N/A	N/A	N/A	14.0
N/A	N/A	N/A	N/A	N/A	12.0
N/A	N/A	N/A	N/A	N/A	9.0
N/A	N/A	N/A	N/A	N/A	15.0
–	–	–	–	–	65.0
N/A	N/A	N/A	N/A	N/A	64.0
N/A	N/A	N/A	N/A	N/A	64.0
N/A	N/A	N/A	N/A	N/A	91.0
N/A	N/A	N/A	N/A	N/A	266.0
N/A	N/A	N/A	N/A	N/A	170.0
N/A	N/A	N/A	N/A	N/A	38.0
–	–	–	–	–	693.0
–	–	–	–	–	1,400.0

INDEPENDENT SCHOOL DISTRICT NO. 273

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2014	8,431	$ 98,907,990	$ 11,732	3.2 %	N/A	N/A	7.9 %
2015	8,456	102,351,966	12,104	3.2	N/A	N/A	8.2
2016	8,429	107,914,706	12,802	5.8	N/A	N/A	8.8
2017	8,479	111,361,851	13,133	2.6	N/A	N/A	8.6
2018	8,464	114,289,013	13,504	2.8	N/A	N/A	7.9
2019	8,412	117,494,595	13,967	3.4	N/A	N/A	8.9
2020	8,365	118,603,974	14,178	1.5	N/A	N/A	9.6
2021	8,242	116,756,222	14,166	(0.1)	N/A	N/A	8.6
2022	8,364	128,667,808	15,383	8.6	N/A	N/A	11.7
2023	8,582	136,733,574	15,932	3.6	405	21.2	18.6

N/A – Not Available

Note 1: Operating expenditures are total expenditures for the General, Food Service Special Revenue, and Community Service Special Revenue funds, less debt service, capital outlay, long-term facilities maintenance, and technology levy expenditures.

Note 2: Staffing data from the District's Human Resources Department. Prior to fiscal year 2023 the District did not maintain easily accessible staff data.

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 273

Instructional Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary schools										
Concord (1950)										
Square feet	83,717	83,717	83,717	88,183	88,183	88,183	88,183	88,183	88,183	88,183
Capacity	790	790	790	790	790	790	790	790	790	790
Enrollment	723	736	720	732	742	730	736	698	720	723
Cornelia (1959)										
Square feet	71,055	71,055	71,055	79,687	79,687	79,687	79,687	79,687	79,687	79,687
Capacity	662	662	662	662	662	662	662	662	662	662
Enrollment	537	584	574	585	574	567	554	550	531	577
Countryside (1962)										
Square feet	71,055	71,055	71,055	73,011	73,011	73,011	73,011	73,011	73,011	73,011
Capacity	594	594	594	594	594	594	594	594	594	594
Enrollment	608	600	588	586	573	589	581	573	576	606
Creek Valley (1968)										
Square feet	77,118	77,118	77,118	77,118	78,458	78,458	78,458	78,458	78,458	78,458
Capacity	662	662	662	662	662	662	662	662	662	662
Enrollment	613	588	692	601	587	587	591	576	590	612
Highlands (1956)										
Square feet	68,538	68,538	68,538	68,538	73,202	73,202	73,202	73,202	73,202	73,202
Capacity	606	606	606	606	606	606	606	606	606	606
Enrollment	565	566	567	568	580	561	553	530	541	564
Normandale (1948)										
Square feet	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082
Capacity	714	714	714	714	714	714	714	714	714	714
Enrollment	654	638	648	642	647	644	645	651	664	657
Middle schools										
South View (1954)										
Square feet	218,443	218,443	218,443	218,443	219,862	219,862	219,862	219,862	219,862	219,862
Capacity	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341
Enrollment	1,305	1,309	1,334	1,326	1,007	970	965	968	973	987
Valley View (1964)										
Square feet	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573
Capacity	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248
Enrollment	1,395	1,392	1,396	1,393	1,038	1,026	1,014	1,010	992	973
High school										
Edina High School (1972)										
Square feet	411,717	411,717	411,717	554,617	554,617	554,617	554,617	554,617	554,617	554,617
Capacity	2,320	2,320	2,320	3,126	3,126	3,126	3,126	3,126	3,126	3,126
Enrollment	1,963	2,001	2,001	2,047	2,732	2,718	2,687	2,683	2,679	2,719

Note: The Normandale Elementary square footage figures include the District's administrative offices and early learning school.

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