

# Comprehensive Annual Financial Report



**EDEN PRAIRIE SCHOOLS**  
Inspiring each student every day

**2020**

Eden Prairie Schools | ISD #272 | Eden Prairie, MN  
Fiscal Year Ending June 30, 2020

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

INDEPENDENT SCHOOL DISTRICT NO. 272  
EDEN PRAIRIE, MINNESOTA

8100 School Road  
Eden Prairie, MN 55344

Prepared by  
Finance Department

Jason Mutzenberger • Executive Director of Business Services

Matt Hippen • Director of Finance

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INDEPENDENT SCHOOL DISTRICT NO. 272

**Table of Contents**

	Page
<b>SECTION I – INTRODUCTORY SECTION</b>	
Letter of Transmittal	i–v
Organizational Chart	vi
School Board and Administration	vii
Certificate of Excellence in Financial Reporting – Association of School Business Officials	viii
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	ix
<b>SECTION II – FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	1–3
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4–15
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17–18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Food Service Special Revenue Fund	26
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Service Special Revenue Fund	27
Internal Service Funds	
Statement of Net Position	28
Statement of Revenue, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
Fiduciary Funds	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to Basic Financial Statements	33–68

INDEPENDENT SCHOOL DISTRICT NO. 272

**Table of Contents (continued)**

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

INDEPENDENT SCHOOL DISTRICT NO. 272

**Table of Contents (continued)**

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

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**SECTION I – INTRODUCTORY SECTION**

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**EDEN PRAIRIE SCHOOLS**  
Inspiring each student every day

November 11, 2020

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

## **PREFACE**

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 272, Eden Prairie Public Schools (the District) is submitted for the fiscal year ended June 30, 2020. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

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

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

Also required as a part of required supplementary information by GASB Statement No. 34 is a management's discussion and analysis (MD&A), which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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

## **DISTRICT GOALS**

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

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

## **Executive Limitations**

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

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

## **Ends Policies**

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

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

## **DISTRICT FISCAL FRAMEWORK**

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

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

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

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

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

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

## **LOCAL ECONOMIC CONDITION**

Eden Prairie is a relatively stable suburban area southwest of the twin cities of Minneapolis and St. Paul that covers 36 square miles with an estimated population of 63,456. Eden Prairie residents enjoy amenities, including transportation, employment opportunities, housing, educational institutions, and a quality school district.

Learners in the District attend eight district sites. The District operates six kindergarten through sixth grade elementary schools with five boundary schools and a Spanish Immersion School. The Eagle Heights Spanish Immersion School is housed in the same building as the Oak Point Elementary School. Eden Prairie's seventh and eighth graders attend Central Middle School, while Eden Prairie High School is home to students in Grades 9 through 12. The District also has a thriving Education Center, which houses the Family Center, Early Childhood Special Education, TASSEL Transition Program, and Community Education programs for learners of all ages. In total, district-owned instruction and administrative buildings account for 1,851,588 square feet of space with an average age of 30 years.

As one of the largest employers in the city with approximately 1,500 staff members, the District plays a dual role in economic development. The highly skilled staff remains focused on the mission: "Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world." The District's commitment to quality and service is among the reasons it operates its own student transportation system and food service program. Buildings and grounds staff members are responsible for maintaining the facilities to ensure a healthy and safe learning environment. A dedicated auxiliary staff, including a wide variety of positions, such as lunchroom/playground supervisors, computer assistants, network managers, special education inclusion assistants, secretarial/clerical staff, and health assistants, collaborate in advancing our goals.

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

## **DISTRICT ECONOMIC CONDITION**

The referendum that was passed in 2014 includes an inflation escalation clause that gives financial stability to protect the District against inflation. The District has built up a strong General Fund unassigned fund balance by increasing revenues with the referendum passage, as well as limiting expenditures by finding efficiencies in normal school operations. The District's School Board policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures to ensure financial health and viability. Each year, the School Board is presented with a 5-year financial forecast that considers enrollment projections, expenditure increases, efficiencies, and other financial assumptions. Additionally, the District has a finance committee comprised of school board member(s), community members, and staff that review a range of finance related elements several times per year. This ensures that the District is planning for the current reality, as well as the future.

In the spring of 2020, the District broke ground on the Central Middle School addition and remodel project. This project will span over three fiscal years and will be mostly funded by the voter approved 2019 Designing Pathways bond.

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

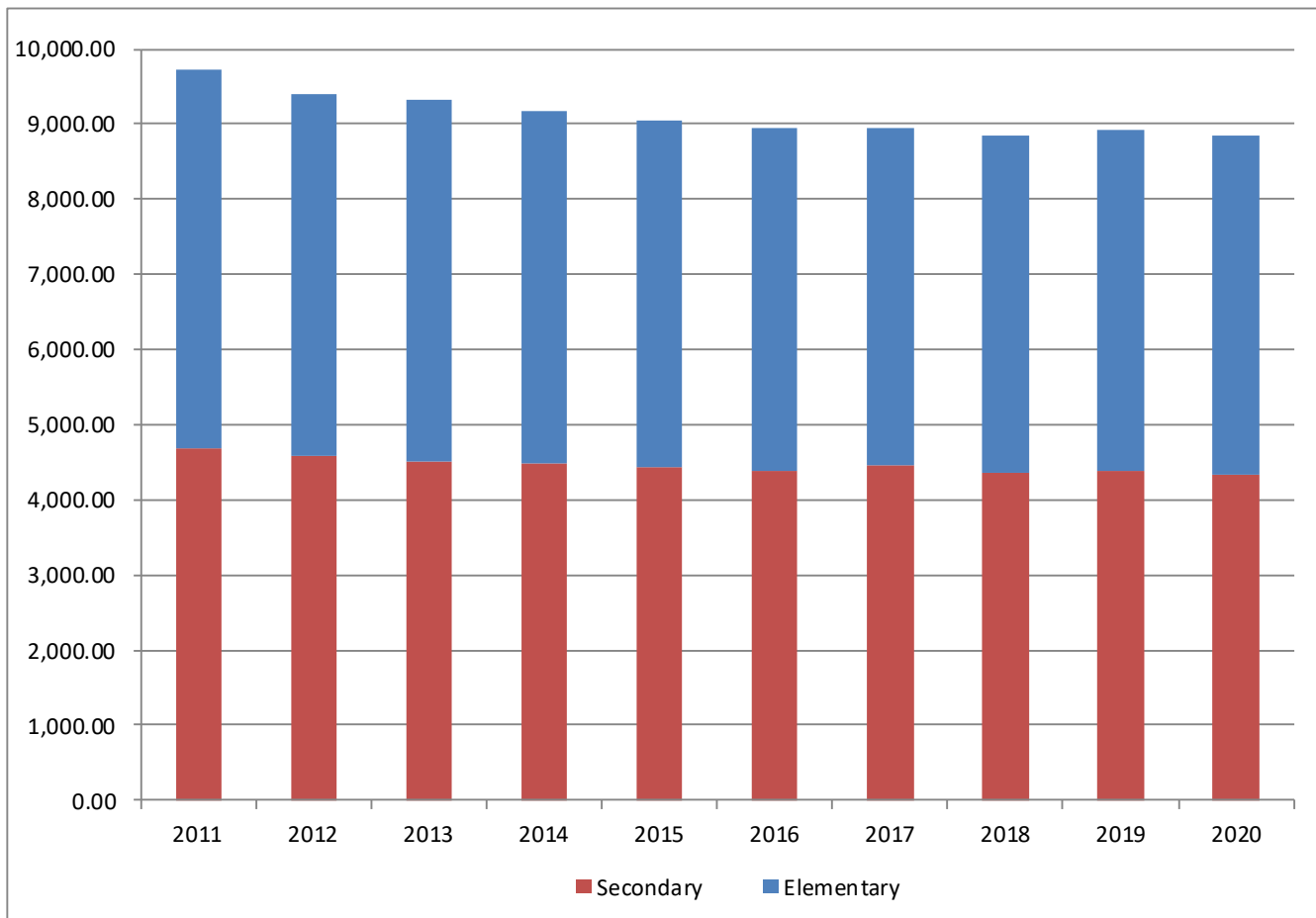
## ENROLLMENT

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

### Student Enrollment (Average Daily Membership)

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

### Student Enrollment (Average Daily Membership)



The continued graduation of comparably large student cohorts coupled with smaller incoming kindergarten cohorts led to a 1.0 percent decline in enrollment over the past three years. While the District experienced a small enrollment gain in fiscal year 2019, that trend did not continue into fiscal year 2020 and we expect a similar decline into the future. The enrollment and demographic changes presented above offer both financial and strategic challenges and opportunities for the District.

## **INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL**

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

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 13,000 accounts have been defined within the District's chart of accounts. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The District's administration receives and reviews monthly financial reports. These reports are also presented to the School Board and are publicly available as part of the School Board's meeting materials.

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

## **INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE**

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

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) for their Certificates of Excellence in Financial Reporting Programs. Achieving recognition by these programs provides a clear indication of the District's high standards for financial reporting. The District intends to submit this CAFR to the ASBO International and the GFOA Certificate Programs for consideration. The District has received the ASBO International Certificate of Excellence in Financial Reporting for the CAFR for the last 20 financial years and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past six years.

## **ACKNOWLEDGMENTS**

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

Sincerely,



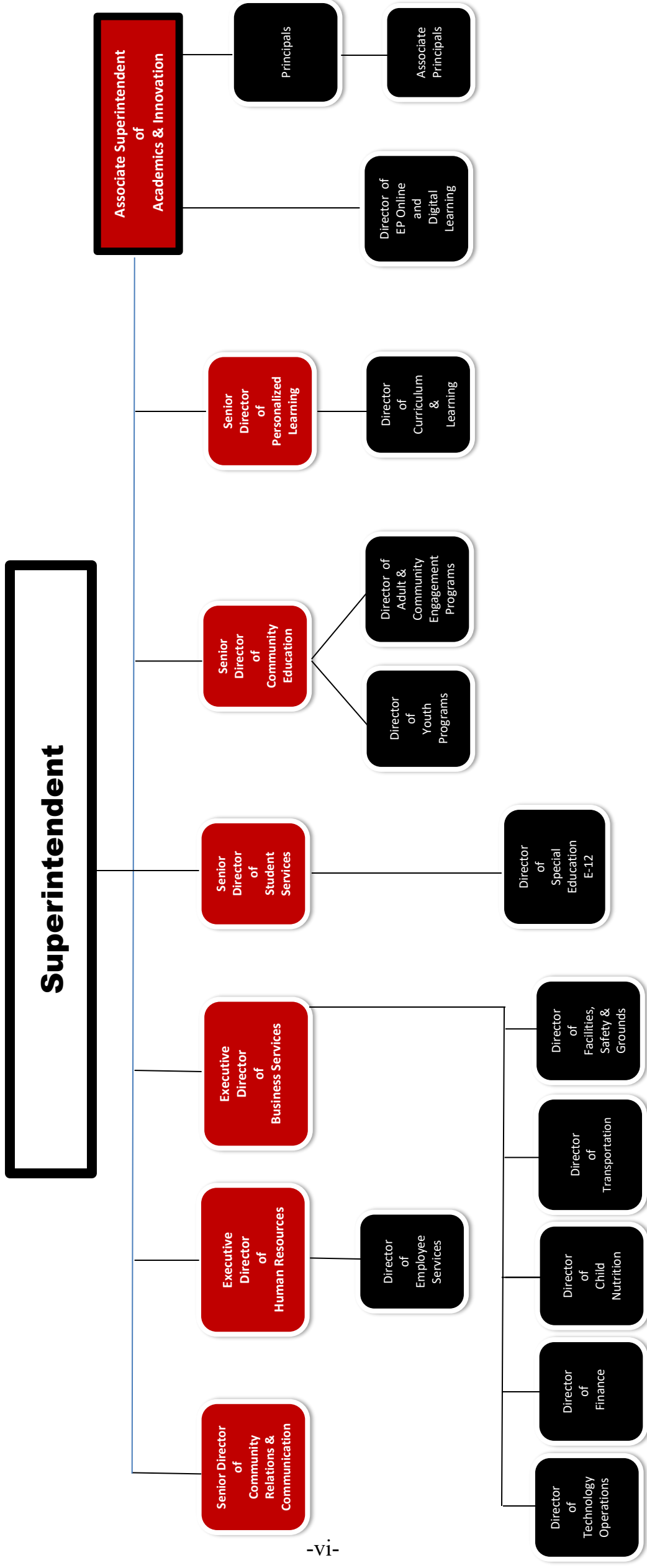
Dr. Josh Swanson  
Superintendent



Jason Mutzenberger  
Executive Director of Business Services



**EDEN PRAIRIE SCHOOLS**  
Inspiring each student every day





INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration  
Year Ended June 30, 2020

**SCHOOL BOARD**

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

**ADMINISTRATION**

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



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Eden Prairie Independent  
School District #272**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO

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**SECTION II – FINANCIAL SECTION**

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PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

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

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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

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

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

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general and major special revenue funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **EMPHASIS OF MATTER**

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

(continued)



## **Prior Year Comparative Information**

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 13, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
November 11, 2020

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## INDEPENDENT SCHOOL DISTRICT NO. 272

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

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the other components of the District's CAFR.

#### **FINANCIAL HIGHLIGHTS**

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$53,268,266 (net position deficit). The District's total net position decreased by \$7,365,518 during the fiscal year ended June 30, 2020, excluding the change in accounting principle as discussed below.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reports certain fiduciary activities and student activities that were not previously reported within the District's reporting entity. The implementation of this standard increased beginning net position in the government-wide financial statements and beginning fund balance in the General Fund by \$91,367.
- Government-wide expenses totaled \$156,277,894 and were \$7,365,518 more than revenues of \$148,912,376.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1,747,786 over the prior year, compared to a \$315,870 decrease planned in the budget, excluding the change in accounting principle discussed above.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or major funds, rather than the District as a whole.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Proprietary Funds** – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

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

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

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

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

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

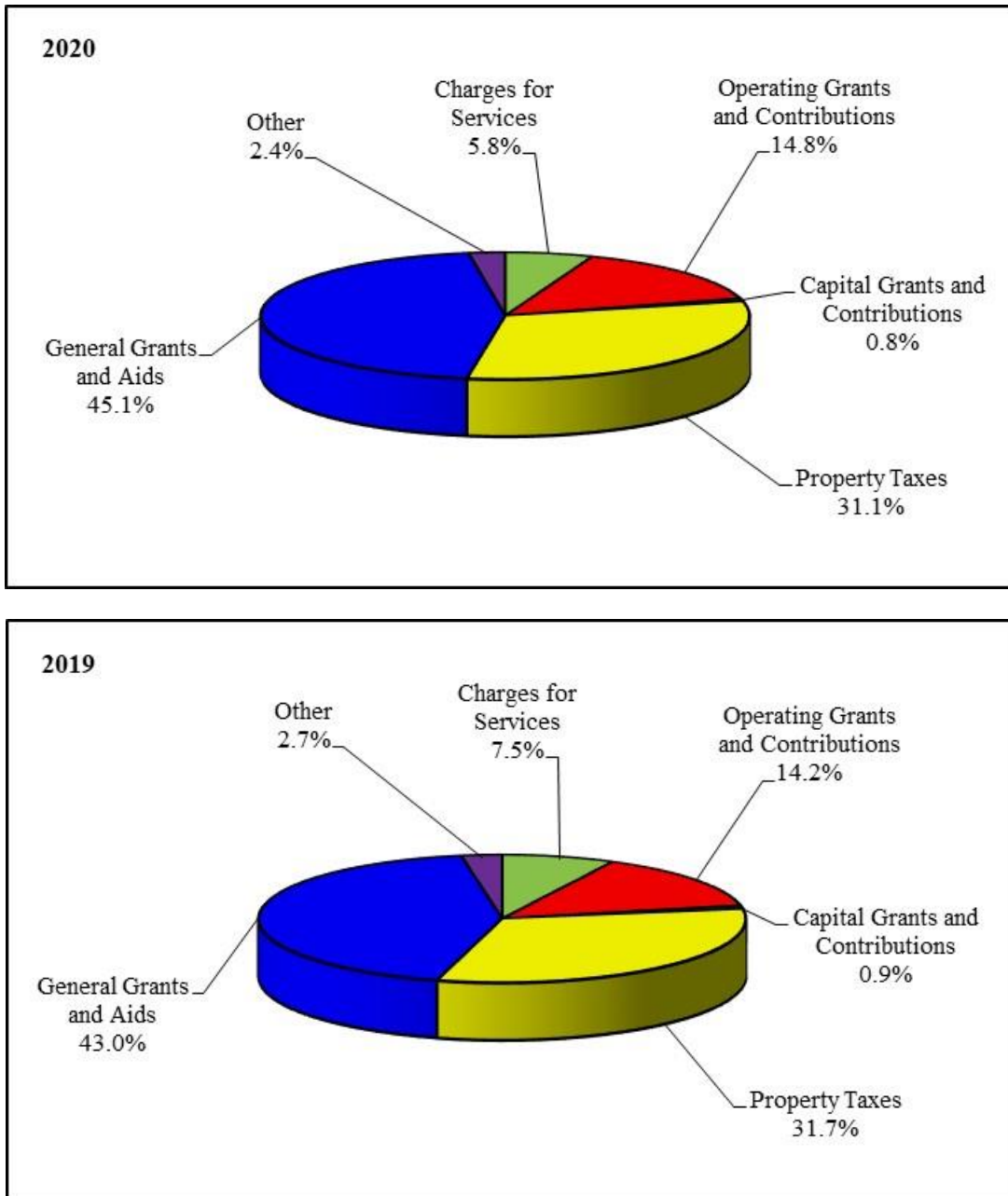
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

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

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

Figure A shows further analysis of these revenue sources:

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



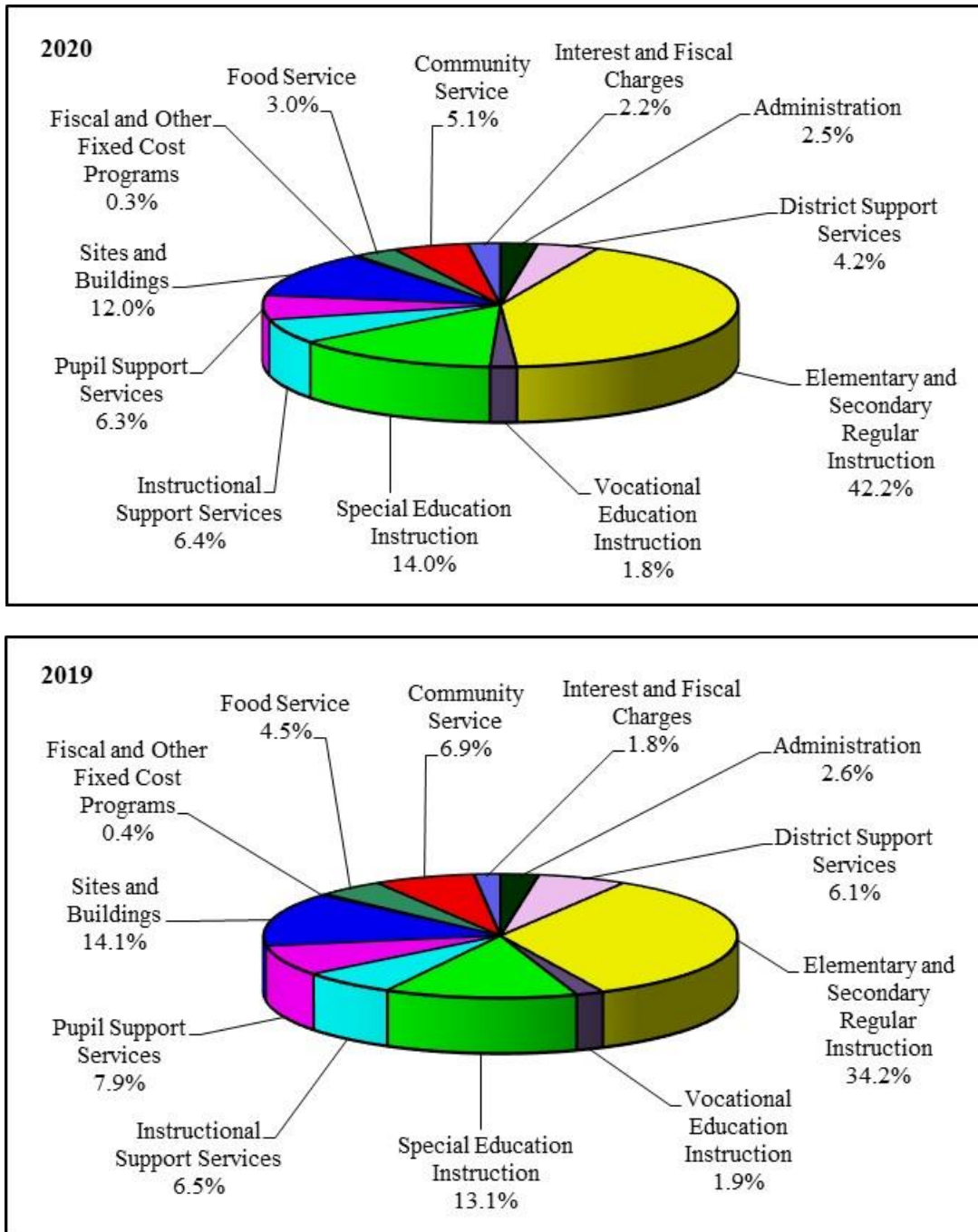
The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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

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

Figure B shows further analysis of these expense functions:

**Figure B – Expenses for Fiscal Years 2020 and 2019**



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

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



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Major funds			
General	\$ 23,497,314	\$ 21,658,161	\$ 1,839,153
Food Service	292,653	676,389	(383,736)
Community Service	(138,197)	516,454	(654,651)
Capital Projects – Building			
Construction	38,765,065	9,569,553	29,195,512
Debt Service	<u>1,421,253</u>	<u>1,722,807</u>	<u>(301,554)</u>
Total governmental funds	<u>\$ 63,838,088</u>	<u>\$ 34,143,364</u>	<u>\$ 29,694,724</u>

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

At June 30, 2020, the District's governmental funds reported combined fund balances of \$63,838,088, an increase of \$29,694,724 in comparison with the prior year. Approximately 26.7 percent of this amount (\$17,048,987) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$687,354), 2) restricted for particular purposes (\$41,781,365), or 3) assigned for particular purposes (\$4,320,382). The majority of the increase was the result of the District issuing the 2019B General Obligation School Building Bonds to finance the acquisition and betterment of school sites and facilities.

## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 126,136,636</u>	<u>\$ 127,277,978</u>	<u>\$ 1,141,342</u>	<u>0.9%</u>
Expenditures and other financing uses	<u>\$ 126,562,178</u>	<u>\$ 127,593,848</u>	<u>\$ 1,031,670</u>	<u>0.8%</u>

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

Table 5 summarizes the operating results of the General Fund:

	<u>2020 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 132,022,592	\$ 4,744,614	3.7%	\$ 7,688,853	6.2%
Expenditures and other financing uses	<u>130,274,806</u>	<u>2,680,958</u>	2.1%	<u>7,312,752</u>	5.9%
Net change in fund balances	<u>\$ 1,747,786</u>	<u>\$ 2,063,656</u>		<u>\$ 376,101</u>	

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

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

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

Total General Fund expenditures and other financing uses for 2020 increased \$7,312,752 (5.9 percent) from the prior year. Current year expenditures and other financing uses of \$130,274,806 were \$2,680,958 (2.1 percent) over budget. The expenditure variance was spread across several programs and object categories of the General Fund, with the largest variance due to the capital lease previously mentioned not included in the budget.

The increase from the previous year was mainly due to the additional expenditures related to capital projects and contractual salary increases.

## **COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS**

### **Food Service Special Revenue Fund**

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

### **Community Service Special Revenue Fund**

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

### **Capital Projects – Building Construction Fund**

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. At June 30, 2020, the District had a fund balance of \$5,417,938 restricted for long-term facilities maintenance and \$33,347,127 restricted for capital projects. Fund balance increased \$29,195,512 during the year, due to the issuance of bonds to finance the acquisition and betterment of school sites and facilities.

### **Debt Service Fund**

The Debt Service Fund expenditures exceeded revenues and other financing sources by \$301,554 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$1,421,253 at June 30, 2020 is restricted for meeting future debt service obligations.

## **COMMENTS ON OTHER FUNDS**

### **Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2020 was \$6,757,112, which represents a \$2,895,198 increase from the prior year. This was mainly due to more employees enrolling in the health insurance plans, a decrease in the health and dental benefit claims, due to COVID-19 and an increase in the health insurance premiums charged to the governmental funds in the current year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2020 and 2019:

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

By the end of 2020, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2020, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

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

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

## Long-Term Liabilities

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

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

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

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

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

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

District's market value	\$ 10,466,990,100
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,570,048,515</u>

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

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

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

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Department, Independent School District No. 272, 8100 School Road, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

General revenue

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for community service
- Property taxes, levied for debt service

General grants and aids

Other general revenues

Investment earnings

Total general revenues

Change in net position

Net position – beginning, as previously reported

Change in accounting principle

Net position – beginning, as restated

Net position – ending

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Balance Sheet  
Governmental Funds  
as of June 30, 2020

(With Partial Comparative Information as of June 30, 2019)

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2020</u>	<u>2019</u>
Total fund balances – governmental funds	\$ 63,838,088	\$ 34,143,364
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	261,433,272	258,614,030
Accumulated depreciation	(164,040,065)	(164,048,530)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(95,585,000)	(63,630,000)
Unamortized premiums/discount	(3,860,559)	(1,239,056)
Capital lease payable	(2,504,636)	(759,784)
Net pension liability	(82,133,073)	(83,245,781)
Compensated absences payable	(646,791)	(765,605)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.	6,543,322	6,996,641
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	6,757,112	3,861,914
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,406,586)	(963,044)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	62,880,095	94,275,892
Deferred outflows of resources – OPEB plan deferments	311,987	136,698
Deferred inflows of resources – pension plan deferments	(101,927,977)	(125,462,651)
Deferred inflows of resources – OPEB plan deferments	(3,372,113)	(4,289,059)
Deferred inflows of resources – unavailable revenue – delinquent taxes	444,658	380,856
Total net position – governmental activities	<u>\$ (53,268,266)</u>	<u>\$ (45,994,115)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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



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

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2020</u>	<u>2019</u>
Total net change in fund balances – governmental funds	\$ 29,603,357	\$ 5,885,491
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	9,915,025	5,713,112
Depreciation expense	(7,087,318)	(7,879,929)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	–	(23,800)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(37,765,000)	(9,995,000)
Refunding bonds payable	–	(8,410,000)
Capital lease payable	(3,354,150)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,810,000	15,420,000
Capital lease payable	1,609,298	1,857,049
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(443,542)	(19,974)
Debt issuance premiums are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(2,621,503)	(139,416)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	1,112,708	142,373,818
Net OPEB asset	(453,319)	4,134,366
Compensated absences payable	118,814	79,642
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	2,895,198	1,966,461
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(31,395,797)	(31,892,533)
Deferred outflows of resources – OPEB plan deferments	175,289	136,698
Deferred inflows of resources – pension plan deferments	23,534,674	(82,335,773)
Deferred inflows of resources – OPEB plan deferments	916,946	(3,634,874)
Deferred inflows of resources – unavailable revenue – delinquent taxes	63,802	(15,051)
Change in net position – governmental activities	<u>\$ (7,365,518)</u>	<u>\$ 33,220,287</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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



INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position  
as of June 30, 2020

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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## INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Basic Financial Statements  
June 30, 2020

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Organization**

Independent School District No. 272 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **B. Reporting Entity**

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

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

#### **C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

### D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and custodial. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

### **Description of Funds**

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

#### **Major Governmental Funds**

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services. These activities are financed by program fees and tuition, property tax levies, and state aids.

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The debt service account is used for all general obligation bond debt service.

#### **Proprietary Funds**

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

#### **Fiduciary Funds**

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

**Post-Employment Benefits Trust Fund** – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits for eligible employees and retirees.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. For the year ended June 30, 2020, actual expenditures exceeded budgeted appropriations in the following funds:

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

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

### F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund or held in the trust funds are not pooled, and earnings on those investments are allocated directly to the respective funds.

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

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

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

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### G. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

At June 30, 2020, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 11,169,757
Due from other Minnesota school districts	40,405
Due from other governmental units	<u>5,508</u>
Total due from other governmental units	<u>\$ 11,215,670</u>

### H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

### I. Prepaid Items

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

### J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,021,907 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$3,000 or more for assets acquired through June 30, 2015 and \$5,000 or more for assets acquired thereafter, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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

### L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively, in the current period.

### M. Employee Benefits

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

### N. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no reductions in the District's insurance coverage in fiscal year 2020.
- 2. Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2019	\$ 28,704	\$ 1,255,772	\$ 1,249,862	\$ 34,614
2020	\$ 34,614	\$ 1,081,606	\$ 1,096,220	\$ 20,000

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

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2019	\$ 476,000	\$ 11,107,103	\$ 10,928,103	\$ 655,000
2020	\$ 655,000	\$ 10,820,462	\$ 10,775,462	\$ 700,000

### O. Deferred Outflows/Inflows of Resources

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

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

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### P. Net Position

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

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

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

### Q. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent and executive director of business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **R. Use of Estimates**

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

### **S. Prior Period Comparative Financial Information/Reclassification**

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### **T. Change in Accounting Principle**

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



## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

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

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

Statement of Net Position		
Cash and temporary investments	\$	93,112,960
Statement of Fiduciary Net Position		
Investments		
Employee benefit trust funds		<u>17,168,458</u>
Total	\$	<u><u>110,281,418</u></u>

### B. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the District’s deposits were both \$25,955,125. At June 30, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

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

N/A – Not Applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Term Series, MNTrust Limited Term Duration, and the Minnesota School District Liquid Asset Fund (MSDLAF) Liquid Class are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For the MSDLAF Liquid Class investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required. MNTrust Term Series are intended to be held until maturity; withdrawal prior to maturity will require seven days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2020, the District’s investment portfolio includes Hawaii State (state and local bonds) at 5.4 percent of the total portfolio.

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

### NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 is as follows:

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

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

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

## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Alternative facilities bonds	02/17/2011	4.000–4.375%	\$ 11,000,000	02/01/2027	\$ 10,415,000
Capital facilities bond	02/17/2011	2.000–4.000%	1,070,000	02/01/2021	110,000
Alternative facilities bonds	02/27/2013	2.000–2.250%	11,000,000	02/01/2024	8,875,000
Alternative facilities bonds	04/07/2015	3.000%	10,310,000	02/01/2028	10,310,000
Facilities maintenance bonds	02/22/2017	3.000–4.000%	10,940,000	02/01/2032	10,940,000
Alternative facilities refunding bonds	11/15/2018	5.000%	8,410,000	02/01/2022	7,175,000
Facilities maintenance bonds	03/21/2019	2.875–4.000%	9,995,000	02/01/2036	9,995,000
School building bonds	07/18/2019	3.000–5.000%	37,765,000	02/01/2040	<u>37,765,000</u>
Total general obligation bonds payable					<u>\$ 95,585,000</u>

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

### B. Capital Lease Payable

On September 17, 2012, the District entered a master lease purchase agreement with Apple, Inc. for iPads and MacBooks. The District acquires equipment from time to time under this master agreement as needed. Each lease “schedule” added under this master lease agreement adds equipment to the lease and carries its own lease term and payment schedule. The lease schedules have interest rates ranging from zero percent to 0.99 percent and mature in fiscal year 2023. Upon payment in full of all scheduled lease payments, the lessor’s (Apple, Inc.) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability. If the District does not pay the lease payments on the date which payments are due, the District shall pay lessor a charge at the rate of 12.00 percent per annum or the highest lawful rate, whichever is less, from such due date until paid. If the District breaches any term of this agreement, the lessor may require that the District return the equipment and pay any and all amounts which may then be due and payable under the lease, plus all lease payments remaining through the end of the then current fiscal period.

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

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)**

**C. Other Long-Term Liabilities**

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

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2020, are as follows:

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

**D. Changes in Long-Term Liabilities**

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

**E. Minimum Debt Payments**

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

Year Ending June 30,	General Obligation Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2021	\$ 6,295,000	\$ 3,364,800	\$ 831,171	\$ 18,344
2022	6,390,000	3,115,950	836,173	13,341
2023	5,315,000	2,842,750	837,292	8,289
2024	5,510,000	2,669,663	–	–
2025	5,670,000	2,486,650	–	–
2026–2030	25,105,000	9,249,994	–	–
2031–2035	21,020,000	5,049,956	–	–
2036–2040	20,280,000	1,829,850	–	–
	<u>\$ 95,585,000</u>	<u>\$ 30,609,613</u>	<u>\$ 2,504,636</u>	<u>\$ 39,974</u>

## NOTE 5 – FUND BALANCES

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

### A. Classifications

At June 30, 2020, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
<b>Nonspendable</b>						
Inventory	\$ –	\$ 180,119	\$ –	\$ –	\$ –	\$ 180,119
Prepaid items	507,235	–	–	–	–	507,235
Total nonspendable	507,235	180,119	–	–	–	687,354
<b>Restricted</b>						
Student activities	46,206	–	–	–	–	46,206
Scholarships	46,518	–	–	–	–	46,518
Capital projects levy	512,698	–	–	–	–	512,698
Operating capital	406,866	–	–	–	–	406,866
Achievement and integration	181,580	–	–	–	–	181,580
Safe schools levy	144,282	–	–	–	–	144,282
Medical Assistance	123,629	–	–	–	–	123,629
Food service	–	112,534	–	–	–	112,534
School readiness	–	–	20,734	–	–	20,734
Long-term facilities maintenance	–	–	–	5,417,938	–	5,417,938
Capital projects	–	–	–	33,347,127	–	33,347,127
Debt service	–	–	–	–	1,421,253	1,421,253
Total restricted	1,461,779	112,534	20,734	38,765,065	1,421,253	41,781,365
<b>Assigned</b>						
Site carryover	540,140	–	–	–	–	540,140
Activity accounts	447,771	–	–	–	–	447,771
Construction	1,680,179	–	–	–	–	1,680,179
Curriculum adoption	600,000	–	–	–	–	600,000
Subsequent year’s budget	552,292	–	–	–	–	552,292
COVID-19	500,000	–	–	–	–	500,000
Total assigned	4,320,382	–	–	–	–	4,320,382
<b>Unassigned</b>						
Unassigned	17,207,918	–	–	–	–	17,207,918
Unassigned – community education programs restricted account deficit	–	–	(153,846)	–	–	(153,846)
Unassigned – early childhood family education programs restricted account deficit	–	–	(5,085)	–	–	(5,085)
Total unassigned	17,207,918	–	(158,931)	–	–	17,048,987
<b>Total</b>	<b>\$ 23,497,314</b>	<b>\$ 292,653</b>	<b>\$ (138,197)</b>	<b>\$ 38,765,065</b>	<b>\$ 1,421,253</b>	<b>\$ 63,838,088</b>

### B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures. At June 30, 2020, the unassigned fund balance of the General Fund was 16.1 percent of fiscal 2020 unassigned expenditures.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

### **A. Plan Descriptions**

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

#### **1. General Employees Retirement Fund (GERF)**

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

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

#### **2. Teachers Retirement Association (TRA)**

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

### **B. Benefits Provided**

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

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

#### **1. GERF Benefits**

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



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

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

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) Three percent per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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

**Tier II Benefits**

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

**C. Contributions**

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

**1. GERF Contributions**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2020, were \$2,033,580. The District’s contributions were equal to the required contributions as set by state statutes.

**2. TRA Contributions**

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

	Year Ended June 30,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
<b>Coordinated Plan</b>	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2020, were \$4,455,324. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

	<i>in thousands</i>
Employer contributions reported in the TRA’s CAFR Statement of Changes in Fiduciary Net Position	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA’s contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u><u>\$ 437,714</u></u>

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2020, the District reported a liability of \$20,661,037 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.3737 percent at the end of the measurement period and 0.3705 percent for the beginning of the period.

The District’s net pension liability reflected a reduction, due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 20,661,037
State’s proportionate share of the net pension liability associated with the District	\$ 642,139

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

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

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

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

A total of \$2,033,580 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (920,181)
2022	\$ (1,559,501)
2023	\$ (365,534)
2024	\$ 33,298

**2. TRA Pension Costs**

At June 30, 2020, the District reported a liability of \$61,133,235 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District’s proportionate share was 0.9591 percent at the end of the measurement period and 0.9925 percent for the beginning of the period.

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

District’s proportionate share of the net pension liability	\$ 61,133,235
State’s proportionate share of the net pension liability associated with the District	\$ 5,410,224

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

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

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

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

A total of \$4,455,324 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 2,416,517
2022	\$ (941,849)
2023	\$ (25,959,196)
2024	\$ (17,819,458)
2025	\$ (462,966)

**E. Actuarial Assumptions**

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

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

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

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

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

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

### 1. GERF

#### CHANGES IN ACTUARIAL ASSUMPTIONS

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

#### CHANGES IN PLAN PROVISIONS

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

### 2. TRA

#### CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

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

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

### F. Discount Rate

#### 1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### 2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

### G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 33,965,630	\$ 20,661,037	\$ 9,675,448
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 97,461,325	\$ 61,133,235	\$ 31,181,262

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

### **H. Pension Plan Fiduciary Net Position**

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

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

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

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

## **NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT**

### **A. Plan Description**

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

These benefits are summarized as follows:

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

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

**Eden Prairie Supervisors and Specialists (EPSS) Pension Benefits** – EPSS employees hired before July 1, 1999 are eligible to receive an additional retirement incentive benefit. EPSS employees accumulate one day of credit for each full year of service to the District from July 1, 1989. For employees who have completed at least 18 years of continuous service with the District and are at least age 55, the benefit increases to the maximum of one day of credit for each full year of service to the District from July 1, 1989 or 30 days. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum of 50 percent to a VEBA account (OPEB) and 50 percent to a 403(b) account (pension).



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

### B. Contributions and Funding Policy

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

### C. Membership

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

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

### D. Actuarial Methods and Assumptions

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

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

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

### E. Discount Rate

The discount rate used to measure the total pension liability was 2.40 percent. The District discount rate used in the prior measurement date was 3.10 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds, as of the measurement date.

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

**F. Changes in the Total Pension Liability**

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

Assumption changes since the prior measurement date include the following:

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

**G. Total Pension Liability Sensitivity to Discount Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	1.40%	2.40%	3.40%
Total pension liability	\$ 359,601	\$ 338,801	\$ 318,172

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

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

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

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

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

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

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

**A. Plan Description**

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

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

**B. Benefits Provided**

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical insurance from the time of retirement until the employee reaches age 65. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

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

### C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributes 100 percent of the cost of the negotiated current year premiums for specified coverage levels of eligible retired plan members and their spouses. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The Post-Employment Benefits Trust Fund reimbursed the General Fund for the actual cost of medical insurance premiums paid for retirees and the implicit rate subsidy for the year ended June 30, 2020.

### D. Membership

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

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

### E. Net OPEB Liability (Asset) of the District

The District's net OPEB (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of that date. The components of the net OPEB (asset) of the District at year-end were as follows:

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

### F. Actuarial Methods and Assumptions

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	32.00 %	3.10 %
Domestic equity	39.00	7.30 %
International equity	13.00	6.90 %
Real estate	6.00	7.70 %
Other (event driven hedge, equity hedge)	10.00	5.60 %
Total	100.00 %	5.80 %

**G. Rate of Return**

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 4.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**H. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.80 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 6.10 percent.

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

**I. Changes in the Net OPEB Liability (Asset)**

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

Assumption changes since the prior measurement date include the following:

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

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

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

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

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

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

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

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

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

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

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

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

## NOTE 9 – FLEXIBLE BENEFIT PLAN

### Plan Description

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

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

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

## **NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)**

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

## **NOTE 10 – INTERFUND BALANCES AND TRANSACTIONS**

The General Fund had a receivable of \$364,518 due from the Post-Employment Benefits Trust Fund at June 30, 2020, to reimburse OPEB payments the General Fund made during the year. Because fiduciary fund activity is not included in the government-wide financial statements, this receivable is included as due from the Post-Employment Benefit Trust Fund in the governmental activities on the Statement of Net Position.

The District transferred \$221,638 from the General Fund to the Community Service Special Revenue Fund to help finance various program costs. Such transfers are eliminated in the government-wide financial statements.

## **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Programs**

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

### **B. Legal Claims**

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



**NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**C. Education Center Lease**

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

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

Year Ending June 30,	Amount
2021	\$ 377,165
2022	386,915
2023	396,665
2024	<u>406,415</u>
	<u>\$ 1,567,160</u>

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

**D. Construction Contracts**

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

**E. Purchase Power Commitment**

**Solar Gardens**

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

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

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

**NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Solar Panels**

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

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

**NOTE 12 – SUBSEQUENT EVENTS**

**A. General Obligation Bonds**

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

**B. COVID-19**

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

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

Public Employees Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2020

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3926%	\$ 18,442,381	\$ -	\$ 18,442,381	\$ 20,638,451	89.36%	78.70%
06/30/2016	06/30/2015	0.3524%	\$ 18,263,198	\$ -	\$ 18,263,198	\$ 20,684,774	88.29%	78.20%
06/30/2017	06/30/2016	0.3631%	\$ 29,481,919	\$ 385,105	\$ 29,867,024	\$ 22,396,905	131.63%	68.90%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,507	\$ 23,794,768	\$ 23,755,883	98.92%	75.90%
06/30/2019	06/30/2018	0.3705%	\$ 20,553,821	\$ 674,285	\$ 21,228,106	\$ 24,941,557	82.41%	79.50%
06/30/2020	06/30/2019	0.3737%	\$ 20,661,037	\$ 642,139	\$ 21,303,176	\$ 26,428,327	78.18%	80.20%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,527,411	\$ 1,527,411	\$ -	\$ 20,684,774	7.38%
06/30/2016	\$ 1,679,027	\$ 1,679,027	\$ -	\$ 22,396,905	7.50%
06/30/2017	\$ 1,778,675	\$ 1,778,675	\$ -	\$ 23,755,883	7.49%
06/30/2018	\$ 1,867,386	\$ 1,867,386	\$ -	\$ 24,941,557	7.49%
06/30/2019	\$ 1,983,618	\$ 1,983,618	\$ -	\$ 26,428,327	7.51%
06/30/2020	\$ 2,033,580	\$ 2,033,580	\$ -	\$ 27,116,265	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Teachers Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2020

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.1120%	\$ 51,240,159	\$ 3,604,593	\$ 54,844,752	\$ 50,758,363	100.95%	81.50%
06/30/2016	06/30/2015	1.0058%	\$ 62,218,677	\$ 7,631,910	\$ 69,850,587	\$ 51,428,891	120.98%	76.80%
06/30/2017	06/30/2016	1.0364%	\$247,206,129	\$ 24,812,446	\$272,018,575	\$ 54,216,148	455.96%	44.88%
06/30/2018	06/30/2017	1.0112%	\$201,853,864	\$ 19,511,695	\$221,365,559	\$ 54,659,806	369.29%	51.57%
06/30/2019	06/30/2018	0.9925%	\$ 62,338,290	\$ 5,856,612	\$ 68,194,902	\$ 54,876,205	113.60%	78.07%
06/30/2020	06/30/2019	0.9591%	\$ 61,133,235	\$ 5,410,224	\$ 66,543,459	\$ 54,469,575	112.23%	78.21%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 3,828,390	\$ 3,828,390	\$ -	\$ 51,428,891	7.44%
06/30/2016	\$ 4,043,043	\$ 4,043,043	\$ -	\$ 54,216,148	7.46%
06/30/2017	\$ 4,085,938	\$ 4,085,938	\$ -	\$ 54,659,806	7.48%
06/30/2018	\$ 4,106,891	\$ 4,106,891	\$ -	\$ 54,876,205	7.48%
06/30/2019	\$ 4,196,913	\$ 4,196,913	\$ -	\$ 54,469,575	7.71%
06/30/2020	\$ 4,455,324	\$ 4,455,324	\$ -	\$ 56,157,098	7.93%

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Pension Benefits Plan  
 Schedule of Changes in the District's  
 Total Pension Liability and Related Ratios  
 Year Ended June 30, 2020

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

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

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan  
 Schedule of Changes in the District's Net  
 OPEB Liability and Related Ratios  
 Year Ended June 30, 2020

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan  
Schedule of Investment Returns  
Year Ended June 30, 2020

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

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



INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information  
June 30, 2020

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**TEACHERS RETIREMENT ASSOCIATION (TRA)**

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**PENSION BENEFITS PLAN**

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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



INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2020

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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



**SECTION III – STATISTICAL SECTION (UNAUDITED)**



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

#### **Revenue Capacity**

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

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

#### **Operating Indicators**

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Capital Projects – Building Construction	Debt Service	
2011	\$ 37,366,027	\$ 1,838,319	\$ –	\$ 12,004,142	\$ 51,208,488
2012	23,222,475	1,203,912	–	13,271,401	37,697,788
2013	25,272,782	1,332,721	499,999	13,328,797	40,434,299
2014	16,665,577	721,453	–	12,206,366	29,593,396
2015	25,962,472	1,171,597	–	12,320,333	39,454,402
2016	33,216,511	1,006,495	–	7,746,601	41,969,607
2017	33,659,448	1,011,306	–	7,833,737	42,504,491
2018	34,452,614	839,740	–	7,891,071	43,183,425
2019	35,330,344	836,313	–	8,889,131	45,055,788
2020	37,483,741	974,111	–	7,899,851	46,357,703

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Fund	Capital Projects – Building Construction	Debt Service Fund	
2011	\$ 37,508,844	\$ 1,845,345	\$ –	\$ 12,050,023	\$ 51,404,212
2012	26,516,728	1,203,912	–	13,271,401	40,992,041
2013	25,323,714	1,334,894	499,999	13,349,438	40,508,045
2014	16,618,372	719,110	–	12,185,461	29,522,943
2015	25,919,031	1,168,409	–	12,293,274	39,380,714
2016	33,239,697	1,010,283	–	7,793,689	42,043,669
2017	33,662,761	1,012,447	–	7,838,022	42,513,230
2018	34,390,488	838,786	–	7,883,759	43,113,033
2019	35,340,872	837,071	–	8,892,896	45,070,839
2020	37,422,242	973,575	–	7,898,084	46,293,901

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Assessed and Actual Value of Taxable Property  
Last Ten Fiscal Years

Payable Year	(1) Residential Property	(1) Commercial Property	(1) Total Assessed Value	(2) Estimated Actual Taxable Value	Total Direct Tax Rate
2011	\$ 6,673,993,300	\$ 1,691,119,900	\$ 8,365,113,200	\$ 8,595,831,400	28.42 %
2012	6,207,699,397	1,717,671,300	7,925,370,697	8,166,688,156	29.29
2013	6,311,618,573	1,860,094,000	8,171,712,573	7,909,976,999	29.07
2014	6,402,140,621	1,914,628,600	8,316,769,221	8,004,131,794	27.82
2015	6,585,945,500	2,041,177,200	8,627,122,700	8,402,678,939	22.03
2016	6,412,304,300	2,666,034,900	9,078,339,200	8,898,122,781	20.95
2017	6,839,600,000	2,793,643,700	9,633,243,700	9,129,810,474	21.87
2018	6,929,195,500	2,943,607,000	9,872,802,500	9,476,978,643	20.53
2019	6,809,813,100	3,399,801,800	10,209,614,900	9,927,938,697	20.76
2020	7,382,068,800	3,281,195,300	10,663,264,100	10,389,399,230	21.56

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Tax Collection Calendar Year	ISD No. 272 Direct Rate (1)			Overlapping Rates		
	General Fund	Community Service	General Obligation Debt Service	Total Direct School Tax Rate	City of Bloomington	City of Chanhassen
2011	12.642%	1.248%	14.530%	28.420%	43.088%	26.604%
2012	13.365%	1.423%	14.504%	29.292%	44.776%	28.532%
2013	12.911%	1.623%	14.533%	29.067%	47.207%	28.429%
2014	12.514%	1.329%	13.974%	27.817%	50.545%	27.817%
2015	12.349%	1.109%	8.572%	22.030%	47.336%	24.634%
2016	11.824%	1.041%	8.083%	20.948%	45.909%	24.253%
2017	13.100%	0.844%	7.921%	21.865%	42.484%	23.856%
2018	11.331%	0.791%	8.403%	20.525%	42.127%	22.667%
2019	12.789%	0.874%	7.093%	20.756%	41.581%	21.105%
2020	11.926%	0.920%	8.709%	21.555%	41.082%	21.176%

(1) Tax capacity rate method.

(2) Special districts include Metropolitan Mosquito Control District, Metropolitan Council, and Metro Transit.

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



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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 3,092,230	1	2.36 %	\$ 483,530	8	0.40 %
CAPREF Eden Prairie LLC (Eden Prairie Mall)	1,859,250	2	1.42	2,399,250	1	1.99
FPACP3 Eden, LLC (Arrive Eden Prairie Apts.)	1,103,138	3	0.84	—	—	—
REEP-MF Fountain Place LLC (Fountain Place Apts.)	1,061,289	4	0.81	—	—	—
DCHR Acquisition LLC (C.H. Robinson Campus)	1,036,360	5	0.79	—	—	—
AGNL Health (Optum Campus)	898,500	6	0.69	—	—	—
FPA/WC Parkway (Renew Eden Prairie)	760,600	7	0.58	—	—	—
Kroll Ontrack Campus (WPT Lsnd 2 LP)	659,250	8	0.50	—	—	—
EP Senior Housing LLC (Summit Place Senior Campus)	644,100	9	0.49	—	—	—
Lifetouch, Inc.	642,382	10	0.49	699,250	4	0.58
ADC Telecommunications Inc.	—	—	—	959,250	2	0.80
Geneva Office Exchange LLC	—	—	—	719,810	3	0.60
Liberty Property LTD Partnership	—	—	—	639,250	5	0.53
DCX Flying Cloud Drive DST	—	—	—	519,910	6	0.43
Flying Cloud Office Inc.	—	—	—	499,250	7	0.41
EP-MN LLC	—	—	—	472,390	9	0.39
IRET-MR9, LLC	—	—	—	471,110	10	0.39
Total principal taxpayers	11,757,099		8.99	7,863,000		6.53
All other taxpayers	119,015,944		91.01	112,620,124		93.47
Total	\$ 130,773,043		100.00 %	\$ 120,483,124		100.00 %

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

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

For Taxes Collectible	Taxes Levied for the Fiscal Year					Collected Within the First Year of Levy	
	General Fund Basic Levy	Community Service Levy	Debt Service Levy	OPEB/Pension Levy	Total Tax Levy	Current Tax Collection	Percentage of Levy
2011	\$ 26,602,500	\$ 1,168,806	\$ 12,814,385	\$ 798,972	\$ 41,384,663	\$ 20,380,373	49.2 %
2012	25,975,642	1,281,184	12,593,426	472,886	40,323,138	20,152,524	50.0
2013	25,444,223	1,419,490	11,189,819	1,521,684	39,575,216	19,897,572	50.3
2014	25,529,344	1,175,946	11,573,877	1,175,946	39,455,113	19,796,741	50.2
2015	33,319,644	1,022,125	4,092,167	3,808,316	42,242,252	20,739,473	49.1
2016	33,574,885	1,030,212	4,079,271	3,920,004	42,604,372	21,408,517	50.2
2017	34,640,296	852,158	3,968,095	4,029,712	43,490,261	21,844,359	50.2
2018	35,153,927	837,634	4,890,176	4,008,136	44,889,873	24,600,000	54.8
2019	37,754,091	979,789	7,951,882	–	46,685,762	23,500,000	50.3
2020	36,996,190	1,071,298	10,141,208	–	48,208,696	23,200,000	48.1

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent
	Total Tax Collection	Percentage of Levy		
\$ 21,004,290	\$ 41,384,663	100.0 %	\$ -	- %
20,170,614	40,323,138	100.0	-	-
19,609,288	39,506,860	99.8	68,356	0.2
19,679,766	39,476,507	100.1	(21,394)	(0.1)
21,516,109	42,255,582	100.0	(13,330)	-
21,161,391	42,569,908	99.9	34,464	0.1
21,616,290	43,460,649	99.9	29,612	0.1
20,165,462	44,765,462	99.7	124,411	0.3
22,963,223	46,463,223	99.5	222,539	0.5
-	23,200,000	48.1	<u>-</u>	-
			<u>\$ 444,658</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Improvement Loans	Capital Leases	Special Assessments Payable	Total Primary Government		
2011	\$ 86,307,559	\$ 1,306,380	\$ -	\$ 80,547	\$ 87,694,486	- %	\$ 1,442
2012	89,894,608	1,112,485	-	32,325	91,039,418	-	1,477
2013	77,926,451	909,628	2,812,956	4,105	81,653,140	-	1,317
2014	67,533,863	697,395	5,365,651	-	73,596,909	-	1,187
2015	67,926,290	475,351	4,573,346	-	72,974,987	-	1,163
2016	62,311,892	243,044	6,047,000	-	68,601,936	-	1,096
2017	67,930,803	-	4,489,798	-	72,420,601	-	1,133
2018	61,744,640	-	2,616,833	-	64,361,473	-	1,019
2019	64,869,056	-	759,784	-	65,628,840	-	1,030
2020	99,445,559	-	2,504,636	-	101,950,195	-	1,607

(1) Presented net of issuance premiums and discounts.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (2)	Net Bonded Debt	Estimated Actual Taxable Value (3)	Percent of Net Debt to Estimated Actual Taxable Value	Estimated Population (4)	Net Bonded Debt per Capita
2011	\$ 86,307,559	\$ 1,920,513	\$ 84,387,046	\$8,595,831,400	0.98 %	60,797	\$ 1,388
2012	89,894,608	15,477,778	74,416,830	8,166,688,156	0.91	61,657	1,207
2013	77,926,451	1,859,579	76,066,872	7,909,976,999	0.96	62,004	1,227
2014	67,533,863	1,079,474	66,454,389	8,004,131,794	0.83	62,004	1,072
2015	67,926,290	1,718,842	66,207,448	8,402,678,939	0.79	62,729	1,055
2016	62,311,892	1,475,305	60,836,587	8,898,122,781	0.68	62,593	972
2017	67,930,803	1,762,208	66,168,595	9,129,810,474	0.72	63,914	1,035
2018	61,744,640	1,243,673	60,500,967	9,476,978,643	0.64	63,163	958
2019	64,869,056	1,722,807	63,146,249	9,927,938,697	0.64	63,726	991
2020	99,445,559	1,421,253	98,024,306	10,389,399,230	0.94	63,456	1,545

(1) Presented net of issuance premiums and discounts.

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

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Direct and Overlapping Debt  
as of June 30, 2020

Governmental Unit	2019–2020 Taxable Net Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 116,409,534	\$ 101,950,195	100.00 %	\$ 101,950,195
Overlapping debt				
Hennepin County	2,112,707,400	996,820,000	6.00	59,809,200
City of Bloomington	163,408,311	53,745,000	0.29	156,340
City of Chanhassen	53,309,670	4,970,000	2.00	99,400
City of Eden Prairie	123,047,160	26,590,000	93.00	24,728,700
City of Edina	141,311,302	40,650,000	1.00	406,500
Metropolitan Council	4,576,187,142	230,225,000	3.00	6,906,750
Three Rivers Park District	1,487,545,247	46,875,000	8.00	3,750,000
Total overlapping debt				95,856,890
Total direct and overlapping debt				\$ 197,807,085

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$ 1,260,243	\$ 1,188,806	\$ 1,174,647	\$ 1,247,515
Total debt applicable to the limit	85,370	87,270	75,315	65,610
Legal debt margin	<u>\$ 1,174,873</u>	<u>\$ 1,101,536</u>	<u>\$ 1,099,332</u>	<u>\$ 1,181,905</u>
Total debt applicable to the limit as a percentage of debt limit	6.77%	7.34%	6.41%	5.26%

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

Source: State of Minnesota School Tax Report

2015	2016	2017	2018	2019	2020
\$ 1,285,487	\$ 1,354,606	\$ 1,388,302	\$ 1,438,249	\$ 1,503,556	\$ 1,570,049
66,315	60,970	66,540	60,645	63,630	94,164
<u>\$ 1,219,172</u>	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>	<u>\$ 1,377,604</u>	<u>\$ 1,439,926</u>	<u>\$ 1,475,885</u>
5.16%	4.50%	4.79%	4.22%	4.23%	6.00%

Legal Debt Margin Calculation for Fiscal Year 2020

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	City of Eden Prairie				School Enrollment	Unemployment Rate
	Population	Personal Income (1)	Per Capita Personal Income (1)	Per Capita Personal Income (1)		
2011	60,797	\$ -	\$ -	-	9,487	5.2 %
2012	61,657	-	-	-	9,162	5.2
2013	62,004	-	-	-	9,046	4.7
2014	62,004	-	-	-	9,011	4.0
2015	62,729	-	-	-	8,941	2.4
2016	62,593	-	-	-	8,844	2.3
2017	63,914	-	-	-	8,835	2.6
2018	63,163	-	-	-	8,780	2.4
2019	63,726	-	-	-	8,861	2.6
2020	63,456	-	-	-	8,759	2.2

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

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers  
Current Year and Nine Years Ago

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

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

Source: Ehlers & Associates

INDEPENDENT SCHOOL DISTRICT NO. 272

Employees by Classification  
Last Ten Fiscal Years

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics  
Last Ten Fiscal Years

Fiscal Year	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2011	9,487	\$ 129,468,962	\$ 13,647	(2.2) %	561.6	16.9
2012	9,162	133,925,644	14,618	7.1	553.7	16.5
2013	9,046	136,840,960	15,127	3.5	540.5	16.7
2014	9,011	138,535,368	15,374	1.6	548.9	16.4
2015	8,941	139,478,289	15,600	1.5	544.9	16.4
2016	8,844	141,879,947	16,043	2.8	570.7	15.5
2017	8,835	146,430,048	16,574	3.3	558.2	15.8
2018	8,780	144,775,061	16,489	(0.5)	557.2	15.8
2019	8,861	150,415,335	16,975	2.9	558.8	15.9
2020	8,759	163,403,488	18,655	9.9	561.0	15.6

Note: Enrollment is as of October 1.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information  
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
<b>Elementary Schools</b>				
Eden Lake (1987)				
Enrollment (1)	853.94	812.58	940.20	900.91
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	582.25	548.82	654.51	724.90
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	559.10	542.05	651.84	658.30
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	904.32	707.59	842.69	776.56
Square feet	115,599	115,599	115,599	115,599
Oak Point Facility (1990)				
Square feet	278,887	278,887	278,887	278,887
Oak Point Elementary				
Enrollment (1)	1,336.08	1,305.10	795.10	782.16
Eagle Heights Spanish Immersion (2)				
Enrollment (1)	692.48	806.28	830.92	814.63
<b>Middle School</b>				
Central Middle School (1960)				
Enrollment (1)	1,450.82	1,416.84	1,396.94	1,424.11
Square feet	242,699	242,699	242,699	242,699
<b>High School</b>				
Eden Prairie High School (1981)				
Enrollment (1)	3,107.86	3,022.32	2,934.10	2,929.31
Square feet	689,771	689,771	689,771	689,771
Total enrollment	9,486.85	9,161.58	9,046.30	9,010.88
Total square feet	1,625,488	1,625,488	1,625,488	1,625,488
<b>Athletics</b>				
Football fields	2	2	2	2
Soccer fields	5	5	5	5
Running tracks	2	2	2	2
Baseball/softball	2	2	2	2
Swimming pools	1	1	1	1
Playgrounds	6	6	6	6

(1) Enrollment reflects average daily membership (ADM) served by site. Resident students served under tuition agreements are excluded from this enrollment data.

(2) Eagle Heights Spanish Immersion School was housed partially at the Oak Point facility from 2009 to 2012.

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

2015	2016	2017	2018	2019	2020
881.27	727.95	803.15	823.88	773.34	779.38
110,469	110,469	110,469	110,469	110,469	110,469
752.10	773.48	636.19	650.28	694.65	617.64
93,000	93,000	93,000	93,000	93,000	93,000
657.17	682.87	709.83	727.42	728.39	753.58
95,063	95,063	95,063	95,063	95,063	95,063
750.92	723.29	673.38	631.72	641.40	632.36
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
757.16	757.58	738.30	740.28	742.68	813.15
808.76	814.13	824.38	830.05	825.85	815.57
1,415.40	1,377.65	1,368.09	1,341.93	1,317.97	1,321.25
242,699	242,699	242,699	242,699	242,699	242,699
3,026.64	2,893.37	2,989.96	2,937.77	2,962.76	2,904.26
689,771	689,771	689,771	689,771	689,771	689,771
9,049.42	8,750.32	8,743.28	8,683.33	8,687.04	8,637.19
1,625,488	1,625,488	1,625,488	1,625,488	1,625,488	1,625,488
2	2	2	2	2	2
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
6	6	6	6	6	6

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service  
School Lunch Program Data  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Program Adult Meals</u>	<u>Meals Served Students</u>	<u>Full Price Meals Served</u>	<u>Free Meals Served</u>	<u>Reduced-Price Meals Served</u>
2011	29,850	959,409	695,428	220,201	43,780
2012	26,234	896,075	643,794	210,399	41,882
2013	23,978	833,667	577,623	218,766	37,278
2014	7,789	797,641	534,096	224,999	38,546
2015	5,633	845,853	578,949	222,388	44,516
2016	3,707	811,294	546,690	219,430	45,174
2017	4,083	798,449	543,414	210,444	44,591
2018	17,224	782,399	524,985	213,101	44,313
2019	17,556	770,876	518,229	211,279	41,368
2020	14,319	556,852	371,326	151,699	33,827

<u>Year Ended June 30,</u>	<u>Student Regular Lunch Prices</u>		
	<u>Elementary</u>	<u>Middle</u>	<u>High School (1)</u>
2011	\$ 2.40	\$ 2.65	\$ 2.65
2012	2.40	2.65	2.65
2013	2.40	2.65	2.65
2014	2.50	2.75	2.75
2015	2.60	2.85	2.85
2016	2.70	3.05	3.05
2017	2.70	3.05	3.05
2018	2.85	3.20	3.20
2019	2.85	3.20	3.20
2020	3.00	3.35	3.35

(1) Includes new generation and ethnic food options.

INDEPENDENT SCHOOL DISTRICT NO. 272

Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2011	85.34	663.98	4,270.65	4,694.38	9,714.35	11,251.77
2012	89.25	578.66	4,150.02	4,593.11	9,411.04	10,941.60
2013	106.10	629.48	4,080.75	4,500.90	9,317.23	10,794.31
2014	104.31	560.27	4,006.32	4,492.37	9,163.27	10,662.17
2015	123.38	595.08	3,889.68	4,445.20	9,053.34	9,942.38
2016	126.05	561.73	3,880.82	4,380.66	8,949.26	9,825.39
2017	116.98	561.06	3,791.63	4,466.26	8,935.93	9,829.18
2018	121.66	564.94	3,804.19	4,350.39	8,841.18	9,711.27
2019	154.09	560.81	3,807.70	4,393.78	8,916.38	9,795.13
2020	137.00	583.72	3,788.16	4,337.57	8,846.45	9,713.96

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

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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