2024

Annual Comprehensive Financial Report

For the Fiscal year Ended June 30, 2024

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

Prepared by the Department of Business Services

Edina Public Schools
DEFINING EXCELLENCE

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

2024 Annual Comprehensive Financial Report

Independent School District No. 273, Edina, MN,
for the Year Ended June 30, 2024

Prepared by the Department of Business Services
Mert Woodard – Director, Finance & Operations
Thom Roethke – Assistant Director, Finance

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INDEPENDENT SCHOOL DISTRICT NO. 273

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INTRODUCTORY SECTION

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ADMINISTRATIVE OFFICES
5701 Normandale Road
Edina, MN 55424
(925) 848-3900
www.edinaschools.org

December 23, 2024

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

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 273, Edina, County of Hennepin, State of Minnesota (the District), for the fiscal year ended June 30, 2024. Responsibility for the entire financial report rests with the District's management. The report contains information and reports regarding all funds of the District in conformity with accounting principles generally accepted in the United States of America (GAAP) for defining the reporting entity.

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

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

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

ECONOMIC CONDITION AND OUTLOOK

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

During the 2023–2024 school year, District facilities included six elementary schools, two middle schools, a senior high school, a District administration building, a transportation facility, and an early learning school. Enrollment for the 2023–2024 school year was 8,540 pupils in adjusted average daily membership, which represents a decrease of 42 students from the prior year. Forecasts indicate modest increases in enrollment for the next several years, aided primarily by the expansion of Countryside Elementary to house its dual-language Spanish immersion program and the strong demand to enroll in the District by non-residents students and families.

Projected average daily membership for the near future, based on prior year enrollment trends, District facility capacity, resident demographic studies, and the continued demand for District programming by non-residents is:

FISCAL YEAR	ENROLLMENT
2024	8,540
2025	8,630
2025	8,670

The tax base of the District increased 12.94 percent during the past year. The market value of all taxable property in the District in fiscal year 2024 was $12,555,280,253, compared to $11,116,486,387 in fiscal year 2023. The net tax capacity of the District for fiscal year 2024 was $142,891,874, an increase of 14.05 percent over the prior year value of $125,283,792.

The state fiscal disparities law provides for the pooling of 40.00 percent of all new commercial/ industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing jurisdictions according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed $1,887,552 in fiscal year 2023 and $2,035,372 in fiscal year 2024.

FINANCIAL INFORMATION

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

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

DISTRICT FACILITIES

The District's educational facilities consist of 9 buildings originally constructed from 1948 to 1972. Each building has had numerous additions and improvements over the years. Despite the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's long-term facilities maintenance plan. Because of the continual improvement, all educational facilities will effectively serve District operations for many years. During fiscal year 2023, the District broke ground on the addition to Countryside Elementary School that will eventually house 12 sections of dual-language Spanish immersion programming. The facility was completed during fiscal year 2024 and is fully operational. The total square footage of the District's educational facilities is 1,771,325. The District owns an additional 81,674 square foot building to store and maintain its fleet of more than 75 pupil transportation vehicles.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balances in recent years. Currently, the General Fund has an unassigned fund balance of approximately $9.2 million, which represents 7.4 percent of total General Fund expenditures, in-line with the School Board policy minimum fund balance of 6.0–10.0 percent of unassigned expenditures. The District, by policy, maintains an additional 2.0 percent of unassigned expenditures as a committed fund balance.

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

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

Below are some facts about the 2024–2025 budget:

- Student enrollment is expected to be stable and increase slightly due to the addition of the Spanish Dual Language Immersion program and continued strong non-resident interest in the District's programming.
- The preliminary budget adopted by the School Board included an increase to the General Fund unassigned fund balance to **8.5 percent** of unassigned expenditures.

Revenues:

- General Fund revenue is projected to be **$161.4 million**, representing modest growth from the prior year.
- The basic per pupil funding amount from the state is **$7,281** for fiscal year 2025, an increase of **2.0 percent**.
- The voter approved referendum levy is projected to be **$2,197** per pupil unit, a **4.4 percent increase** over the prior year.
- Effective fiscal year 2024, the special education cross subsidy aid from the state will grow from **6.4 percent to 44.0 percent**.

Expenditures:

- General Fund expenditures are expected to be **$158.4 million**.
- The capital projects (technology) levy will increase from **$7.4 million** to **$8.4 million**.
- District health insurance premium contributions are expected to increase by up to **4.0 percent**, depending on the employee group and coverage type.

Construction Projects:

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

DEBT ADMINISTRATION

To finance the acquisition and betterment of school facilities, as well as other capital expenditure needs, the District regularly issues both voter-approved and non-voter-approved debt. As of June 30, 2024, the District had approximately $174.6 million in outstanding general obligation bonds and an additional $15.4 million in other long-term financing arrangements.

During fiscal year 2023, the District issued $14.2 million of certificates of participation to finance the majority of a 24,000 square foot addition at Countryside Elementary that will house the District's dual-language Spanish immersion program. The addition, which was fully completed during fiscal year 2024, is anticipated to yield the District an additional 20 students by fiscal year 2028.

The District's newest instructional facility was constructed in 1972, meaning significant investment is required annually to keep facilities in state of good repair. The District supplements its pay-as-you-go levy authority with bonded debt so that adequate cash is on hand to accelerate the completion of projects. This strategy also allows the District to maintain a relatively stable tax rate for residents of the District.

In October 2024, the District issued the General Obligation Facilities Maintenance, Capital Notes, and Alternative Facilities and School Building Refunding Bonds, Series 2024A, primarily to achieve debt service savings for taxpayers of the District and to continue financing the District's deferred maintenance program. The true interest cost of the bonds was 3.07 percent, resulting in a future value debt service savings of approximately $8.0 million.

OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2024. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are issued as a separate report, which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International and its Certificate of Excellence in Financial Reporting program (COE). The District earned the ASBO's COE for the first time for its fiscal year 2023 submission. Earning the COE is an indication of the District's commitment to transparency, high standards in financial reporting, and prudent stewardship of public funds.

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

ACKNOWLEDGEMENTS

We extend our gratitude to the entire Business Services team for their dedication to delivering complete and accurate data for the fiscal year 2024 ACFR. We also commend the School Board for its governance and unwavering commitment to upholding the highest standards of stewardship of the District's finances.

Respectfully submitted,

Dr. Stacie Stanley	Mert Woodard, SFO
Superintendent	Director, Finance & Operations

Edina Public Schools Strategic Plan 2020-30

MISSION

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

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

VISION

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

We are guided by our CORE VALUES:

Integrity, Compassion, Courage, Commitment, Appreciation and Responsibility

School Board

Erica Allenburg, Chair
Term Expires: January 2026

Karen Gabler, Vice Chair
Term Expires: January 2026

Michael Birdman, Treasurer
Term Expires: January 2026

Dan Arom, Clerk
Term Expires: January 2026

Jennifer Huwe, Assistant Treasurer
Term Expires: January 2028

Cheryl Barry, Assistant Clerk
Term Expires: January 2028

Elliot Mann, Assistant Clerk
Term Expires: January 2028

Dr. Stacie Stanley, Ex-Officio

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

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

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

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

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

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

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

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

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

Priority Strategies

Strategy A
Advance Academic Excellence, Growth and Readiness

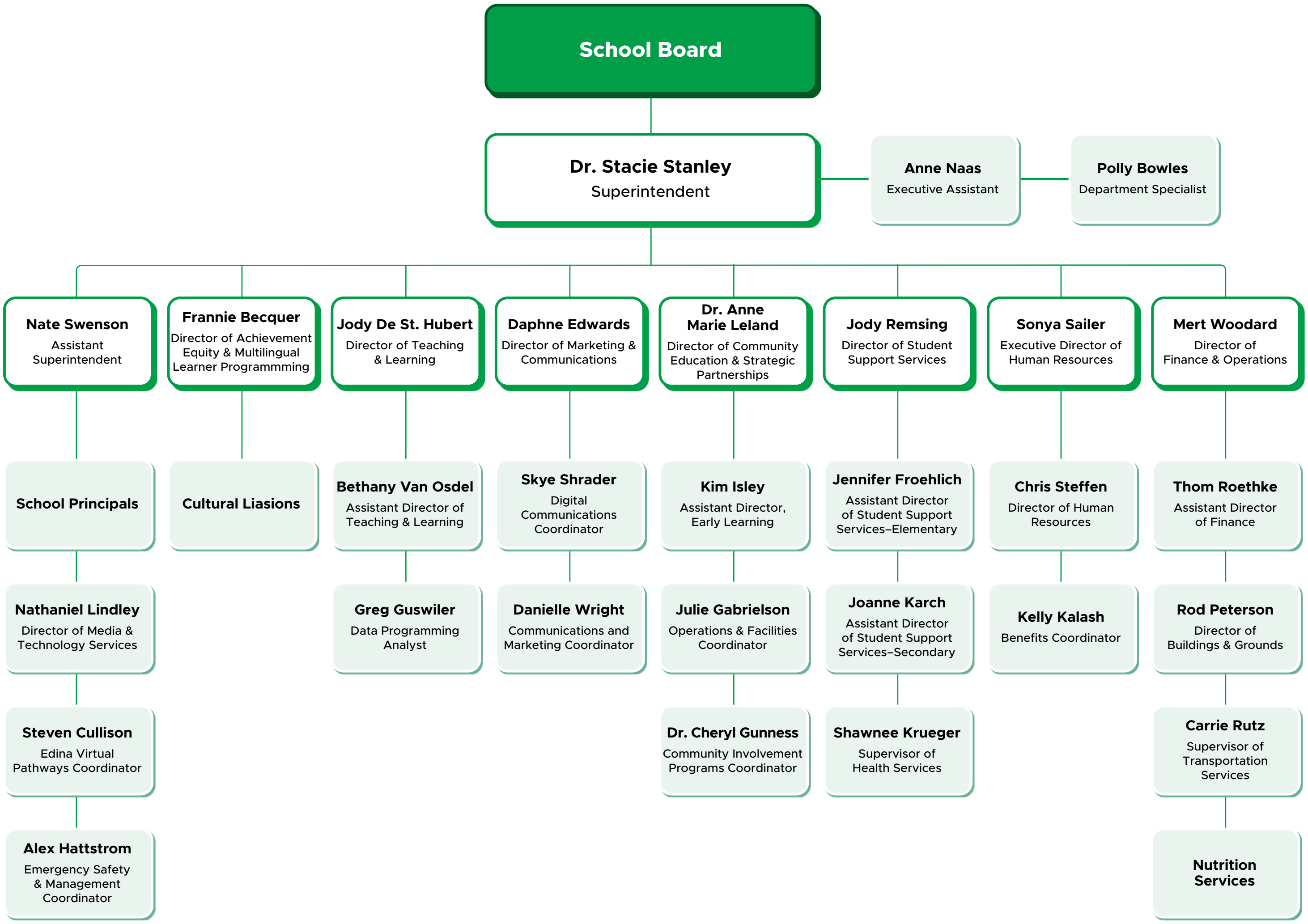
Strategy B
Ensure an Equitable and Inclusive School Culture

Strategy C
Foster Positive Learning Environments and Whole Student Support

Strategy D
Develop Leadership Throughout the District

Strategy E
Engage Parents, Schools and Community

Edina Public Schools
DEFINING EXCELLENCE


School Board
Dr. Stacie Stanley
Superintendent
Anne Naas
Executive Assistant
Polly Bowles
Department Specialist
Nate Swenson
Assistant Superintendent
Frannie Becquer
Director of Achievement Equity & Multilingual Learner Programmming
Jody De St. Hubert
Director of Teaching & Learning
Daphne Edwards
Director of Marketing & Communications
Dr. Anne Marie Leland
Director of Community Education & Strategic Partnerships
Jody Remsing
Director of Student Support Services
Sonya Sailer
Executive Director of Human Resources
Mert Woodard
Director of Finance & Operations
School Principals
Cultural Liasions
Bethany Van Osdel
Assistant Director of Teaching & Learning
Skye Shrader
Digital Communications Coordinator
Kim Isley
Assistant Director, Early Learning
Jennifer Froehlich
Assistant Director of Student Support Services–Elementary
Chris Steffen
Director of Human Resources
Thom Roethke
Assistant Director of Finance
Nathaniel Lindley
Director of Media & Technology Services
Greg Guswiler
Data Programming Analyst
Danielle Wright
Communications and Marketing Coordinator
Julie Gabrielson
Operations & Facilities Coordinator
Joanne Karch
Assistant Director of Student Support Services–Secondary
Kelly Kalash
Benefits Coordinator
Rod Peterson
Director of Buildings & Grounds
Steven Cullison
Edina Virtual Pathways Coordinator
Dr. Cheryl Gunness
Community Involvement Programs Coordinator
Shawnee Krueger
Supervisor of Health Services
Carrie Rutz
Supervisor of Transportation Services
Alex Hattstrom
Emergency Safety & Management Coordinator
Nutrition Services

INDEPENDENT SCHOOL DISTRICT NO. 273

School Board and Administration

Year Ended June 30, 2024

SCHOOL BOARD

Erica Allenburg	Chair
Karen Gabler	Vice Chair
Dan Arom	Clerk
Michael Birdman	Treasurer
Cheryl Barry	Assistant Clerk
Elliot Mann	Assistant Clerk
Jennifer Huwe	Assistant Treasurer

ADMINISTRATION

Dr. Stacie Stanley	Superintendent
Dr. Randy Smasal	Assistant Superintendent
Mert Woodard	Director, Finance and Operations
Sonya Sailer	Director, Human Resources
Jody De St. Hubert	Director, Teaching and Learning
Jody Remsing	Director, Student Support Services
Dr. Anne Marie Leland	Director, Community Education
Daphne Edwards	Director, Marketing and Communications
Dr. Frannie Becquer	Director, Achievement, Equity, Multilingual

EDINA PUBLIC SCHOOLS AWARDED FOR OUTSTANDING FINANCIAL REPORTING

For its Annual Comprehensive Financial Report, Edina Public Schools was awarded the Certificate of Excellence in Financial Reporting (COE) by The Association of School Business Officials International (ASBO). ASBO International's COE recognizes districts that have met the program's high standards for financial reporting and transparency.

"For over half a century, ASBO International's Certificate of Excellence in Financial Reporting has been the gold standard in promoting and recognizing excellence in financial reporting," according to ASBO International Executive Director Jim Rowan, CAE, SFO. "Communicating the financial and economic state of a district is so important when engaging with the school community and building their trust. Districts that receive the COE Award have demonstrated their ability to do that at the highest level."

By participating in the COE program, school districts demonstrate their commitment to financial transparency. Applicants submit their ACFR for review by a team of financial professionals who provide feedback to improve future documents. If the report meets the requirements of the program, it may receive the Certificate of Excellence. A district's participation in the COE program can facilitate bond rating and continuing bond disclosure processes.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Independent School District No. 273 -
Edina Public Schools**

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

MOODY'S RATINGS

Aaa

RATINGS UPDATE

Moody's Ratings assigns Aaa underlying & Aa1 enhanced ratings to Edina ISD 273, MN's 2024 bonds

The Aaa issuer rating reflects the district's growing local economy in the Twin Cities metro area with a very strong full value per capita of more than $300,000 and resident incomes exceeding 200% of the US . Enrollment is positive post-pandemic and will remain strong given the district's strong competitive position. The reserve position, while below peers at just 15% of revenues, is very stable and management is proactive in balancing revenues and expenditures. Fiscal 2024 is expected to be positive and fund balance will grow. The leverage is above-average but manageable.

FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 273
Edina, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 273 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the District adopted new accounting guidance for capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 13, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 23, 2024

This section of Independent School District No. 273, Edina, Minnesota's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2024. Users are encouraged to read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $12,646,151 (net position). The District's total net position improved by $19,067,222 during the fiscal year ended June 30, 2024, as government-wide revenues of $193,162,640 exceeded expenses of $174,095,418.

- The District's government-wide beginning net position increased by $988,139, due to a change in accounting principle implemented during the year requiring the capitalization of groups of similar capital assets purchased together that were not capitalized in prior years due to the individual asset values having been below its capitalization threshold.

- The General Fund's total fund balances (under the governmental fund presentation) increased $6,017,935 during the year, compared to a $1,223,067 increase projected in the final budget, ending the year at $26,609,520.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information; and

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds is presented in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following types of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2024 and 2023

	2024	2023
Assets		
Current and other assets	$ 124,076,549	$ 126,074,807
Capital assets, net of depreciation	294,254,416	285,952,272
Total assets	$ 418,330,965	$ 412,027,079
Deferred outflows of resources	$ 28,325,595	$ 37,178,431
Liabilities		
Current and other liabilities	$ 19,848,161	$ 19,861,728
Long-term liabilities, including due within one year	333,224,634	348,651,235
Total liabilities	$ 353,072,795	$ 368,512,963
Deferred inflows of resources	$ 80,937,614	$ 88,101,757
Net position		
Net investment in capital assets	$ 93,666,891	$ 81,404,498
Restricted	13,371,713	16,384,478
Unrestricted	(94,392,453)	(105,198,186)
Total net position	$ 12,646,151	$ (7,409,210)

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. Differences in estimated useful lives and capitalization policies may produce significant differences in the calculated amounts. Another major difference between net position and fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's total net position increased by $19,067,222 in fiscal 2024, excluding the previously discussed change in accounting principle. The increase in net investment in capital assets is due to the relationship between the rate at which the capital assets are added and depreciated versus the rate at which the related debt is repaid, along with capital asset additions financed through a property tax levy, rather than a new debt issuance. A decrease in resources restricted for capital asset acquisition contributed to the overall decrease in restricted net position. Positive operating results in the General Fund contributed to the improvement in unrestricted net position. Change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) state-wide pension plans contributed to the changes in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

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

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for services	$ 13,874,179	$ 13,615,684
Operating grants and contributions	30,065,900	22,373,608
General revenues		
Property taxes	68,931,874	62,599,156
General grants and aids	75,154,203	71,201,456
All other	5,136,484	4,513,417
Total revenues	193,162,640	174,303,321
Expenses		
Administration	4,068,950	2,983,756
District support services	3,197,679	2,608,472
Elementary and secondary regular instruction	65,018,895	51,043,329
Vocational education instruction	829,754	477,033
Special education instruction	25,302,918	22,207,149
Instructional support services	14,377,429	13,152,951
Pupil support services	12,611,573	11,875,451
Sites and buildings	26,206,246	23,238,558
Fiscal and other fixed cost programs	769,105	562,301
Food service	4,059,161	3,790,037
Community service	11,852,659	10,621,001
Interest and fiscal charges	5,801,049	5,237,662
Total expenses	174,095,418	147,797,700
Change in net position	19,067,222	26,505,621
Net position – beginning, as previously reported	(7,409,210)	(33,914,831)
Change in accounting principle	988,139	–
Net position – beginning, as restated	(6,421,071)	(33,914,831)
Net position – ending	$ 12,646,151	$ (7,409,210)

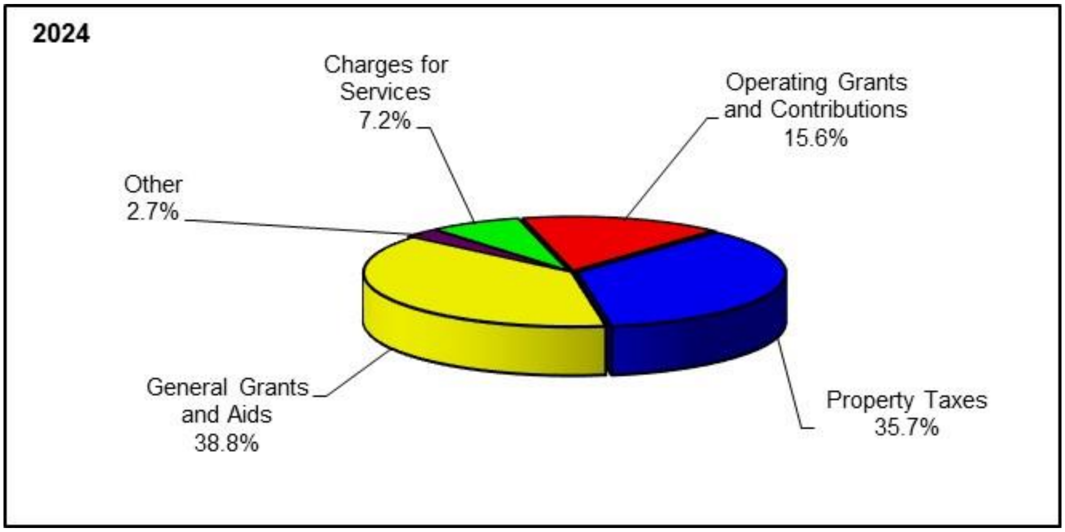
This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt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

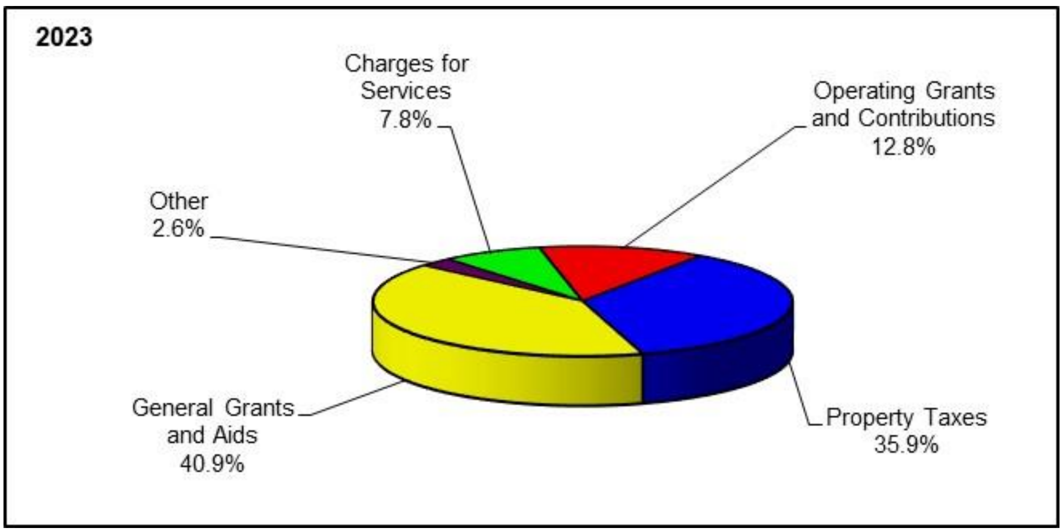
Total revenues for fiscal year 2024 were $18,859,319 greater than last year. Increases in property taxes; state funding for general education, special education, and child nutrition; and investment earnings contributed to this increase. Expenses increased $26,297,718, compared to fiscal year 2023 levels.

Contractual increases to salaries, inflationary increases in benefits and other expenses, and changes in the pension expense for the District's proportionate shares of the PERA and the TRA state-wide pension plans contributed to this increase.

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

Figure A – Sources of Revenues for Fiscal Years 2024 and 2023



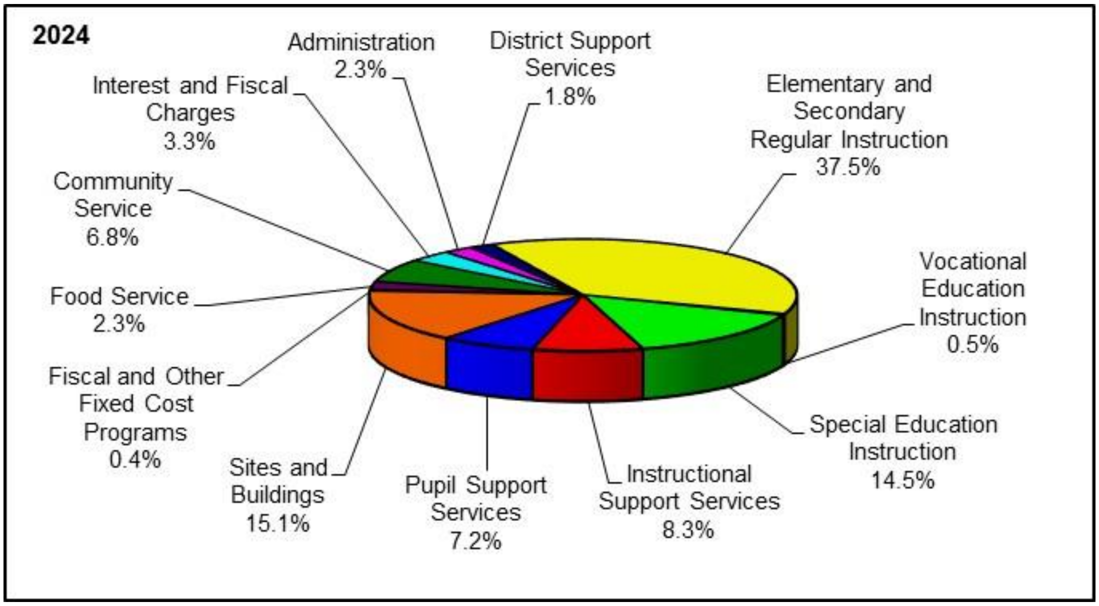


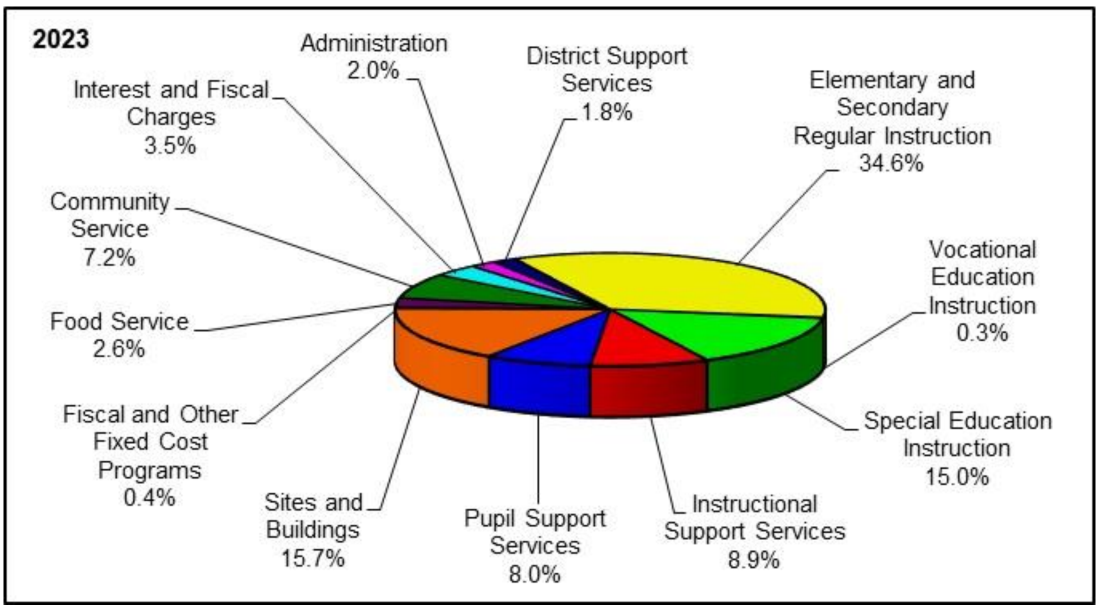
The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

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

The District generated a larger portion of its revenues for fiscal 2024 from operating grants and contributions, mainly due to legislative increases in state aid for special education and child nutrition.

Figure B – Expenses for Fiscal Years 2024 and 2023





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

The year-to-year changes in the percentage of expenses incurred in several program areas shown above were due to a combination of factors, including increased instructional costs and changes in expenses related to the two state-wide pension plans as previously discussed.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2024 and 2023

	2024	2023	Change
Major funds			
General	$ 26,609,520	$ 20,591,585	$ 6,017,935
Capital Projects – Building Construction	3,280,083	16,312,313	(13,032,230)
Debt Service	3,277,220	3,453,905	(176,685)
Nonmajor funds			
Food Service Special Revenue	2,052,423	1,166,019	886,404
Community Service Special Revenue	2,274,773	1,710,124	564,649
Total governmental funds	$ 37,494,019	$ 43,233,946	$ (5,739,927)

Total fund balances in the District's governmental funds decreased by $5,739,927 during the 2024 year. Nonspendable fund balances decreased $317,354, mainly for prepaid expenditures in the General Fund. Fund balances restricted for various purposes decreased $9,897,550, with the largest decrease in the Capital Projects – Building Construction Fund, due to the expenditure of proceeds from general obligation bonds and certificates of participation issued in prior years for construction projects. Fund balance committed by School Board resolution for cash flow needs in the General Fund increased $161,538. Fund balances internally assigned for various purposes in the General Fund increased $3,125,000, based on future planned expenditures. Unassigned fund balance in the General Fund also increased $1,188,439 during the year.

GENERAL FUND

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

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 154,449,311	$ 155,413,614	$ 964,303	0.6%
Expenditures	$ 143,074,323	$ 147,853,231	$ 4,778,908	3.3%
Other financing sources (uses)	$ (6,337,316)	$ (6,337,316)	$ –	–

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2024 Actual	Amount	Percent	Amount	Percent
Revenue	$ 160,891,529	$ 5,477,915	3.5%	$ 17,432,126	12.2%
Expenditures	150,116,683	$ 2,263,452	1.5%	$ 9,433,410	6.7%
Other financing sources (uses)	(4,756,911)	$ 1,580,405	24.9%	$ (4,450,344)	(1,451.7%)
Net change in fund balances	$ 6,017,935				

General Fund revenues for fiscal year 2024 were 3.5 percent over budget. Revenues from state sources were over budget, primarily due to a larger increase in state special education aid than anticipated. Investment earnings and other local revenues, including student fees, admissions, tuition, gifts, and donations, were also over budget. The District budgets conservatively for these revenues, which tend to vary year-to-year.

An increase in the property tax levy, funding improvements for general and special education state aids, and improved investment income contributed to the 12.2 percent overall increase in General Fund revenue. These increases were partially offset by a decrease in revenue from federal sources with the sunset of several federal pandemic relief programs.

Expenditures in fiscal year 2024 were 1.5 percent over budget, with higher than anticipated administrative retirement costs and purchased services for transportation and building maintenance. Capital expenditures were also higher than budget, with more improvement projects accounted for in the General Fund than anticipated, which resulted in a smaller transfer to the Capital Projects – Building Construction Fund than budgeted. The District transferred $4.8 million to the Capital Projects – Building Construction Fund for larger long-term facilities maintenance (LTFM) projects, compared to a budgeted transfer of $6.3 million.

The increase in expenditures compared to the prior year was mainly in administrative retirement benefits, contractual salary increases, and benefit cost growth in the regular instruction, contracted transportation services, and increased building maintenance and capital expenditures.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenue for fiscal year 2024 totaled $333,055 of investment earnings, which was lower than budget by $342,478, due to the spend down of funds available for investment. This fund also had other financing sources of $4.8 million, consisting of the transfer from the General Fund for LTFM projects as previously mentioned. Expenditures of $18.1 million were $2.3 million over budget, due to the timing of projects. The June 30, 2024 fund balance of $3.3 million was a decrease of $13.0 million, compared to a budgeted decrease of $8.9 million.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures related to servicing the District's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. Most of the activity in this fund, including property tax revenue and annual principal and interest expenditures, are controlled by the payment and levy schedules adopted with the sale of each individual debt issue. Debt Service Fund revenue for fiscal year 2024 totaled $14.4 million, similar to total expenditures. The June 30, 2024 fund balance of $3.3 million was a decrease of $176,685, compared to a $320,072 decrease anticipated in the budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER DISTRICT FUNDS

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenue for fiscal year 2024 totaled $4.9 million, and expenditures were $4.0 million. Revenue increased $1.3 million from the prior year, due to a new state funded program providing free meals to all school-age children. Expenditures increased by $0.3 million, mainly in purchased services and supplies (food costs), due to increased participation. The June 30, 2024, fund balance of $2.1 million was an increase of $886,404, compared to a budgeted increase of $42,677.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenue for fiscal 2024 totaled $12.3 million, an increase of $1.4 million from the prior year, mainly in tuition and fees with increased program participation. Expenditures of $11.7 million represented an increase of almost $1.0 million, primarily in personnel costs. The year-end fund balance of $2.3 million was an increase of $564,649, compared to a budgeted increase of $276,488.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2024, the District had invested $294,254,416 in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment (see Table 6). Total depreciation expense for this year was $14,886,162.

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2024 and 2023.

Table 6
Capital Assets

	2024	2023	Change
Land	$ 5,240,001	$ 5,240,001	$ –
Land improvements	26,335,782	26,335,782	–
Buildings	422,593,511	399,403,792	23,189,719
Furniture and equipment	27,997,473	25,194,497	2,802,976
Construction in progress	13,117,412	15,553,021	(2,435,609)
Less accumulated depreciation	(201,029,763)	(185,774,821)	(15,254,942)
Total	$ 294,254,416	$ 285,952,272	$ 8,302,144
Depreciation expense	$ 14,886,162	$ 13,771,540	$ 1,114,622

The changes presented in the table above reflect the ongoing construction activity at various district sites during fiscal year 2024. The most significant changes from last year were the completion of several large building improvement projects started in prior years, and current year construction in progress on additional projects related to the certificates of participation and bonds issued in the previous years for the District's ongoing 10-year LTFM plan. Furniture and equipment and related accumulated depreciation were also increased by the change in accounting principle discussed previously, which resulted in the addition of capital assets with a net book value of $988,139.

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

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2024	2023	Change
G.O. notes and bonds payable	$ 174,620,000	$ 182,245,000	$ (7,625,000)
Certificates of participation payable	14,170,000	14,710,000	(540,000)
Unamortized premiums	11,489,776	13,007,236	(1,517,460)
Financed purchases payable	1,188,895	1,493,588	(304,693)
Severance benefits payable	287,013	511,962	(224,949)
Net/total pension liabilities	111,919,112	117,021,980	(5,102,868)
Total OPEB liability	19,549,838	19,661,469	(111,631)
Total	$ 333,224,634	$ 348,651,235	$ (15,426,601)

The changes in general obligation notes and bonds payable, certificates of participation payable, and financed purchases payable reflect scheduled principal retirements of $8.5 million, as no new debt was issued in the current year. The differences in the net/total pension and total OPEB liabilities reflect the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with changes in the District's pension and OPEB plans.

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

Table 8
Limitations on Debt

District's market value	$ 12,555,280,523
Limit rate	15.0%
Legal debt limit	$ 1,883,292,078

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum and other local property tax levies, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

Annually, the School Board approves a rolling 10-year LTFM plan. Goals of the plan are to support learning environment and initiatives for students, staff, and community; increase long-term facilities funding of annual deferred maintenance to meet ongoing needs; address backlog of deferred maintenance in buildings; improve energy efficiency; support strategic plan initiatives; and minimize impact to taxpayers. The District finances its LTFM plan through the combination of yearly property tax levy authority and general obligation debt. In conformance with this 10-year plan, the District issued in Spring 2023, $6,095,000 in general obligation facilities maintenance bonds. The plan invests approximately $15.0 million biannually in the remaining years of the LTFM plan to improve mechanical systems, exterior envelope, and paving throughout the District. The District issued an additional $5,930,000 of general obligation debt in the Fall of 2024. During the issuance process, Moody's Ratings, a leading global credit rating agency, reaffirmed its Aaa rating of the District, the highest rating assigned by Moody's. The Aaa rating allows the District to obtain the lowest interest rates available when borrowing money by issuing bonds and certificates. The District is one of three in the state to have the highest rating.

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Services Department, Independent School District No. 273, 5701 Normandale Road, Edina, Minnesota 55424, or visit the District's website at www.edinaschools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	Governmental Activities 2024	Governmental Activities 2023
Assets		
Cash and temporary investments	$ 74,865,062	$ 78,719,752
Receivables		
Current taxes	36,124,805	34,304,371
Delinquent taxes	375,033	454,477
Accounts and interest	433,431	331,822
Due from other governmental units	12,134,629	11,803,442
Inventory	137,030	91,025
Prepaid items	6,559	369,918
Capital assets		
Not depreciated	18,357,413	20,793,022
Depreciated, net of accumulated depreciation	275,897,003	265,159,250
Total assets	418,330,965	412,027,079
Deferred outflows of resources		
Pension plan deferments	26,036,059	34,766,853
OPEB plan deferments	2,289,536	2,411,578
Total deferred outflows of resources	28,325,595	37,178,431
Total assets and deferred outflows of resources	$ 446,656,560	$ 449,205,510
Liabilities		
Salaries and benefits payable	$ 10,212,355	$ 7,611,949
Accounts and contracts payable	5,244,757	7,462,197
Accrued interest payable	2,952,746	3,299,177
Due to other governmental units	204,450	216,626
Unearned revenue	1,233,853	1,271,779
Long-term liabilities		
Due within one year	12,288,037	11,750,211
Due in more than one year	320,936,597	336,901,024
Total long-term liabilities	333,224,634	348,651,235
Total liabilities	353,072,795	368,512,963
Deferred inflows of resources		
Bond refunding deferments	–	539,971
Property taxes levied for subsequent year	68,963,178	65,342,744
Pension plan deferments	9,523,570	19,425,246
OPEB plan deferments	2,450,866	2,793,796
Total deferred inflows of resources	80,937,614	88,101,757
Net position		
Net investment in capital assets	93,666,891	81,404,498
Restricted for		
Capital asset acquisition	7,674,597	13,192,829
Debt service	391,688	271,199
Food service	2,052,423	1,166,019
Community service	2,279,953	1,718,644
Other state restrictions	973,052	35,787
Unrestricted	(94,392,453)	(105,198,186)
Total net position	12,646,151	(7,409,210)
Total liabilities, deferred inflows of resources, and net position	$ 446,656,560	$ 449,205,510

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Activities
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024				2023
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 4,068,950	$ 35,003	$ –	$ (4,033,947)	$ (2,962,507)
District support services	3,197,679	–	–	(3,197,679)	(2,608,472)
Elementary and secondary regular instruction	65,018,895	1,857,742	415,294	(62,745,859)	(48,818,459)
Vocational education instruction	829,754	–	–	(829,754)	(477,033)
Special education instruction	25,302,918	362,303	23,970,003	(970,612)	(3,774,042)
Instructional support services	14,377,429	9,217	3,256	(14,364,956)	(13,149,637)
Pupil support services	12,611,573	50,868	734,888	(11,825,817)	(10,527,151)
Sites and buildings	26,206,246	620,407	100,031	(25,485,808)	(22,583,575)
Fiscal and other fixed cost programs	769,105	–	–	(769,105)	(562,301)
Food service	4,059,161	800,504	4,070,145	811,488	(191,334)
Community service	11,852,659	10,138,135	772,283	(942,241)	(916,235)
Interest and fiscal charges	5,801,049	–	–	(5,801,049)	(5,237,662)
Total governmental activities	$ 174,095,418	$ 13,874,179	$ 30,065,900	(130,155,339)	(111,808,408)
General revenues					
Taxes					
Property taxes, levied for general purposes				53,420,175	46,462,287
Property taxes, levied for community service				1,233,018	1,090,648
Property taxes, levied for debt service				14,278,681	15,046,221
General grants and aids				75,154,203	71,201,456
Other general revenues				2,193,796	2,468,116
Investment earnings				2,942,688	2,045,301
Total general revenues				149,222,561	138,314,029
Change in net position				19,067,222	26,505,621
Net position – beginning, as previously reported				(7,409,210)	(33,914,831)
Change in accounting principle				988,139	–
Net position – beginning, as restated				(6,421,071)	(33,914,831)
Net position – ending				$ 12,646,151	$ (7,409,210)

See notes to basic financial statements

Balance Sheet
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
Assets						
Cash and temporary investments	$ 51,854,157	$ 5,517,242	$ 10,618,356	$ 6,357,498	$ 74,347,253	$ 78,197,003
Receivables						
Current taxes	28,104,535	–	7,322,376	697,894	36,124,805	34,304,371
Delinquent taxes	284,267	–	84,004	6,762	375,033	454,477
Accounts and interest	346,744	22,645	–	51,946	421,335	319,549
Due from other governmental units	12,047,954	–	–	86,675	12,134,629	11,803,442
Inventory	23,064	–	–	113,966	137,030	91,025
Prepaid items	6,559	–	–	–	6,559	369,918
Total assets	$ 92,667,280	$ 5,539,887	$ 18,024,736	$ 7,314,741	$ 123,546,644	$ 125,539,785
Liabilities						
Salaries and benefits payable	$ 10,077,773	$ –	$ –	$ 134,582	$ 10,212,355	$ 7,611,949
Accounts and contracts payable	2,891,394	2,055,354	–	236,111	5,182,859	7,412,576
Due to other governmental units	–	204,450	–	–	204,450	216,626
Unearned revenue	21,385	–	–	1,212,468	1,233,853	1,271,779
Total liabilities	12,990,552	2,259,804	–	1,583,161	16,833,517	16,512,930
Deferred inflows of resources						
Property taxes levied for subsequent year	52,883,672	–	14,680,302	1,399,204	68,963,178	65,342,744
Unavailable revenue – delinquent taxes	183,536	–	67,214	5,180	255,930	450,165
Total deferred inflows of resources	53,067,208	–	14,747,516	1,404,384	69,219,108	65,792,909
Fund balances						
Nonspendable	29,623	–	–	113,966	143,589	460,943
Restricted	6,248,712	3,280,083	3,277,220	4,213,230	17,019,245	26,916,795
Committed	2,484,388	–	–	–	2,484,388	2,322,850
Assigned	8,644,524	–	–	–	8,644,524	5,519,524
Unassigned	9,202,273	–	–	–	9,202,273	8,013,834
Total fund balances	26,609,520	3,280,083	3,277,220	4,327,196	37,494,019	43,233,946
Total liabilities, deferred inflows of resources, and fund balances	$ 92,667,280	$ 5,539,887	$ 18,024,736	$ 7,314,741	$ 123,546,644	$ 125,539,785

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Total fund balances – governmental funds	$ 37,494,019	$ 43,233,946
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	495,284,179	471,727,093
Accumulated depreciation	(201,029,763)	(185,774,821)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources.		
G.O. notes and bonds payable	(174,620,000)	(182,245,000)
Certificates of participation payable	(14,170,000)	(14,710,000)
Unamortized premiums	(11,489,776)	(13,007,236)
Financed purchases payable	(1,188,895)	(1,493,588)
Severance benefits payable	(287,013)	(511,962)
Net/total pension liabilities	(111,919,112)	(117,021,980)
Total OPEB liability	(19,549,838)	(19,661,469)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	468,007	485,401
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,952,746)	(3,299,177)
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	26,036,059	34,766,853
Deferred outflows of resources – OPEB plan deferments	2,289,536	2,411,578
Deferred inflows of resources – bond refunding deferments	–	(539,971)
Deferred inflows of resources – pension plan deferments	(9,523,570)	(19,425,246)
Deferred inflows of resources – OPEB plan deferments	(2,450,866)	(2,793,796)
Deferred inflows of resources – unavailable revenue – delinquent taxes	255,930	450,165
Total net position – governmental activities	$ 12,646,151	$ (7,409,210)

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
Revenue						
Local sources						
Property taxes	$ 53,561,813	$ –	$ 14,327,938	$ 1,236,358	$ 69,126,109	$ 62,526,584
Investment earnings	2,217,384	333,055	114,950	221,116	2,886,505	2,045,301
Other	5,111,698	–	–	10,938,639	16,050,337	16,083,800
State sources	97,586,832	–	–	3,207,736	100,794,568	88,591,340
Federal sources	2,413,802	–	–	1,634,692	4,048,494	4,495,635
Total revenue	160,891,529	333,055	14,442,888	17,238,541	192,906,013	173,742,660
Expenditures						
Current						
Administration	4,481,162	–	–	–	4,481,162	3,449,633
District support services	3,105,578	–	–	–	3,105,578	2,516,269
Elementary and secondary regular instruction	66,145,066	–	–	–	66,145,066	60,953,667
Vocational education instruction	772,098	–	–	–	772,098	456,282
Special education instruction	26,619,424	–	–	–	26,619,424	26,173,927
Instructional support services	14,491,843	–	–	–	14,491,843	14,745,151
Pupil support services	13,382,500	–	–	–	13,382,500	12,921,436
Sites and buildings	18,499,326	–	–	–	18,499,326	18,330,408
Fiscal and other fixed cost programs	769,105	–	–	–	769,105	562,301
Food service	–	–	–	4,008,130	4,008,130	3,790,593
Community service	–	–	–	11,517,447	11,517,447	10,684,338
Capital outlay	–	17,935,384	–	261,911	18,197,295	19,154,395
Debt service						
Principal	844,693	–	7,625,000	–	8,469,693	8,517,998
Interest and fiscal charges	1,005,888	204,450	6,994,573	–	8,204,911	7,290,326
Total expenditures	150,116,683	18,139,834	14,619,573	15,787,488	198,663,578	189,546,724
Excess (deficiency) of revenue over expenditures	10,774,846	(17,806,779)	(176,685)	1,451,053	(5,757,565)	(15,804,064)
Other financing sources (uses)						
Insurance recoveries	17,638	–	–	–	17,638	–
Financed purchases	–	–	–	–	–	209,820
Debt issued	–	–	–	–	–	21,235,000
Premium on debt issued	–	–	–	–	–	1,694,318
Transfers in	–	4,774,549	–	–	4,774,549	1,584,127
Transfers (out)	(4,774,549)	–	–	–	(4,774,549)	(1,584,127)
Total other financing sources (uses)	(4,756,911)	4,774,549	–	–	17,638	23,139,138
Net change in fund balances	6,017,935	(13,032,230)	(176,685)	1,451,053	(5,739,927)	7,335,074
Fund balances						
Beginning of year	20,591,585	16,312,313	3,453,905	2,876,143	43,233,946	35,898,872
End of year	$ 26,609,520	$ 3,280,083	$ 3,277,220	$ 4,327,196	$ 37,494,019	$ 43,233,946

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Total net change in fund balances – governmental funds	$ (5,739,927)	$ 7,335,074
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	22,200,167	25,434,506
Depreciation expense	(14,886,162)	(13,771,540)
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.	(17,394)	(29,045)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
G.O. notes, bonds, and certificates of participation payable	–	(21,235,000)
Financed purchases payable	–	(209,820)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
G.O. notes, bonds, and certificates of participation payable	8,165,000	8,130,000
Financed purchases payable	304,693	387,998
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.	346,431	(262,112)
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.	1,517,460	(51,704)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Severance benefits payable	224,949	(123,306)
Net/total pension liabilities	5,102,868	(47,380,814)
Total OPEB liability	111,631	2,602,027
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	(8,730,794)	(474,061)
Deferred outflows of resources – OPEB plan deferments	(122,042)	(60,874)
Deferred inflows of resources – bond refunding deferments	539,971	672,162
Deferred inflows of resources – pension plan deferments	9,901,676	67,371,463
Deferred inflows of resources – OPEB plan deferments	342,930	(1,901,905)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(194,235)	72,572
Change in net position – governmental activities	$ 19,067,222	$ 26,505,621

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Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 53,290,711	$ 53,290,711	$ 53,561,813	$ 271,102
Investment earnings	406,663	1,031,559	2,217,384	1,185,825
Other	3,288,175	3,694,390	5,111,698	1,417,308
State sources	95,178,065	95,111,257	97,586,832	2,475,575
Federal sources	2,285,697	2,285,697	2,413,802	128,105
Total revenue	154,449,311	155,413,614	160,891,529	5,477,915
Expenditures				
Current				
Administration	2,782,951	2,782,951	4,481,162	1,698,211
District support services	3,072,059	2,774,099	3,105,578	331,479
Elementary and secondary regular instruction	65,753,835	67,560,565	66,145,066	(1,415,499)
Vocational education instruction	461,001	461,001	772,098	311,097
Special education instruction	26,757,207	28,483,660	26,619,424	(1,864,236)
Instructional support services	15,122,069	15,325,216	14,491,843	(833,373)
Pupil support services	12,084,100	12,130,105	13,382,500	1,252,395
Sites and buildings	14,349,586	15,644,119	18,499,326	2,855,207
Fiscal and other fixed cost programs	806,784	806,784	769,105	(37,679)
Debt service				
Principal	844,693	844,693	844,693	–
Interest and fiscal charges	1,040,038	1,040,038	1,005,888	(34,150)
Total expenditures	143,074,323	147,853,231	150,116,683	2,263,452
Excess of revenue over expenditures	11,374,988	7,560,383	10,774,846	3,214,463
Other financing sources (uses)				
Insurance recoveries	–	–	17,638	17,638
Transfers (out)	(6,337,316)	(6,337,316)	(4,774,549)	1,562,767
Total other financing sources (uses)	(6,337,316)	(6,337,316)	(4,756,911)	1,580,405
Net change in fund balances	$ 5,037,672	$ 1,223,067	6,017,935	$ 4,794,868
Fund balances				
Beginning of year			20,591,585	
End of year			$ 26,609,520	

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
Proprietary Fund
Internal Service Fund
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and temporary investments	$ 517,809	$ 522,749
Accounts receivable	12,096	12,273
Total assets	529,905	535,022
Liabilities		
Current liabilities		
Accounts and contracts payable	61,898	49,621
Net position		
Unrestricted	$ 468,007	$ 485,401

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Fund
Internal Service Fund
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Operating revenue		
Charges for services	$ 859,981	$ 858,609
Operating expenses		
Dental claims and expenses	933,558	887,654
Operating income (loss)	(73,577)	(29,045)
Nonoperating revenue		
Investment earnings	56,183	–
Change in net position	(17,394)	(29,045)
Net position		
Beginning of year	485,401	514,446
End of year	$ 468,007	$ 485,401

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Cash Flows
Proprietary Fund
Internal Service Fund
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Contributions from governmental funds	$ 860,158	$ 858,285
Dental claims and other expense payments	(921,281)	(891,797)
Net cash flows from operating activities	(61,123)	(33,512)
Cash flows from investing activities		
Investment income received	56,183	–
Net change in cash and cash equivalents	(4,940)	(33,512)
Cash and temporary investments		
Beginning of year	522,749	556,261
End of year	$ 517,809	$ 522,749
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (73,577)	$ (29,045)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	177	(324)
Accounts and contracts payable	12,277	(4,143)
Net cash flows from operating activities	$ (61,123)	$ (33,512)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Organization

Independent School District No. 273, Edina, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th grade students attending the District either as a resident of the District or through an open enrollment option election. It is governed by a School Board elected by voters of the District to four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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

C. Government-Wide Financial Statement Presentation

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in proprietary fund financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. Because the principal users of the internal services are the District's governmental activities, the internal service fund is consolidated into the governmental 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. An internal service fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The principal operating revenue of the District's Internal Service Fund is charges to other district funds for service. Operating expenses for the Internal Service Fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

Major Governmental Funds

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

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the Long-Term Facilities Maintenance (LTFM) Program.

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

Nonmajor Governmental Funds

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

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Proprietary Funds

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

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The School Board must approve expenditures exceeding budget at the fund level by resolution or through the disbursement approval process. Budgeted expenditure appropriations lapse at year-end. Actual expenditures for the fiscal year ended June 30, 2024 exceeded budgeted expenditures by $2,263,452 in the General Fund, by $23,947 in the Community Service Special Revenue Fund, and by $2,271,036 in the Capital Projects – Building Construction Fund. Revenues and other financing sources in excess of budget, along with available fund balances, financed these variances.

F. Cash and Temporary Investments

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. See Note 2 for the District's recurring fair value measurements as of year-end.

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

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 property taxes receivable.

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

Due from the MDE	$	11,356,709
Due from other Minnesota school districts		15,086
Due from other governmental units		762,834
Total due from other governmental units	$	12,134,629

H. Inventory

Inventories are recorded using the consumption method of accounting and consist of purchased food or surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

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

J. Property Taxes

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

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $3,944,416 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 is reported as a deferred inflow of resources (property taxes levied for subsequent year).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if the cost of the assets are considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess material amounts of infrastructure capital assets. Such items are considered to be part of the cost of buildings or other improvable property.

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

L. Long-Term Obligations

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

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

M. Compensated Absences

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

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year’s salary. Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future, and are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

O. State-Wide Pension Plans

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

P. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current fiscal year.

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

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

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

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2023	$ 53,764	$ 887,654	$ 891,797	$ 49,621
2024	$ 49,621	$ 933,558	$ 921,281	$ 61,898

Q. Deferred Outflows/Inflows of Resources

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

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

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

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

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

R. Interfund Transfers

The General Fund transferred $4,774,549 to the Capital Projects – Building Construction Fund to allocate revenue that will be expended by the Capital Projects – Building Construction Fund for LTFM projects. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

S. Net Position

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

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

Capital assets, net of accumulated depreciation	$ 294,254,416
Outstanding debt related to capital assets	(201,468,671)
Unspent proceeds from capital-related debt	881,146
Net investment in capital assets	$ 93,666,891

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

- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent and director of finance and operations are authorized to establish assignments of fund balance.

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

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

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Change in Accounting Principle

During the year ended June 30, 2024, the District implemented new accounting guidance for capitalizing purchases of groups of similar assets. This recent change in authoritative literature, which provides new guidance on accounting and financial reporting for capital assets, requires a government to capitalize groups of similar assets purchased at or near the same time, that are individually below the District's capitalization threshold, if the aggregate cost is significant. In prior periods, the District only capitalized assets whose individual cost exceeded its capitalization policy threshold. Certain amounts necessary to fully restate fiscal year 2023 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance resulted in the District reporting certain groups of similar capital assets acquired in previous years and accumulated depreciation thereon, increasing beginning net position by $988,139 in the government-wide financial statements in the current year. See Note 3 for additional details on this change in the current year.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	7,750,777
Investments		67,114,285
Cash and temporary investments	$	74,865,062

B. Deposits

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

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

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

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

The year-end bank balances of the District's deposits totaled $7,750,777, which were fully covered by federal deposit insurance or collateral held by the District's agent in the District's name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Rating	Rating Agency	Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years: Less Than 1 Year	1 to 5	Total
Negotiable certificates of deposits	Not Rated		Level 2	$ 1,222,842	$ 1,475,658	$ 2,698,500
U.S. treasuries	Not Rated		Level 2	$ –	$ 1,242,665	1,242,665
Investment pools						
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	No Maturity Date		6,659,245
MSDLAF MAX Class	AAA	S&P	Amortized Cost	No Maturity Date		12,827,454
MSDLAF Term Series	AAA	Fitch	Amortized Cost	$ 1,000,000	$ –	1,000,000
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	No Maturity Date		32,392,635
MNTrust Term Series Flex	Not Rated		Amortized Cost	No Maturity Date		4,293,786
MNTrust Term Series	Not Rated		Amortized Cost	$ 1,000,000	$ 5,000,000	6,000,000
Total investments						$ 67,114,285

The District's investments include external investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are regulated by Minnesota Statutes and not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MNTrust Term Series are intended to be held until maturity. A participant's withdrawal prior to maturity will require 7-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 Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein. MNTrust Term Series Flex offers weekly liquidity with a 1-day notice of withdrawal. MSDLAF Term Series investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's policies limit the investment on any given day, in any given corporation, to $1 million.

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Change in Accounting Principle *	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated						
Land	$ 5,240,001	$ –	$ –	$ –	$ –	$ 5,240,001
Construction in progress	15,553,021	–	20,754,110	–	(23,189,719)	13,117,412
Total capital assets, not depreciated	20,793,022	–	20,754,110	–	(23,189,719)	18,357,413
Capital assets, depreciated						
Land improvements	26,335,782	–	–	–	–	26,335,782
Buildings	399,403,792	–	–	–	23,189,719	422,593,511
Furniture and equipment	25,194,497	1,356,919	1,446,057	–	–	27,997,473
Total capital assets, depreciated	450,934,071	1,356,919	1,446,057	–	23,189,719	476,926,766
Less accumulated depreciation for						
Land improvements	(10,279,666)	–	(1,210,508)	–	–	(11,490,174)
Buildings	(157,175,990)	–	(11,807,012)	–	–	(168,983,002)
Furniture and equipment	(18,319,165)	(368,780)	(1,868,642)	–	–	(20,556,587)
Total accumulated depreciation	(185,774,821)	(368,780)	(14,886,162)	–	–	(201,029,763)
Net capital assets, depreciated	265,159,250	988,139	(13,440,105)	–	23,189,719	275,897,003
Total capital assets, net	$ 285,952,272	$ 988,139	$ 7,314,005	$ –	$ –	$ 294,254,416

* Change in accounting principle related to new accounting guidance for the capitalization of groups of similar assets as described in Note 1.

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

Administration	$ 45,974
Elementary and secondary regular instruction	3,047,858
Vocational education instruction	88,165
Special education instruction	7,066
Instructional support services	499,327
Pupil support services	805,322
Sites and buildings	10,379,276
Community service	13,174
Total depreciation expense	$ 14,886,162

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Notes and Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Alternative facilities bonds	12/30/2014	3.00–3.50%	$ 6,050,000	02/01/2035	$ 6,050,000
School building bonds	07/22/2015	4.00–5.00%	$ 113,385,000	02/01/2037	95,810,000
Facilities maintenance and building bonds	04/13/2017	2.50–4.00%	$ 16,350,000	02/01/2031	15,685,000
Facilities maintenance bonds	05/02/2019	3.00–5.00%	$ 24,075,000	02/01/2036	24,075,000
Alternative facilities refunding bonds	11/05/2020	3.00–4.00%	$ 9,085,000	02/01/2026	8,380,000
Facilities maintenance bonds	05/27/2021	2.00–3.00%	$ 10,585,000	02/01/2031	10,585,000
School building bonds	09/30/2021	2.00–3.00%	$ 7,000,000	02/01/2035	7,000,000
Capital notes	05/11/2023	4.00%	$ 940,000	02/01/2031	940,000
Facilities maintenance bonds	05/11/2023	5.00%	$ 6,095,000	02/01/2037	6,095,000
Total general obligation notes and bonds payable					$ 174,620,000

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

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2011C Certificates of Participation	11/17/2011	2.00–3.75%	$ 1,615,000	04/01/2027	$ 390,000
2022A Certificates of Participation	11/09/2022	4.00–5.00%	$ 14,200,000	04/01/2038	13,780,000
					$ 14,170,000

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

C. Financed Purchases Payable

Assets Financed	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Building addition	07/15/2014	3.43%	$ 2,233,000	01/15/2029	$ 876,024
School buses	08/15/2021	2.40%	$ 259,328	09/15/2028	162,725
Copier	12/25/2022	5.20%	$ 209,820	01/25/2029	150,146
Total financed purchases payable					$ 1,188,895

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

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

Year Ending	G.O. Notes and Bonds		Certificates of Participation		Financed Purchases	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 7,895,000	$ 6,685,713	$ 830,000	$ 665,500	$ 221,408	$ 40,857
2026	10,630,000	6,358,113	870,000	625,875	229,304	32,961
2027	12,620,000	5,953,238	915,000	584,163	237,491	24,774
2028	13,665,000	5,403,338	815,000	540,100	245,980	16,285
2029	14,890,000	4,788,838	855,000	499,350	254,712	7,554
2030–2034	75,505,000	15,441,913	4,970,000	1,810,250	–	–
2035–2038	39,415,000	2,830,225	4,915,000	513,300	–	–
	$ 174,620,000	$ 47,461,378	$ 14,170,000	$ 5,238,538	$ 1,188,895	$ 122,431

E. Other Long-Term Liabilities

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

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans, and a single-employer plan administered by the District. The following is a summary of the net/total pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2024:

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 17,139,137	$ 6,281,102	$ 5,354,750	$ 2,841,174
State-wide, multiple-employer – TRA	80,993,557	17,231,286	2,626,038	(493,443)
Single-employer – District	13,786,418	2,523,671	1,542,782	1,361,966
Total	$ 111,919,112	$ 26,036,059	$ 9,523,570	$ 3,709,697

F. Changes in Long-Term Liabilities

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
G.O. notes and bonds payable	$ 182,245,000	$ –	$ 7,625,000	$ 174,620,000	$ 7,895,000
Certificates of participation payable	14,710,000	–	540,000	14,170,000	830,000
Unamortized premiums	13,007,236	–	1,517,460	11,489,776	–
Financed purchases payable	1,493,588	–	304,693	1,188,895	221,408
Severance benefits payable	511,962	61,478	286,427	287,013	34,580
Net/total pension liabilities	117,021,980	17,349,541	22,452,409	111,919,112	1,506,877
Total OPEB liability	19,661,469	1,467,653	1,579,284	19,549,838	1,800,172
	$ 348,651,235	$ 18,878,672	$ 34,305,273	$ 333,224,634	$ 12,288,037

NOTE 5 – FUND BALANCES

The table below presents a breakdown of governmental fund equity components as defined earlier in these notes. State mandated restrictions that have an accumulated deficit at June 30, if any, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of any deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. At June 30, 2024, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 23,064	$ –	$ –	$ 113,966	$ 137,030
Prepaid items	6,559	–	–	–	6,559
Total nonspendable	29,623	–	–	113,966	143,589
Restricted					
Student activities	34,583	–	–	–	34,583
Staff development	582,764	–	–	–	582,764
Capital projects levy	67,931	–	–	–	67,931
American Indian education aid	37,243	–	–	–	37,243
Operating capital	5,207,729	–	–	–	5,207,729
Medical Assistance	318,462	–	–	–	318,462
LTFM	–	2,347,798	–	–	2,347,798
Building construction	–	932,285	–	–	932,285
Debt service	–	–	3,277,220	–	3,277,220
Food service	–	–	–	1,938,457	1,938,457
Community education	–	–	–	1,736,480	1,736,480
ECFE	–	–	–	300,629	300,629
School readiness	–	–	–	93,538	93,538
Community service	–	–	–	144,126	144,126
Total restricted	6,248,712	3,280,083	3,277,220	4,213,230	17,019,245
Committed					
Cash flow	2,484,388	–	–	–	2,484,388
Assigned					
Separation/retirement benefits	4,983,033	–	–	–	4,983,033
Carryover	1,872,667	–	–	–	1,872,667
Literacy and virtual programming	863,824	–	–	–	863,824
Paid family medical leave	600,000	–	–	–	600,000
Unemployment insurance	325,000	–	–	–	325,000
Total assigned	8,644,524	–	–	–	8,644,524
Unassigned	9,202,273	–	–	–	9,202,273
Total	$ 26,609,520	$ 3,280,083	$ 3,277,220	$ 4,327,196	$ 37,494,019

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned General Fund balance goal of 6.0–10.0 percent of the subsequent year's budgeted unassigned General Fund expenditures. At June 30, 2024, the unassigned fund balance of the General Fund was 7.4 percent of budgeted unassigned expenditures for fiscal 2025.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2024, were $1,913,902. 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 employee and employer contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2022		2023		2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.34 %	11.00 %	12.55 %	11.25 %	12.75 %
Coordinated Plan	7.50 %	8.34 %	7.50 %	8.55 %	7.75 %	8.75 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2024, were $5,749,941. 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 fiscal 2023 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct the TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 543,621

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, 2024, the District reported a liability of $17,139,137 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $472,393. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3065 percent at the end of the measurement period and 0.2899 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 17,139,137
State's proportionate share of the net pension liability associated with the District	472,393
Total	$ 17,611,530

For the year ended June 30, 2024, the District recognized pension expense of $2,839,051 for its proportionate share of the GERF's pension expense. The District also recognized an additional $2,123 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2024, 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	$ 555,534	$ 105,550
Changes in actuarial assumptions	2,486,121	4,697,692
Net collective difference between projected and actual investment earnings on pension plan investments	–	371,645
Changes in proportion	1,325,545	179,863
District's contributions to the GERF subsequent to the measurement date	1,913,902	–
Total	$ 6,281,102	$ 5,354,750

The $1,913,902 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 642,322
2026	$ (1,868,011)
2027	$ 609,945
2028	$ (371,806)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $80,993,557 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.9810 percent at the end of the measurement period and 1.0024 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 80,993,557
State's proportionate share of the net pension liability associated with the District	5,673,389
Total	$ 86,666,946

For the year ended June 30, 2024, the District recognized negative pension expense of $1,292,301. It also recognized $798,858 as an increase to pension expense for the support provided by direct aid.

At June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 801,300	$ 1,176,791
Changes in actuarial assumptions	9,391,875	–
Net collective difference between projected and actual investment earnings on pension plan investments	243,767	–
Changes in proportion	1,044,403	1,449,247
District's contributions to the TRA subsequent to the measurement date	5,749,941	–
Total	$ 17,231,286	$ 2,626,038

A total of $5,749,941 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, 2025. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 1,199,543
2026	$ (167,065)
2027	$ 9,344,547
2028	$ (1,087,877)
2029	$ (433,841)

E. Long-Term Expected Return on Investment

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

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

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for the GERF Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

2. TRA

Salary increases were based on a service-related table.

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

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

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

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

The following changes in plan provisions and actuarial assumptions occurred in 2023:

1. GERF

CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2023 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 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.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	$ 30,320,509	$ 17,139,137	$ 6,296,957
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 129,178,767	$ 80,993,557	$ 41,548,097

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

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

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributed $1,506,877 to finance these benefits in the current year. The District has not established a trust fund to finance these pension benefits.

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

C. Membership

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

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2022 and measurement date as of July 1, 2023. Update procedures were used to roll forward the total pension liability to the measurement date. The entry-age method and the following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

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

The following assumption changes were made since the previous valuation:

- The discount rate was changed from 3.80 percent to 3.90 percent.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.90 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 13,794,915
Changes for the year	
Service cost	863,558
Interest	531,985
Assumption changes	(73,905)
Benefit payments	(1,330,135)
Total net changes	(8,497)
Ending balance	$ 13,786,418

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	2.90%	3.90%	4.90%
Total pension liability	$ 14,681,516	$ 13,786,418	$ 12,928,566

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

The District recognized pension expense of $1,361,966 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 554,155	$ –
Changes in actuarial assumptions	462,639	1,542,782
District's contributions subsequent to the measurement date	1,506,877	–
Total	$ 2,523,671	$ 1,542,782

A total of $1,506,877 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2025	$ (33,577)
2026	$ (33,577)
2027	$ (33,577)
2028	$ (33,577)
2029	$ (33,577)
Thereafter	$ (358,103)

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

A. Plan Description and Benefits Provided

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

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

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributed $1,800,172 to finance these benefits in the current year. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

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

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

D. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2022 and measurement date as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date. The entry-age method and the following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 5 years, and then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers), with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

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

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

The following assumption changes were made since the previous valuation:

- The discount rate was changed from 3.8 percent to 3.9 percent.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.9 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 19,661,469
Changes for the year	
Service cost	1,057,846
Interest	753,066
Assumption changes	(102,005)
Benefit payments	(1,820,538)
Total net changes	(111,631)
Ending balance	$ 19,549,838

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.90%	3.90%	4.90%
Total OPEB liability	$ 20,749,383	$ 19,549,838	$ 18,387,843

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

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

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical trend rate	5.25% grading to 4.00%, then 3.00%	6.25% grading to 5.00%, then 4.00%	7.25% grading to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	$ 18,018,008	$ 19,549,838	$ 21,308,382

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

The District recognized OPEB expense of $1,467,653 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ –	$ 1,044,783
Changes in actuarial assumptions	489,364	1,406,083
District's contributions subsequent to the measurement date	1,800,172	–
Total	$ 2,289,536	$ 2,450,866

A total of $1,800,172 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Pension Expense
2025	$ (343,259)
2026	$ (343,259)
2027	$ (343,257)
2028	$ (180,505)
2029	$ (233,873)
Thereafter	$ (517,349)

NOTE 9 – FLEXIBLE BENEFIT PLAN

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

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

B. Legal Claims

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

NOTE 11 – SUBSEQUENT EVENTS

In November 2024, the District issued $99,545,000 of General Obligation Facilities Maintenance, Capital Notes, and Alternative Facilities and School Building Refunding Bonds, Series 2024A. The bonds bear a true interest cost of 3.07 percent and have a final maturity date of February 1, 2037.

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2999%	$ 14,087,800	$ –	$ 14,087,800	$ 15,747,600	89.46%	78.70%
06/30/2016	06/30/2015	0.2742%	$ 14,210,468	$ –	$ 14,210,468	$ 16,108,678	88.22%	78.20%
06/30/2017	06/30/2016	0.2774%	$ 22,523,504	$ 294,246	$ 22,817,750	$ 17,218,936	130.81%	68.90%
06/30/2018	06/30/2017	0.2894%	$ 18,475,105	$ 232,340	$ 18,707,445	$ 18,646,353	99.08%	75.90%
06/30/2019	06/30/2018	0.2896%	$ 16,065,821	$ 526,989	$ 16,592,810	$ 18,550,623	86.61%	79.50%
06/30/2020	06/30/2019	0.2832%	$ 15,657,494	$ 486,646	$ 16,144,140	$ 20,000,631	78.29%	80.20%
06/30/2021	06/30/2020	0.2860%	$ 17,147,008	$ 528,718	$ 17,675,726	$ 20,329,984	84.34%	79.10%
06/30/2022	06/30/2021	0.2740%	$ 11,701,028	$ 357,366	$ 12,058,394	$ 19,693,058	59.42%	87.00%
06/30/2023	06/30/2022	0.2899%	$ 22,960,176	$ 673,126	$ 23,633,302	$ 21,643,669	106.08%	76.70%
06/30/2024	06/30/2023	0.3065%	$ 17,139,137	$ 472,393	$ 17,611,530	$ 24,375,775	70.31%	83.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,195,515	$ 1,195,515	$ –	$ 16,108,678	7.42%
06/30/2016	$ 1,291,318	$ 1,291,318	$ –	$ 17,218,936	7.50%
06/30/2017	$ 1,398,478	$ 1,398,478	$ –	$ 18,646,353	7.50%
06/30/2018	$ 1,391,159	$ 1,391,159	$ –	$ 18,550,623	7.50%
06/30/2019	$ 1,492,966	$ 1,492,966	$ –	$ 20,000,631	7.46%
06/30/2020	$ 1,527,748	$ 1,527,748	$ –	$ 20,329,984	7.51%
06/30/2021	$ 1,476,311	$ 1,476,311	$ –	$ 19,693,058	7.50%
06/30/2022	$ 1,626,519	$ 1,626,519	$ –	$ 21,643,669	7.51%
06/30/2023	$ 1,825,561	$ 1,825,561	$ –	$ 24,375,775	7.49%
06/30/2024	$ 1,913,902	$ 1,913,902	$ –	$ 25,520,909	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 273

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.9949%	$ 45,844,276	$ 3,225,114	$ 49,069,390	$ 45,414,080	100.95%	81.50%
06/30/2016	06/30/2015	0.9238%	$ 57,146,166	$ 7,009,435	$ 64,155,601	$ 46,887,773	121.88%	76.80%
06/30/2017	06/30/2016	0.9434%	$ 225,023,410	$ 22,586,637	$ 247,610,047	$ 48,890,860	460.26%	44.88%
06/30/2018	06/30/2017	0.9473%	$ 189,098,264	$ 18,280,007	$ 207,378,271	$ 50,958,882	371.08%	51.57%
06/30/2019	06/30/2018	0.9661%	$ 60,680,123	$ 5,701,256	$ 66,381,379	$ 53,228,684	114.00%	78.07%
06/30/2020	06/30/2019	0.9711%	$ 61,898,118	$ 5,477,592	$ 67,375,710	$ 52,764,016	117.31%	78.21%
06/30/2021	06/30/2020	0.9701%	$ 71,672,288	$ 6,006,361	$ 77,678,649	$ 56,562,354	126.71%	75.48%
06/30/2022	06/30/2021	0.9765%	$ 42,734,560	$ 3,604,328	$ 46,338,888	$ 58,442,263	73.12%	86.63%
06/30/2023	06/30/2022	1.0024%	$ 80,266,889	$ 5,952,297	$ 86,219,186	$ 61,966,812	129.53%	76.17%
06/30/2024	06/30/2023	0.9810%	$ 80,993,557	$ 5,673,389	$ 86,666,946	$ 62,383,557	129.83%	76.42%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 3,516,583	$ 3,516,583	$ –	$ 46,887,773	7.50%
06/30/2016	$ 3,680,210	$ 3,680,210	$ –	$ 48,890,860	7.53%
06/30/2017	$ 3,820,933	$ 3,820,933	$ –	$ 50,958,882	7.50%
06/30/2018	$ 3,990,842	$ 3,990,842	$ –	$ 53,228,684	7.50%
06/30/2019	$ 4,071,634	$ 4,071,634	$ –	$ 52,764,016	7.72%
06/30/2020	$ 4,470,670	$ 4,470,670	$ –	$ 56,562,354	7.90%
06/30/2021	$ 4,751,341	$ 4,751,341	$ –	$ 58,442,263	8.13%
06/30/2022	$ 5,166,345	$ 5,166,345	$ –	$ 61,966,812	8.34%
06/30/2023	$ 5,332,716	$ 5,332,716	$ –	$ 62,383,557	8.55%
06/30/2024	$ 5,749,941	$ 5,749,941	$ –	$ 65,755,074	8.74%

INDEPENDENT SCHOOL DISTRICT NO. 273

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability								
Service cost	$ 706,737	$ 669,633	$ 712,907	$ 784,741	$ 987,492	$ 1,064,687	$ 851,523	$ 863,558
Interest	326,649	332,966	390,691	448,042	431,916	360,618	325,575	531,985
Assumption changes	–	(370,946)	(121,816)	334,570	147,110	239,059	(1,519,823)	(73,905)
Plan changes	–	–	74,470	–	(3,674)	–	–	–
Differences between expected and actual experience	–	–	756,667	–	218,511	–	44,945	–
Benefit payments	(794,118)	(762,623)	(567,874)	(581,302)	(696,030)	(834,763)	(1,112,883)	(1,330,135)
Net change in total pension liability	239,268	(130,970)	1,245,045	986,051	1,085,325	829,601	(1,410,663)	(8,497)
Total pension liability								
Beginning of year	10,951,258	11,190,526	11,059,556	12,304,601	13,290,652	14,375,977	15,205,578	13,794,915
End of year	$ 11,190,526	$ 11,059,556	$ 12,304,601	$ 13,290,652	$ 14,375,977	$ 15,205,578	$ 13,794,915	$ 13,786,418
Covered-employee payroll	$ 48,516,585	$ 49,972,083	$ 57,844,851	$ 59,580,197	$ 57,275,903	$ 58,997,180	$ 60,503,318	$ 62,318,418
Total pension liability as a percentage of covered-employee payroll	23.07%	22.13%	21.27%	22.31%	25.10%	25.77%	22.80%	22.12%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year Ended June 30,						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 1,168,447	$ 1,082,683	$ 1,187,453	$ 1,316,083	$ 1,416,201	$ 1,042,382	$ 1,057,846
Interest	670,515	697,232	697,658	662,415	531,817	470,833	753,066
Assumption changes	–	5,718	480,367	108,111	320,867	(1,691,244)	(102,005)
Differences between expected and actual experience	–	(1,470,574)	–	(96,313)	–	(644,262)	–
Benefit payments	(953,365)	(981,707)	(1,005,875)	(1,111,887)	(1,487,642)	(1,779,736)	(1,820,538)
Net change in total OPEB liability	885,597	(666,648)	1,359,603	878,409	781,243	(2,602,027)	(111,631)
Total OPEB liability							
Beginning of year	19,025,292	19,910,889	19,244,241	20,603,844	21,482,253	22,263,496	19,661,469
End of year	$ 19,910,889	$ 19,244,241	$ 20,603,844	$ 21,482,253	$ 22,263,496	$ 19,661,469	$ 19,549,838
Covered-employee payroll	$ 62,990,740	$ 69,887,838	$ 71,984,473	$ 67,776,263	$ 69,809,551	$ 70,329,978	$ 72,439,877
Total OPEB liability as a as a percentage of covered-employee payroll	31.61%	27.54%	28.62%	31.70%	31.89%	27.96%	26.99%

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

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

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 2,101,771	$ 4,255,727	$ 6,357,498
Receivables			
Current taxes	–	697,894	697,894
Delinquent taxes	–	6,762	6,762
Accounts and interest	11,323	40,623	51,946
Due from other governmental units	6,394	80,281	86,675
Inventory	113,966	–	113,966
Total assets	$ 2,233,454	$ 5,081,287	$ 7,314,741
Liabilities			
Salaries and benefits payable	$ –	$ 134,582	$ 134,582
Accounts and contracts payable	43,914	192,197	236,111
Unearned revenue	137,117	1,075,351	1,212,468
Total liabilities	181,031	1,402,130	1,583,161
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,399,204	1,399,204
Deferred revenue – delinquent taxes	–	5,180	5,180
Total deferred inflows of resources	–	1,404,384	1,404,384
Fund balances			
Nonspendable	113,966	–	113,966
Restricted	1,938,457	2,274,773	4,213,230
Total fund balances	2,052,423	2,274,773	4,327,196
Total liabilities, deferred inflows of resources, and fund balances	$ 2,233,454	$ 5,081,287	$ 7,314,741

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,236,358	$ 1,236,358
Investment earnings	65,213	155,903	221,116
Other	800,504	10,138,135	10,938,639
State sources	2,435,453	772,283	3,207,736
Federal sources	1,634,692	–	1,634,692
Total revenue	4,935,862	12,302,679	17,238,541
Expenditures			
Current			
Food service	4,008,130	–	4,008,130
Community service	–	11,517,447	11,517,447
Capital outlay	41,328	220,583	261,911
Total expenditures	4,049,458	11,738,030	15,787,488
Net change in fund balances	886,404	564,649	1,451,053
Fund balances			
Beginning of year	1,166,019	1,710,124	2,876,143
End of year	$ 2,052,423	$ 2,274,773	$ 4,327,196

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 51,854,157	$ 41,576,711
Receivables		
Current taxes	28,104,535	26,570,590
Delinquent taxes	284,267	335,081
Accounts and interest	346,744	276,860
Due from other governmental units	12,047,954	11,727,801
Inventory	23,064	23,064
Prepaid items	6,559	369,918
Total assets	$ 92,667,280	$ 80,880,025
Liabilities		
Salaries and benefits payable	$ 10,077,773	$ 7,455,954
Accounts and contracts payable	2,891,394	2,440,640
Due to other governmental units	–	216,626
Unearned revenue	21,385	19,001
Total liabilities	12,990,552	10,132,221
Deferred inflows of resources		
Property taxes levied for subsequent year	52,883,672	49,831,045
Unavailable revenue – delinquent taxes	183,536	325,174
Total deferred inflows of resources	53,067,208	50,156,219
Fund balances		
Nonspendable for inventory	23,064	23,064
Nonspendable for prepaids	6,559	369,918
Restricted for student activities	34,583	35,787
Restricted for staff development	582,764	–
Restricted for capital projects levy	67,931	–
Restricted American Indian education aid	37,243	–
Restricted for operating capital	5,207,729	4,306,608
Restricted for Medical Assistance	318,462	–
Committed for cash flow	2,484,388	2,322,850
Assigned for separation/retirement benefits	4,983,033	4,183,033
Assigned for carryover	1,872,667	822,667
Assigned for literacy and virtual programming	863,824	513,824
Assigned for paid family medical leave	600,000	–
Assigned for unemployment insurance	325,000	–
Unassigned	9,202,273	8,013,834
Total fund balances	26,609,520	20,591,585
Total liabilities, deferred inflows of resources, and fund balances	$ 92,667,280	$ 80,880,025

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 53,290,711	$ 53,561,813	$ 271,102	$ 46,405,452
Investment earnings	1,031,559	2,217,384	1,185,825	1,186,645
Other	3,694,390	5,111,698	1,417,308	5,191,120
State sources	95,111,257	97,586,832	2,475,575	87,753,124
Federal sources	2,285,697	2,413,802	128,105	2,923,062
Total revenue	155,413,614	160,891,529	5,477,915	143,459,403
Expenditures				
Current				
Administration	2,782,951	4,481,162	1,698,211	3,449,633
District support services	2,774,099	3,105,578	331,479	2,516,269
Elementary and secondary regular instruction	67,560,565	66,145,066	(1,415,499)	60,953,667
Vocational education instruction	461,001	772,098	311,097	456,282
Special education instruction	28,483,660	26,619,424	(1,864,236)	26,173,927
Instructional support services	15,325,216	14,491,843	(833,373)	14,745,151
Pupil support services	12,130,105	13,382,500	1,252,395	12,921,436
Sites and buildings	15,644,119	18,499,326	2,855,207	18,330,408
Fiscal and other fixed cost programs	806,784	769,105	(37,679)	562,301
Debt service				
Principal	844,693	844,693	–	502,998
Interest and fiscal charges	1,040,038	1,005,888	(34,150)	71,201
Total expenditures	147,853,231	150,116,683	2,263,452	140,683,273
Excess of revenue over expenditures	7,560,383	10,774,846	3,214,463	2,776,130
Other financing sources (uses)				
Insurance recoveries	–	17,638	17,638	–
Financed purchases	–	–	–	209,820
Debt issued	–	–	–	940,000
Premium on debt issued	–	–	–	127,740
Transfers (out)	(6,337,316)	(4,774,549)	1,562,767	(1,584,127)
Total other financing sources (uses)	(6,337,316)	(4,756,911)	1,580,405	(306,567)
Net change in fund balances	$ 1,223,067	6,017,935	$ 4,794,868	2,469,563
Fund balances				
Beginning of year		20,591,585		18,122,022
End of year		$ 26,609,520		$ 20,591,585

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 2,101,771	$ 1,272,216
Receivables		
Accounts and interest	11,323	5,324
Due from other governmental units	6,394	4,823
Inventory	113,966	67,961
Total assets	$ 2,233,454	$ 1,350,324
Liabilities		
Salaries and benefits payable	$ –	$ 6,547
Accounts and contracts payable	43,914	8,833
Unearned revenue	137,117	168,925
Total liabilities	181,031	184,305
Fund balances		
Nonspendable for inventory	113,966	67,961
Restricted for food service	1,938,457	1,098,058
Total fund balances	2,052,423	1,166,019
Total liabilities and fund balances	$ 2,233,454	$ 1,350,324

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 12,989	$ 65,213	$ 52,224	$ 58,600
Other – primarily meal sales	875,824	800,504	(75,320)	1,971,809
State sources	2,168,191	2,435,453	267,262	148,196
Federal sources	1,392,196	1,634,692	242,496	1,478,698
Total revenue	4,449,200	4,935,862	486,662	3,657,303
Expenditures				
Current				
Salaries	–	–	–	382,605
Employee benefits	–	–	–	98,668
Purchased services	4,301,523	3,363,398	(938,125)	2,942,612
Supplies and materials	–	636,157	636,157	356,353
Other expenditures	–	8,575	8,575	10,355
Capital outlay	105,000	41,328	(63,672)	–
Total expenditures	4,406,523	4,049,458	(357,065)	3,790,593
Net change in fund balances	$ 42,677	886,404	$ 843,727	(133,290)
Fund balances				
Beginning of year		1,166,019		1,299,309
End of year		$ 2,052,423		$ 1,166,019

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 4,255,727	$ 3,615,622
Receivables		
Current taxes	697,894	614,744
Delinquent taxes	6,762	8,095
Accounts and interest	40,623	21,002
Due from other governmental units	80,281	70,818
Total assets	$ 5,081,287	$ 4,330,281
Liabilities		
Salaries and benefits payable	$ 134,582	$ 149,448
Accounts and contracts payable	192,197	145,318
Unearned revenue	1,075,351	1,083,853
Total liabilities	1,402,130	1,378,619
Deferred inflows of resources		
Property taxes levied for subsequent year	1,399,204	1,233,018
Unavailable revenue – delinquent taxes	5,180	8,520
Total deferred inflows of resources	1,404,384	1,241,538
Fund balances		
Restricted for community education	1,736,480	1,240,072
Restricted for early childhood family education	300,629	299,896
Restricted for school readiness	93,538	71,697
Restricted for community service	144,126	98,459
Total fund balances	2,274,773	1,710,124
Total liabilities, deferred inflows of resources, and fund balances	$ 5,081,287	$ 4,330,281

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,232,059	$ 1,236,358	$ 4,299	$ 1,089,785
Investment earnings	19,507	155,903	136,396	87,900
Other – primarily tuition and fees	9,996,558	10,138,135	141,577	8,920,871
State sources	742,447	772,283	29,836	690,020
Federal sources	–	–	–	93,875
Total revenue	11,990,571	12,302,679	312,108	10,882,451
Expenditures				
Current				
Salaries	6,847,444	7,003,701	156,257	6,254,692
Employee benefits	1,639,808	1,502,908	(136,900)	1,345,082
Purchased services	2,208,264	2,288,746	80,482	2,391,391
Supplies and materials	638,267	571,194	(67,073)	561,633
Other expenditures	160,300	150,898	(9,402)	131,540
Capital outlay	220,000	220,583	583	100,319
Total expenditures	11,714,083	11,738,030	23,947	10,784,657
Net change in fund balances	$ 276,488	564,649	$ 288,161	97,794
Fund balances				
Beginning of year		1,710,124		1,612,330
End of year		$ 2,274,773		$ 1,710,124

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 5,517,242	$ 21,114,735
Receivables		
Accounts and interest	22,645	13,701
Total assets	$ 5,539,887	$ 21,128,436
Liabilities		
Accounts and contracts payable	$ 2,055,354	$ 4,816,123
Due to other governmental units	204,450	–
Total liabilities	2,259,804	4,816,123
Fund balances		
Restricted for projects funded by COPs	–	6,280,935
Restricted for long-term facilities maintenance	2,347,798	8,545,571
Restricted for building construction	932,285	1,485,807
Total fund balances	3,280,083	16,312,313
Total liabilities and fund balances	$ 5,539,887	$ 21,128,436

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 675,533	$ 333,055	$ (342,478)	$ 682,856
Expenditures				
Capital outlay				
Salaries	–	3,486	3,486	1,779
Employee benefits	–	660	660	345
Purchased services	–	678,974	678,974	4,678,187
Capital expenditures	15,868,798	17,252,264	1,383,466	14,373,765
Debt service				
Interest and fiscal charges	–	204,450	204,450	–
Total expenditures	15,868,798	18,139,834	2,271,036	19,054,076
Excess (deficiency) of revenue over expenditures	(15,193,265)	(17,806,779)	(2,613,514)	(18,371,220)
Other financing sources				
Debt issued	–	–	–	20,118,922
Premium on debt issued	–	–	–	1,566,578
Transfers in	6,337,316	4,774,549	(1,562,767)	1,584,127
Total other financing sources	6,337,316	4,774,549	(1,562,767)	23,269,627
Net change in fund balances	$ (8,855,949)	(13,032,230)	$ (4,176,281)	4,898,407
Fund balances				
Beginning of year		16,312,313		11,413,906
End of year		$ 3,280,083		$ 16,312,313

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 10,618,356	$ 10,617,719
Receivables		
Current taxes	7,322,376	7,119,037
Delinquent taxes	84,004	111,301
Accounts and interest	–	2,662
Total assets	$ 18,024,736	$ 17,850,719
Liabilities		
Accounts and contracts payable	$ –	$ 1,662
Deferred inflows of resources		
Property taxes levied for subsequent year	14,680,302	14,278,681
Unavailable revenue – delinquent taxes	67,214	116,471
Total deferred inflows of resources	14,747,516	14,395,152
Fund balances		
Restricted for debt service	3,277,220	3,453,905
Total liabilities, deferred inflows of resources, and fund balances	$ 18,024,736	$ 17,850,719

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 14,277,476	$ 14,327,938	$ 50,462	$ 15,031,347
Investment earnings	22,025	114,950	92,925	29,300
Total revenue	14,299,501	14,442,888	143,387	15,060,647
Expenditures				
Debt service				
Principal	7,625,000	7,625,000	–	8,015,000
Interest	6,982,785	6,982,785	–	7,202,577
Fiscal charges and other	11,788	11,788	–	16,548
Total expenditures	14,619,573	14,619,573	–	15,234,125
Excess (deficiency) of revenue over expenditures	(320,072)	(176,685)	143,387	(173,478)
Other financing sources				
Debt issued	–	–	–	176,078
Net change in fund balances	$ (320,072)	(176,685)	$ 143,387	2,600
Fund balances				
Beginning of year		3,453,905		3,451,305
End of year		$ 3,277,220		$ 3,453,905

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STATISTICAL SECTION
(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 273's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

Source: Unless otherwise noted, the information presented is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year 2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	$ 42,533,620	$ 43,418,286	$ 47,480,908	$ 60,040,219
Restricted	4,028,984	7,970,131	14,242,051	16,131,196
Unrestricted	(60,108,736)	(63,470,870)	(103,158,513)	(147,642,861)
Total governmental activities net position	$ (13,546,132)	$ (12,082,453)	$ (41,435,554)	$ (71,471,446)

Note 1: The District implemented GASB Statement No. 73 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately $6.2 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately $9.1 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB guidance for capitalizing groups of similar assets in fiscal 2024. The District reported a change in accounting principle as a result of implementing this guidance that increased net position by approximately $1.0 million. Prior year amounts have not been restated.

2019	2020	2021	2022	2023	2024
$ 64,290,068	$ 69,414,627	$ 74,779,603	$ 79,307,413	$ 81,404,498	$ 93,666,891
14,352,180	11,777,774	10,673,134	13,096,826	16,384,478	13,371,713
(120,772,175)	(127,097,824)	(130,386,504)	(126,319,070)	(105,198,186)	(94,392,453)
$ (42,129,927)	$ (45,905,423)	$ (44,933,767)	$ (33,914,831)	$ (7,409,210)	$ 12,646,151

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities				
Expenses				
Administration	$ 2,822,761	$ 3,242,345	$ 4,634,672	$ 4,172,107
District support services	3,016,067	3,110,167	3,416,144	3,500,226
Elementary and secondary regular instruction	51,936,220	56,906,604	79,642,160	78,379,255
Vocational education instruction	431,746	402,701	296,086	387,560
Special education instruction	16,333,926	18,732,703	24,859,012	25,379,452
Instructional support services	5,153,658	5,460,656	7,553,915	7,652,292
Pupil support services	7,857,389	8,040,874	9,424,680	11,162,024
Sites and buildings	13,075,629	16,255,995	16,856,606	19,989,575
Fiscal and other fixed cost programs	231,429	248,613	319,454	306,141
Food service	2,781,028	2,727,737	2,770,229	3,289,385
Community service	7,017,085	7,280,463	8,010,769	7,720,547
Interest and fiscal charges	2,065,524	6,657,060	6,188,267	6,232,703
Total governmental activities expenses	112,722,462	129,065,918	163,971,994	168,171,267
Program revenues				
Charges for services				
Administration	–	48,426	61,368	58,777
Elementary and secondary regular instruction	815,239	904,973	826,065	1,903,654
Special education instruction	200,885	208,917	137,973	197,837
Instructional support services	40,164	–	–	–
Pupil support services	20,890	17,600	17,238	41,207
Sites and buildings	670,465	638,198	523,884	530,950
Food service	2,321,202	2,260,094	2,148,743	2,239,943
Community service	5,561,794	5,432,708	5,043,246	5,715,389
Operating grants and contributions	13,335,745	15,847,284	14,107,577	14,410,211
Total governmental activities program revenues	22,966,384	25,358,200	22,866,094	25,097,968
Net (expense) revenue	(89,756,078)	(103,707,718)	(141,105,900)	(143,073,299)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	22,510,922	23,599,692	30,913,347	30,129,873
Property taxes, levied for community service	1,123,300	1,153,321	1,182,392	1,119,670
Property taxes, levied for capital projects	9,199,284	11,509,597	5,061,998	5,344,774
Property taxes, levied for debt service	6,934,567	6,766,015	14,096,440	15,398,422
General grants and aids	57,816,937	59,099,180	63,759,959	62,441,248
Other general revenues	1,036,099	2,308,284	2,112,923	1,889,515
Investment earnings	14,444	735,308	838,354	1,071,750
Special item	–	–	–	4,696,546
Total general revenues and other changes in net position	98,635,553	105,171,397	117,965,413	122,091,798
Change in net position	$ 8,879,475	$ 1,463,679	$ (23,140,487)	$ (20,981,501)

2019	2020	2021	2022	2023	2024
$ 2,218,112	$ 3,355,426	$ 3,545,896	$ 3,497,178	$ 2,983,756	$ 4,068,950
2,656,587	2,831,412	2,798,389	2,731,193	2,608,472	3,197,679
40,403,099	64,939,467	64,417,805	59,903,266	51,043,329	65,018,895
238,186	584,027	435,878	497,732	477,033	829,754
15,671,871	24,253,131	23,809,800	23,329,243	22,207,149	25,302,918
4,044,870	6,123,950	9,134,634	12,507,297	13,152,951	14,377,429
10,039,710	11,019,797	10,075,079	12,786,642	11,875,451	12,611,573
23,315,175	24,750,786	25,836,493	19,925,328	23,238,558	26,206,246
252,778	305,513	451,186	504,272	562,301	769,105
2,922,698	2,637,069	1,432,491	3,743,658	3,790,037	4,059,161
7,444,575	8,103,181	5,239,236	7,784,122	10,621,001	11,852,659
6,186,183	6,253,404	5,566,552	5,264,241	5,237,662	5,801,049
115,393,844	155,157,163	152,743,439	152,474,172	147,797,700	174,095,418
33,512	44,794	13,655	54,134	21,249	35,003
1,819,367	1,430,084	1,039,250	1,469,646	1,767,832	1,857,742
202,526	115,553	42,675	18,568	316,990	362,303
–	–	646	1,506	2,686	9,217
52,783	23,487	32,979	61,126	63,964	50,868
509,760	569,743	349,991	584,826	550,283	620,407
2,238,064	1,640,049	31,490	352,581	1,971,809	800,504
6,492,272	5,776,927	3,310,816	7,199,115	8,920,871	10,138,135
16,423,646	16,936,588	19,889,104	22,222,626	22,373,608	30,065,900
27,771,930	26,537,225	24,710,606	31,964,128	35,989,292	43,940,079
(87,621,914)	(128,619,938)	(128,032,833)	(120,510,044)	(111,808,408)	(130,155,339)
33,151,451	33,408,171	38,700,828	44,940,869	46,462,287	53,420,175
1,074,332	1,116,918	1,100,338	1,118,315	1,090,648	1,233,018
5,300,000	5,914,554	4,920,118	–	–	–
15,089,758	15,895,731	14,725,692	15,080,775	15,046,221	14,278,681
59,507,776	64,777,362	68,134,313	68,403,930	71,201,456	75,154,203
1,852,396	2,674,991	1,333,919	1,899,993	2,468,116	2,193,796
987,720	1,031,666	89,281	85,098	2,045,301	2,942,688
–	–	–	–	–	–
116,963,433	124,819,393	129,004,489	131,528,980	138,314,029	149,222,561
$ 29,341,519	$ (3,800,545)	$ 971,656	$ 11,018,936	$ 26,505,621	$ 19,067,222

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	$ 148,739	$ 89,550	$ 128,765	$ 714,427
Restricted	1,333,394	1,789,869	3,107,162	3,289,820
Committed	2,747,450	1,976,507	2,838,407	927,819
Assigned	4,457,719	7,387,574	5,773,902	3,535,342
Unassigned	10,134,564	8,155,342	6,843,919	5,268,594
Total General Fund	$ 18,821,866	$ 19,398,842	$ 18,692,155	$ 13,736,002
All other governmental funds				
Nonspendable				
Special revenue funds	$ 6,746	$ –	$ 16,759	$ 480
Capital Projects – Building Construction Fund	264,975	15,502	10,853	12,739
Restricted				
Special revenue funds	1,935,188	2,018,959	1,670,808	1,746,245
Capital Projects – Building Construction Fund	3,274,537	114,816,902	60,595,861	19,791,866
Debt Service Fund	1,428,414	200,151	732,774	1,539,589
Unassigned				
Special revenue funds	–	–	(57,546)	–
Capital Projects – Building Construction Fund	(267,234)	–	–	–
Total all other governmental funds	$ 6,642,626	$ 117,051,514	$ 62,969,509	$ 23,090,919
Total all governmental funds	$ 25,464,492	$ 136,450,356	$ 81,661,664	$ 36,826,921

2019		2020		2021		2022		2023		2024	
$	31,133	$	–	$	–	$	2,925	$	392,982	$	29,623
	2,814,296		1,459,232		1,333,034		2,833,640		4,342,395		6,248,712
	1,037,614		1,068,409		1,074,602		1,098,955		2,322,850		2,484,388
	3,534,808		3,752,941		6,094,910		5,995,361		5,519,524		8,644,524
	6,764,615		8,613,512		9,061,060		8,191,141		8,013,834		9,202,273
$	14,182,466	$	14,894,094	$	17,563,606	$	18,122,022	$	20,591,585	$	26,609,520
$	–	$	–	$	–	$	21,658	$	67,961	$	113,966
	–		–		11,431		–		–		–
	2,032,459		1,455,180		1,610,814		2,889,981		2,808,182		4,213,230
	25,077,215		12,413,939		7,458,401		11,413,906		16,312,313		3,280,083
	2,596,972		3,026,960		3,314,963		3,451,305		3,453,905		3,277,220
	–		–		–		–		–		–
	–		–		(77,189)		–		–		–
$	29,706,646	$	16,896,079	$	12,318,420	$	17,776,850	$	22,642,361	$	10,884,499
$	43,889,112	$	31,790,173	$	29,882,026	$	35,898,872	$	43,233,946	$	37,494,019

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Local sources				
Taxes	$ 40,362,621	$ 43,034,354	$ 51,045,152	$ 52,129,918
Investment earnings	14,444	735,308	838,354	1,071,750
Other	10,666,738	11,819,200	10,871,440	12,577,272
State sources	69,032,439	72,452,309	72,575,056	74,418,915
Federal sources	1,979,554	2,494,155	2,437,217	2,462,536
Total revenues	122,055,796	130,535,326	137,767,219	142,660,391
Expenditures				
Current				
Administration	3,124,572	3,281,563	3,542,398	3,165,048
District support services	3,063,669	3,093,531	3,097,417	3,252,865
Elementary and secondary regular instruction	47,412,069	52,518,801	53,688,788	55,129,942
Vocational education instruction	432,541	402,746	280,680	437,560
Special education instruction	16,239,313	18,601,905	18,431,801	19,799,024
Instructional support services	5,063,892	5,508,758	5,382,317	5,826,639
Pupil support services	7,745,956	7,922,598	8,118,389	10,026,345
Sites and buildings	9,006,454	8,954,875	11,733,576	9,665,421
Fiscal and other fixed cost programs	231,429	248,613	319,454	306,141
Food service	2,776,284	2,693,974	2,748,269	3,172,591
Community service	6,847,345	7,201,847	7,211,986	7,135,225
Capital outlay	16,035,489	24,590,991	80,947,545	59,273,703
Debt service				
Principal	4,855,321	4,841,995	6,354,550	7,408,860
Interest and fiscal charges	2,718,823	5,916,089	7,513,874	7,616,783
Total expenditures	125,553,157	145,778,286	209,371,044	192,216,147
Excess of revenues over (under) expenditures	(3,497,361)	(15,242,960)	(71,603,825)	(49,555,756)
Other financing sources (uses)				
Sale of equipment	–	–	–	–
Sale of real property	–	–	–	4,721,013
Insurance recovery proceeds	–	–	–	–
Financed purchases	–	–	–	–
Bonds issued	6,050,000	113,385,000	16,350,000	–
Certificates of participation issued	–	–	–	–
Premium on debt issued	67,246	12,843,824	465,133	–
Capital leases issued	493,000	–	–	–
Payment to refunded bond escrow agent	–	–	–	–
Transfers in	–	–	4,102,593	7,866,783
Transfers out	–	–	(4,102,593)	(7,866,783)
Total other financing sources (uses)	6,610,246	126,228,824	16,815,133	4,721,013
Net change in fund balances	$ 3,112,885	$ 110,985,864	$ (54,788,692)	$ (44,834,743)
Debt service as a percentage of noncapital expenditures	6.8%	8.5%	10.6%	10.7%

	2019	2020	2021	2022	2023	2024
	$ 54,484,845	$ 56,429,303	$ 59,466,560	$ 61,138,083	$ 62,526,584	$ 69,126,109
	987,720	1,031,666	88,447	85,098	2,045,301	2,886,505
	13,200,680	12,275,628	6,136,020	11,500,106	16,083,800	16,050,337
	77,151,756	79,168,635	81,366,601	83,091,253	88,591,340	100,794,568
	3,059,848	2,515,385	6,481,911	7,992,699	4,495,635	4,048,494
	148,884,849	151,420,617	153,539,539	163,807,239	173,742,660	192,906,013
	3,301,695	3,009,563	3,342,784	3,873,432	3,445,138	4,481,162
	2,918,207	2,800,341	2,714,576	2,853,562	2,510,347	3,105,578
	55,976,301	56,626,943	56,763,928	58,812,519	60,623,730	65,923,266
	371,717	417,775	347,713	418,857	456,282	772,098
	21,165,695	22,535,544	22,568,276	24,570,499	26,170,884	26,619,424
	5,720,643	5,600,116	8,891,998	12,959,940	12,120,115	10,621,395
	10,536,840	10,138,725	9,321,573	12,947,747	11,869,856	13,332,092
	12,863,141	15,903,909	13,571,083	15,164,467	15,770,264	12,168,818
	252,778	305,513	451,186	504,272	562,301	769,105
	2,934,016	2,371,549	1,321,720	3,732,088	3,797,416	4,008,130
	7,885,155	7,805,415	5,202,701	8,021,126	10,684,338	11,517,447
	27,983,835	20,021,117	27,541,508	6,365,318	25,727,730	28,670,459
	7,643,316	8,382,929	7,461,830	8,002,883	8,517,998	8,469,693
	7,552,759	7,681,704	7,915,046	7,593,862	7,290,326	8,204,911
	167,106,098	163,601,143	167,415,922	165,820,572	189,546,724	198,663,578
	(18,221,249)	(12,180,526)	(13,876,383)	(2,013,333)	(15,804,064)	(5,757,565)
	–	–	5,185	–	–	–
	–	–	–	–	–	–
	–	–	14,216	141,389	–	17,638
	–	–	317,611	531,737	209,820	–
	24,075,000	19,890,000	19,670,000	7,000,000	7,035,000	–
	–	–	–	–	14,200,000	–
	1,208,440	2,061,538	2,391,224	357,053	1,694,318	–
	–	–	–	–	–	–
	–	(21,895,000)	(10,430,000)	–	–	–
	3,213,503	–	–	3,051,806	1,584,127	4,774,549
	(3,213,503)	–	–	(3,051,806)	(1,584,127)	(4,774,549)
	25,283,440	56,538	11,968,236	8,030,179	23,139,138	17,638
	$ 7,062,191	$ (12,123,988)	$ (1,908,147)	$ 6,016,846	$ 7,335,074	$ (5,739,927)
	10.6%	11.1%	10.7%	10.0%	9.6%	9.4%

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INDEPENDENT SCHOOL DISTRICT NO. 273

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2015	$ 82,475,249	$ 7,527,342,023	1.1 %
2016	91,003,016	8,197,930,469	1.1
2017	96,086,686	8,655,567,325	1.1
2018	99,554,444	8,997,851,250	1.1
2019	106,330,012	9,520,250,340	1.1
2020	112,615,801	10,109,194,711	1.1
2021	116,453,509	10,476,131,305	1.1
2022	118,793,566	10,756,237,669	1.1
2023	125,283,792	11,116,486,387	1.1
2024	142,891,874	12,555,280,523	1.1

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

Source: Hennepin County Taxpayer Services Division

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

Tax Levy Collectible	ISD No. 273	Edina	Bloomington	St. Louis Park	Hennepin County	Special Districts
2014	27.556%	N/A	N/A	N/A	N/A	N/A
2015	27.344%	N/A	N/A	N/A	N/A	N/A
2016	34.898%	N/A	N/A	N/A	N/A	N/A
2017	34.798%	N/A	N/A	N/A	N/A	N/A
2018	30.972%	27.751%	40.573%	46.383%	46.398%	9.071%
2019	30.589%	27.380%	40.045%	44.706%	45.356%	8.669%
2020	30.589%	27.945%	39.557%	43.398%	44.087%	8.356%
2021	31.474%	28.779%	39.743%	42.855%	42.808%	7.973%
2022	29.975%	28.936%	40.730%	44.681%	41.861%	8.001%
2023	28.093%	28.056%	38.013%	42.861%	41.084%	7.082%
2024	28.248%	28.412%	39.820%	44.181%	39.400%	8.197%

County Auditor's Gross Spread Levies

2014	$ 39,958,154	N/A	N/A	N/A	N/A	N/A
2015	44,206,722	N/A	N/A	N/A	N/A	N/A
2016	51,188,271	N/A	N/A	N/A	N/A	N/A
2017	51,991,396	N/A	N/A	N/A	N/A	N/A
2018	54,977,370	$ 35,659,777	$ 57,001,564	$ 31,835,173	$ 788,559,712	$ 163,262,262
2019	56,459,789	37,271,021	59,405,698	32,471,521	829,555,042	165,554,394
2020	59,308,017	39,467,543	61,731,187	32,987,460	868,958,906	163,219,491
2021	60,925,445	41,787,871	62,366,022	33,371,999	868,958,906	165,964,336
2022	62,729,399	45,130,036	63,262,900	33,886,668	899,372,132	170,489,349
2023	68,800,246	49,610,600	67,151,511	43,104,094	930,849,945	175,478,697
2024	72,417,719	54,166,865	80,484,270	44,554,950	991,309,287	217,179,664

N/A – Not Available

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

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 273

Principal Property Taxpayers
Current Year and Nine Years Ago

		2024			2015		
Taxpayer	Type of Property	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
70th Street Properties LLC (Galleria)	Commercial	$ 2,699,250	1	1.89 %	$ 1,923,450	1	2.33 %
MFG-Southdale Owner LLC	Apartment	1,326,631	2	0.93	–	–	–
Southdale Office Partnership	Commercial	979,612	3	0.69	–	–	–
Edina Market Street LLC	Apartment	915,500	4	0.64	–	–	–
WPT Land 2 LP	Commercial	838,930	5	0.59	–	–	–
CRP/TCC AA II Edina LLC	Apartment	795,000	6	0.56	–	–	–
One Southdale Place LLC	Apartment	772,300	7	0.54	–	–	–
7700 France Avenue LLC	Commercial	768,836	8	0.54	508,794	5	0.62
6801 France DST	Commercial	499,250	9	0.35	–	–	–
Pentagon One LLC	Apartment	483,625	10	0.34	–	–	–
Liberty Property Limited Partnership	Commercial	–	–	–	725,486	2	0.88
Southdale Office LLC	Commercial	–	–	–	701,274	3	0.85
Southdale Center LLC	Commercial	–	–	–	539,462	4	0.65
Target Corporation	Commercial	–	–	–	439,250	6	0.53
Galleria Hotel, LLC	Commercial	–	–	–	380,550	7	0.46
Midwest Portfolio Corporation	Commercial	–	–	–	352,888	8	0.43
Eden Avenue LLC	Commercial	–	–	–	255,466	9	0.31
Sun Life Assurance Company of Canada	Commercial	–	–	–	255,236	10	0.31
Total		$ 10,078,934		7.05 %	$ 6,081,856		7.37 %

Sources: Fiscal year 2024 information obtained from the Official Statement associated with the District's General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2023A (prepared by Ehlers and Associates, Inc.).

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

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Taxes Levied for the Fiscal Year			Collections First Year Levy Recognized	
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total	Amount	Percentage of Levy
2015	$ 32,864,973	$ 7,093,181	$ 39,958,154	$ 39,958,154	100.0 %
2016	37,403,128	6,803,594	44,206,722	44,206,722	100.0
2017	37,025,344	14,162,927	51,188,271	51,188,271	100.0
2018	36,594,683	15,396,713	51,991,396	51,863,380	99.8
2019	39,888,090	15,089,280	54,977,370	54,817,949	99.7
2020	40,564,810	15,894,979	56,459,789	56,255,923	99.6
2021	44,583,034	14,724,983	59,308,017	59,037,223	99.5
2022	45,846,105	15,079,339	60,925,445	60,631,484	99.5
2023	47,684,911	15,044,488	62,729,399	62,258,879	99.2
2024	57,740,194	14,677,524	72,417,719	72,070,891	99.5

Note 1: Tax revenue for the District's fiscal year, which ends June 30, is the levy collectible for the calendar year that ends in the middle of the fiscal year.

Note 2: Collections includes adjustments and abatements. Information on current and delinquent collections is not available prior to 2018. Delinquent receivables are written off after seven years.

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

Received in Subsequent Years	Total to Date		Delinquent	
	Amount	Percentage of Levy	Amount	Percent
$ –	$ 39,958,154	100.0 %	$ –	– %
–	44,206,722	100.0	–	–
–	51,188,271	100.0	–	–
108,430	51,971,810	100.0	–	–
149,241	54,967,190	99.9	10,180	–
190,312	56,446,235	99.9	13,554	–
246,510	59,283,733	99.9	24,284	–
257,754	60,889,238	99.9	36,207	0.1
407,436	62,666,315	99.8	63,084	0.1
119,103	72,189,994	99.6	227,725	0.3
			$ 375,033	

INDEPENDENT SCHOOL DISTRICT NO. 273

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Notes and Bonds	Premium (Discount)	Certificates of Participation	Financed Purchases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2015	$ 62,870,000	$ 6,188,027	$ 1,350,000	$ 2,503,781	$ 72,911,808	2.3 %	$ 1,436
2016	172,010,000	17,785,150	1,255,000	2,001,786	193,051,936	5.9	3,727
2017	182,230,000	16,945,453	1,155,000	1,877,236	202,207,689	5.7	3,852
2018	175,050,000	15,615,362	1,055,000	1,748,376	193,468,738	5.6	3,683
2019	191,720,000	15,481,849	950,000	1,615,060	209,766,909	5.7	3,938
2020	181,575,000	13,282,191	845,000	1,477,131	197,179,322	4.8	3,686
2021	183,765,000	14,202,540	735,000	1,492,912	200,195,452	5.2	3,737
2022	183,225,000	12,955,532	625,000	1,671,766	198,477,298	4.7	3,672
2023	182,245,000	13,007,236	14,710,000	1,493,588	211,455,824	N/A	3,881
2024	174,620,000	11,489,776	14,170,000	1,188,895	201,468,671	N/A	3,698

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2015	$ 69,058,027	$ 1,428,414	$ 67,629,613	$ 82,475,249	82.00 %	50,766	$ 1,332
2016	189,795,150	200,151	189,594,999	91,003,016	208.34	51,804	3,660
2017	199,175,453	732,774	198,442,679	96,086,686	206.52	52,497	3,780
2018	190,665,362	1,539,589	189,125,773	99,554,444	189.97	52,535	3,600
2019	207,201,849	2,596,972	204,604,877	106,330,012	192.42	53,268	3,841
2020	194,857,191	3,026,960	191,830,231	112,615,801	170.34	53,494	3,586
2021	197,967,540	3,314,963	194,652,577	116,453,509	167.15	53,572	3,633
2022	196,180,532	3,451,305	192,729,227	118,793,566	162.24	54,048	3,566
2023	195,252,236	3,453,905	191,798,331	125,283,792	153.09	54,480	3,521
2024	186,109,776	3,277,220	182,832,556	142,891,874	127.95	54,480	3,356

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

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INDEPENDENT SCHOOL DISTRICT NO. 273

Direct and Overlapping Debt
as of June 30, 2024

Governmental Unit	Tax Collection Calendar Year – 2023 Taxable Net Tax Capacity	Net Bonded Debt	Debt Applicable to Tax Capacity in ISD No. 273 (2) Percent	Amount
Direct debt				
Independent School District No. 273	$ 142,891,874	$ 182,832,556	100.00 %	$ 182,832,556
Overlapping debt (1)				
Hennepin County	150,599,269	1,056,334,526	5.68	59,999,801
Cities				
Bloomington	1,519,627	28,571,631	0.80	228,573
Edina	148,997,121	33,327,143	80.22	26,735,034
St. Louis Park	82,521	60,521,196	0.09	54,469
Other				
Metropolitan Council	150,599,269	89,723,130	2.82	2,530,192
Three Rivers Park District	150,599,269	49,655,074	7.84	3,892,958
Hennepin County Regional Railroad Authority	150,599,269	80,622,443	5.68	4,579,355
District share of total overlapping debt				98,020,382
Total direct and overlapping debt				$ 280,852,938

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Debt limit	$ 1,129,101,303	$ 1,229,689,570	$ 1,298,335,099	$ 1,349,677,688
Total net debt applicable to the limit	62,870,000	172,010,000	182,230,000	175,050,000
Legal debt margin	$ 1,066,231,303	$ 1,057,679,570	$ 1,116,105,099	$ 1,174,627,688
Total net debt applicable to the limit as a percentage of debt limit	5.57%	13.99%	14.04%	12.97%
Taxable market value	$ 7,527,342,023	$ 8,197,930,469	$ 8,655,567,325	$ 8,997,851,250

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

Source: State of Minnesota School Tax Report

2019	2020	2021	2022	2023	2024
$ 1,428,037,551	$ 1,516,379,207	$ 1,571,419,696	$ 1,613,435,650	$ 1,667,472,958	$ 1,883,292,078
191,720,000	181,575,000	183,765,000	183,225,000	182,245,000	174,620,000
$ 1,236,317,551	$ 1,334,804,207	$ 1,387,654,696	$ 1,430,210,650	$ 1,485,227,958	$ 1,708,672,078
13.43%	11.97%	11.69%	11.36%	10.93%	9.27%
$ 9,520,250,340	$ 10,109,194,711	$ 10,476,131,305	$ 10,756,237,669	$ 11,116,486,387	$ 12,555,280,523

INDEPENDENT SCHOOL DISTRICT NO. 273

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2015	50,766	$ 3,231,154,368	$ 63,648	8,456	2.82 %
2016	51,804	3,264,895,296	63,024	8,429	3.08
2017	52,497	3,567,906,108	67,964	8,479	2.83
2018	52,535	3,480,338,680	66,248	8,464	2.26
2019	53,268	3,711,714,240	69,680	8,412	2.63
2020	53,494	4,111,334,864	76,856	8,365	5.10
2021	53,572	3,873,041,312	72,296	8,242	2.50
2022	54,048	4,209,636,576	77,887	8,364	2.10
2023	54,480	4,578,989,520	84,049	8,582	2.10
2024	54,480	N/A	N/A	8,540	3.30

N/A – Not Available

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

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

Enrollment information from district records.

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year			
	2024		2015	
Employer	Employees	Rank	Employees	Rank
Independent School District (ISD) No. 273	1,422	1	1,245	1
City of Edina	1,015	2	811	2
Bi Worldwide	736	3	600	3
Western National Insurance Group	562	4	–	–
Lunds Food Holdings	500	5	405	6
Jerry's Enterprises Inc.	450	6	–	–
Dow FilmTec/DuPont	375	7	–	–
Target	375	8	–	–
SpartanNash	350	9	–	–
Cheesecake Factory	170	10	–	–
Regis Corporation	–	–	600	4
Barr Engineering	–	–	453	5
Edina Realty	–	–	400	7
International Dairy Queen Inc.	–	–	400	8
Accenture Limited	–	–	390	9
FilmTec Corporation	–	–	375	10
Total	5,955		5,679	
Total ISD No. 273 population (see the Schedule of Demographic and Economic Statistics)	54,480		50,766	
Percent of principal employers to total ISD No. 273 population	10.9%		11.2%	

Sources: Fiscal year 2024 information obtained from the Official Statement associated with the District's General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2023A (prepared by Ehlers and Associates, Inc.).

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year 2015	2016	2017	2018
Administration				
Principals	N/A	N/A	N/A	N/A
Assistant principals	N/A	N/A	N/A	N/A
Administrative Deans	N/A	N/A	N/A	N/A
Nonaffiliated	N/A	N/A	N/A	N/A
Total administration	–	–	–	–
Licensed classroom and instructional personnel				
High school classroom teachers	N/A	N/A	N/A	N/A
Middle school classroom teachers	N/A	N/A	N/A	N/A
Elementary classroom teachers	N/A	N/A	N/A	N/A
Special education	N/A	N/A	N/A	N/A
Media specialists	N/A	N/A	N/A	N/A
Specialists and intervention	N/A	N/A	N/A	N/A
Total licensed classroom and instructional personnel	–	–	–	–
Licensed support personnel				
Curriculum and instruction	N/A	N/A	N/A	N/A
Peer coaches	N/A	N/A	N/A	N/A
Counselors	N/A	N/A	N/A	N/A
Social workers	N/A	N/A	N/A	N/A
Licensed school nurses	N/A	N/A	N/A	N/A
School psychologists	N/A	N/A	N/A	N/A
Total licensed support personnel	–	–	–	–
Non-licensed support personnel				
Clerical	N/A	N/A	N/A	N/A
Custodial	N/A	N/A	N/A	N/A
Transportation	N/A	N/A	N/A	N/A
Paraprofessionals	N/A	N/A	N/A	N/A
Community education	N/A	N/A	N/A	N/A
Other administrative staff	N/A	N/A	N/A	N/A
Total support services	–	–	–	–
District-wide totals	–	–	–	–

N/A – Not Available

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

Source: The District’s Human Resources Department

2019	2020	2021	2022	2023	2024
N/A	N/A	N/A	N/A	9.0	9.0
N/A	N/A	N/A	N/A	7.0	7.0
N/A	N/A	N/A	N/A	8.0	8.0
N/A	N/A	N/A	N/A	28.0	25.0
–	–	–	–	52.0	49.0
N/A	N/A	N/A	N/A	115.0	117.0
N/A	N/A	N/A	N/A	101.0	99.0
N/A	N/A	N/A	N/A	189.0	187.0
N/A	N/A	N/A	N/A	123.0	120.0
N/A	N/A	N/A	N/A	9.0	9.0
N/A	N/A	N/A	N/A	53.0	46.0
–	–	–	–	590.0	578.0
N/A	N/A	N/A	N/A	7.0	7.0
N/A	N/A	N/A	N/A	8.0	7.0
N/A	N/A	N/A	N/A	14.0	15.0
N/A	N/A	N/A	N/A	12.0	12.0
N/A	N/A	N/A	N/A	9.0	9.0
N/A	N/A	N/A	N/A	15.0	12.0
–	–	–	–	65.0	62.0
N/A	N/A	N/A	N/A	64.0	62.0
N/A	N/A	N/A	N/A	64.0	68.0
N/A	N/A	N/A	N/A	91.0	92.0
N/A	N/A	N/A	N/A	266.0	244.0
N/A	N/A	N/A	N/A	170.0	220.0
N/A	N/A	N/A	N/A	38.0	47.0
–	–	–	–	693.0	733.0
–	–	–	–	1,400.0	1,422.0

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2015	8,456	$ 102,351,966	$ 12,104	3.2 %	N/A	N/A	8.2 %
2016	8,429	107,914,706	12,802	5.8	N/A	N/A	8.8
2017	8,479	111,361,851	13,133	2.6	N/A	N/A	8.6
2018	8,464	114,289,013	13,504	2.8	N/A	N/A	7.9
2019	8,412	117,494,595	13,967	3.4	N/A	N/A	8.9
2020	8,365	118,603,974	14,178	1.5	N/A	N/A	9.6
2021	8,242	116,756,222	14,166	(0.1)	N/A	N/A	8.6
2022	8,364	128,667,808	15,383	8.6	N/A	N/A	11.7
2023	8,582	136,733,574	15,932	3.6	405	21.2	18.6
2024	8,540	141,137,720	16,527	3.7	403	21.2	18.1

N/A – Not Available

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

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

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 273

Instructional Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Elementary Schools										
Concord (1950)										
Square feet	83,717	83,717	88,183	88,183	88,183	88,183	88,183	88,183	88,183	88,183
Capacity	790	790	790	790	790	790	790	790	790	790
Enrollment	736	720	732	742	730	736	698	720	723	721
Cornelia (1959)										
Square feet	71,055	71,055	79,687	79,687	79,687	79,687	79,687	79,687	79,687	79,687
Capacity	662	662	662	662	662	662	662	662	662	662
Enrollment	584	574	585	574	567	554	550	531	577	593
Countryside (1962)										
Square feet	71,055	71,055	73,011	73,011	73,011	73,011	73,011	73,011	73,011	91,661
Capacity	594	594	594	594	594	594	594	594	594	594
Enrollment	600	588	586	573	589	581	573	576	606	629
Creek Valley (1968)										
Square feet	77,118	77,118	77,118	78,458	78,458	78,458	78,458	78,458	78,458	78,458
Capacity	662	662	662	662	662	662	662	662	662	662
Enrollment	588	692	601	587	587	591	576	590	612	590
Highlands (1956)										
Square feet	68,538	68,538	68,538	73,202	73,202	73,202	73,202	73,202	73,202	73,202
Capacity	606	606	606	606	606	606	606	606	606	606
Enrollment	566	567	568	580	561	553	530	541	564	554
Normandale (1948)										
Square feet	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082
Capacity	714	714	714	714	714	714	714	714	714	714
Enrollment	638	648	642	647	644	645	651	664	657	652
Middle Schools										
South View (1954)										
Square feet	218,443	218,443	218,443	219,862	219,862	219,862	219,862	219,862	219,862	219,862
Capacity	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341
Enrollment	1,309	1,334	1,326	1,007	970	965	968	973	987	979
Valley View (1964)										
Square feet	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573
Capacity	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248
Enrollment	1,392	1,396	1,393	1,038	1,026	1,014	1,010	992	973	991
High Schools										
Edina High School (1972)										
Square feet	411,717	411,717	554,617	554,617	554,617	554,617	554,617	554,617	554,617	554,617
Capacity	2,320	2,320	3,126	3,126	3,126	3,126	3,126	3,126	3,126	3,126
Enrollment	2,001	2,001	2,047	2,732	2,718	2,687	2,683	2,679	2,719	2,688

Note: Normandale Elementary is within the Edina Community Center, which also includes the District's administrative offices, Early Learning School, and various gymnasiums.

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