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BOARD OF EDUCATION

Working Meeting - Monday, November 25, 2024 - 4:00 PM
Creekside
16000 41st Ave N.
Plymouth, MN 55446

Minutes of Work Session Meeting

A Work Session Meeting of the Board of Education of Wayzata Public Schools was held Monday, November 25, 2024, beginning at 4:00 PM in the Creekside 16000 41st Ave N. Plymouth, MN 55446.

1. ROLL CALL/CALL TO ORDER

A. Finance and Operation Reports

- 1. Auditors Report (45 minutes) 2
- 2. Attendance Area Process Update (45 minutes)

B. Teaching and Learning Reports- No reports this meeting

C. Superintendent's Reports

- 1. District Goals, Strategic Road Map and Operational Plan Update (20 minutes) 185

D. Human Resource Services Reports

- 1. 2025-2026 Calendar Recommendation (10 minutes) 211

2. ADJOURN

Management Report

for

Independent School District No. 284
Wayzata, Minnesota

June 30, 2024

DRAFT

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 284's (the District) financial statements for the year ended June 30, 2024. We have organized this report into the following sections:

- Audit Summary
- Financial Trends in Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the District's basic financial statements for the year ended June 30, 2024:

- We have issued unmodified opinions on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of new Governmental Accounting Standards Board (GASB) authoritative literature which changed the requirements for accounting for groups of similar capital assets this year. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses. It should be understood that internal controls are never perfected, and those controls, which protect the District's funds from such things as fraud and accounting errors, need to be continually reviewed by your management and modified as necessary.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no deficiencies in the District's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As part of our audit of the District's financial statements for the year ended June 30, 2024, we performed procedures to follow-up on any findings and recommendations that resulted from the prior year audit. We reported the following finding that was corrected by the District in the current year:

- During our audit of the year ended June 30, 2023, we reported a material weakness in internal control over financial reporting related to proposed audit adjustments necessary to record additional contracts payable by the District that were considered material to the financial statements. Based on our testing, there was no similar finding in the current year.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. However, the District implemented the following GASB guidance change during the year:

As described in Note 1 of the notes to basic financial statements, the District implemented new GASB guidance related to capital assets during the fiscal year ended June 30, 2024. This new guidance requires governments to capitalize groups of similar assets if significant, even when individually they are below the government's capitalization threshold. This change resulted in a restatement, which increased beginning net position in the government-wide Statement of Activities by \$3,579,312 in the current year.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The “vesting method” used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68, 73, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation/amortization of capital assets involves estimates pertaining to useful lives.

The District’s self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above and on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated INSERT DATE.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management’s discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements, and the separately issued Schedule of Expenditures of Federal Awards and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

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

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the next fiscal year. The Legislature approved a per pupil increase of \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts.

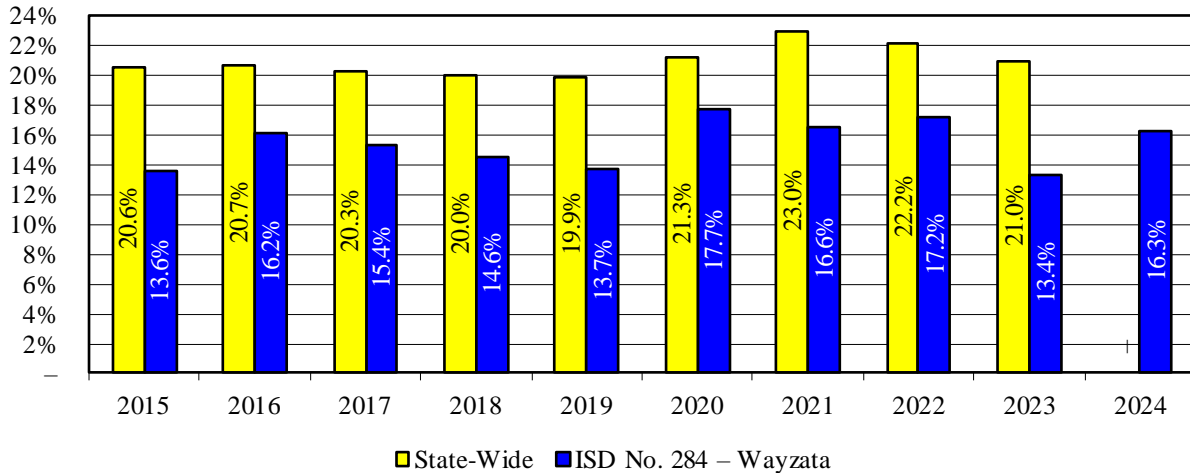
| <u>Fiscal Year</u> <u>Ended June 30,</u> | Formula Allowance | |
|---|-------------------|------------------|
| | Amount | Percent Increase |
| 2015 | \$ 5,831 | 2.00 % |
| 2016 | \$ 5,948 | 2.00 % |
| 2017 | \$ 6,067 | 2.00 % |
| 2018 | \$ 6,188 | 2.00 % |
| 2019 | \$ 6,312 | 2.00 % |
| 2020 | \$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

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

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

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



Note: State-wide information is not available for fiscal 2024.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts has been relatively stable over the last decade, ranging from 20.6 percent at the end of fiscal 2015 to 21.0 percent at the end of fiscal 2023, with a slight uptick during the fiscal years impacted by the COVID-19 pandemic.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 16.3 percent at the end of the current year, as compared to 13.4 percent at June 30, 2023.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

GOVERNMENTAL FUNDS REVENUE

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction Fund. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

| Governmental Funds Revenue per Student (ADM) Served | | | | | | | | |
|--|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|--|
| | State-Wide | | Metro Area | | ISD No. 284 – Wayzata | | | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2024 | |
| General Fund | | | | | | | | |
| Property taxes | \$ 2,645 | \$ 2,760 | \$ 3,506 | \$ 3,704 | \$ 5,676 | \$ 5,473 | \$ 5,612 | |
| Other local sources | 571 | 742 | 446 | 595 | 580 | 660 | 755 | |
| State | 10,504 | 10,771 | 10,536 | 10,792 | 9,256 | 9,392 | 10,429 | |
| Federal | 1,335 | 1,344 | 1,397 | 1,441 | 570 | 386 | 392 | |
| Total General Fund | 15,055 | 15,617 | 15,885 | 16,532 | 16,082 | 15,911 | 17,188 | |
| Special revenue funds | | | | | | | | |
| Food Service | 803 | 676 | 770 | 649 | 806 | 644 | 837 | |
| Community Service | 731 | 795 | 836 | 919 | 1,099 | 1,101 | 1,173 | |
| Debt Service Fund | 1,508 | 1,579 | 1,537 | 1,595 | 1,273 | 1,333 | 1,262 | |
| Total revenue | \$ 18,097 | \$ 18,667 | \$ 19,028 | \$ 19,695 | \$ 19,260 | \$ 18,989 | \$ 20,460 | |
| ADM served per MDE School District Profiles Report (current year estimated) | | | | | <u>11,901</u> | <u>12,334</u> | <u>12,551</u> | |
| Note: Excludes the Capital Projects – Building Construction Fund. | | | | | | | | |
| Source of state-wide and metro area data: School District Profiles Report published by the MDE | | | | | | | | |

ADM used in the table above and on the next page are based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The mix of local and state revenues vary from year-to-year, primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District received \$256,792,694 in the governmental funds reflected above in fiscal 2024, an increase of \$22,582,492 (9.6 percent) from the prior year. On a per student basis, this represents an increase of \$1,471. The increase was spread across most sources presented in the above table. Property taxes were up as approved through the annual tax levy process. Other local sources increased over the prior year, largely due to more investment earnings. State sources were up with growth in the basic formula allowance, increased enrollment, along with added funding for basic skills and special education programming. Food Service Special Revenue Fund revenues were up with state legislative changes effective in the current year to provide free meals for all students. Increased programming and participation contributed to the per student revenue increase in the Community Service Special Revenue Fund. Debt Service Fund revenue per capita was down in the current year, due to a planned decrease in the regular debt service levy.

GOVERNMENTAL FUNDS EXPENDITURES

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction Fund. Other financing uses, such as bond refundings and transfers, are also excluded.

| Governmental Funds Expenditures per Student (ADM) Served | | | | | | | | |
|--|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|--|
| | State-Wide | | Metro Area | | ISD No. 284 – Wayzata | | | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2024 | |
| General Fund | | | | | | | | |
| Administration and district support | \$ 1,249 | \$ 1,300 | \$ 1,300 | \$ 1,320 | \$ 957 | \$ 968 | \$ 937 | |
| Elementary and secondary regular instruction | 6,494 | 6,646 | 6,838 | 7,019 | 7,101 | 7,020 | 6,985 | |
| Vocational education instruction | 210 | 224 | 191 | 198 | 318 | 266 | 247 | |
| Special education instruction | 2,724 | 2,892 | 2,883 | 3,059 | 1,862 | 1,973 | 2,215 | |
| Community education instruction | – | – | – | – | – | – | 1 | |
| Instructional support services | 816 | 861 | 939 | 1,030 | 1,323 | 1,377 | 1,323 | |
| Pupil support services | 1,429 | 1,553 | 1,558 | 1,712 | 1,477 | 1,552 | 1,589 | |
| Sites and buildings and other | 1,113 | 1,201 | 1,076 | 1,171 | 1,710 | 1,977 | 1,704 | |
| Total General Fund – noncapital | 14,035 | 14,677 | 14,785 | 15,509 | 14,748 | 15,133 | 15,001 | |
| General Fund capital expenditures | 876 | 960 | 897 | 959 | 771 | 479 | 1,269 | |
| Total General Fund | 14,911 | 15,637 | 15,682 | 16,468 | 15,519 | 15,612 | 16,270 | |
| Special revenue funds | | | | | | | | |
| Food Service | 670 | 706 | 659 | 693 | 680 | 626 | 771 | |
| Community Service | 689 | 763 | 774 | 865 | 936 | 963 | 1,040 | |
| Debt Service Fund | 1,599 | 1,626 | 1,561 | 1,652 | 1,325 | 1,271 | 1,317 | |
| Total expenditures | <u>\$ 17,869</u> | <u>\$ 18,732</u> | <u>\$ 18,676</u> | <u>\$ 19,678</u> | <u>\$ 18,460</u> | <u>\$ 18,472</u> | <u>\$ 19,398</u> | |
| ADM served per MDE School District Profiles Report (current year estimated) | | | | | <u>11,901</u> | <u>12,334</u> | <u>12,551</u> | |
| Note: Excludes the Capital Projects – Building Construction Fund. | | | | | | | | |
| Source of state-wide and metro area data: School District Profiles Report published by the MDE | | | | | | | | |

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District spent \$243,459,796 in the governmental funds reflected above in fiscal 2024, an increase of \$15,639,610 (6.9 percent) from the prior year, which represents an increase of \$926 per ADM. General Fund operating expenditures decreased \$132 per ADM, mainly in sites and buildings and other (\$273 per ADM). Sites and buildings and other decreased in purchased services, mainly due to contracted services costs related to long-term facilities maintenance projects that are now in the construction phase. This was offset by an increase in special education instruction (\$242 per ADM), due to increased contractual salaries and benefits and federal funds used for tuition in the current year. General Fund capital expenditures increased \$790 per ADM, due to increased long-term facilities maintenance projects. Food Service and Community Service Special Revenue Funds expenditures increased, consistent with the increase in revenues. Debt Service Fund expenditures increased \$46 per ADM, as anticipated in approved debt financing plans.

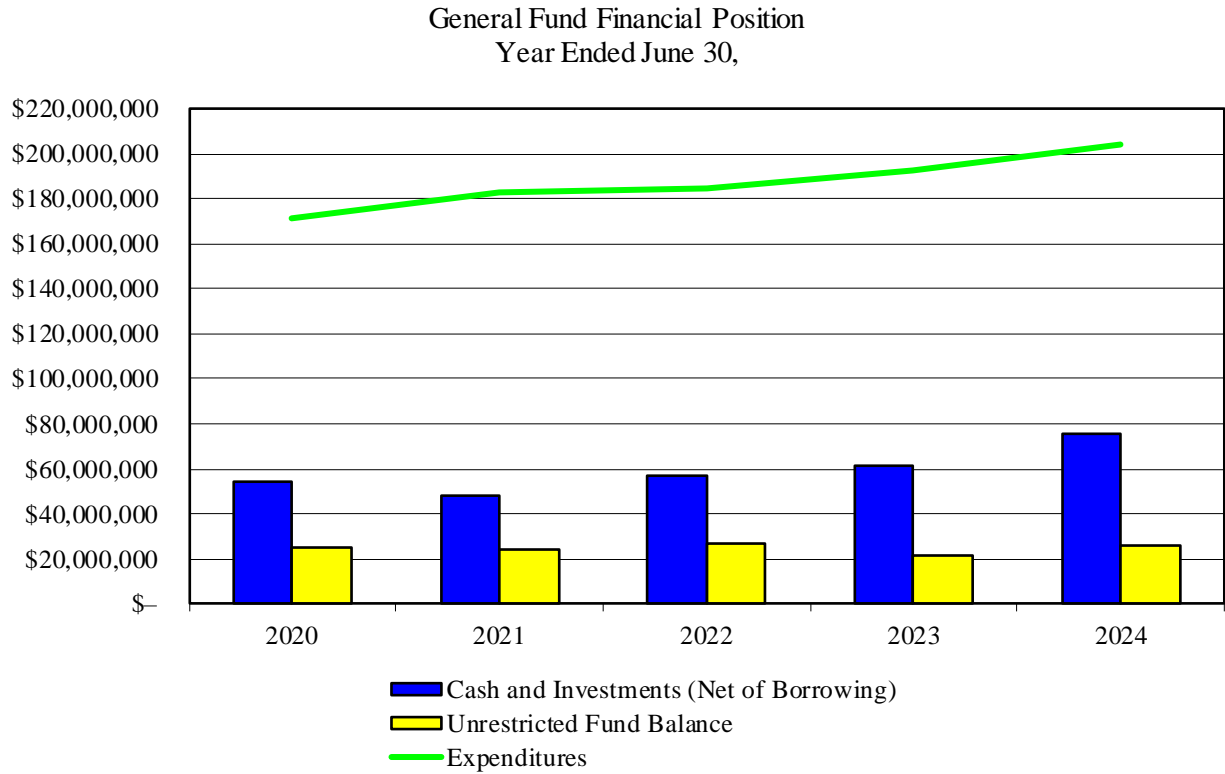
SUMMARY

District school boards and administrators continue to face significant financial challenges as they strive to provide a safe and effective learning environment for their students. Factors such as the sunset of large pandemic-related federal funding programs, state legislative funding changes and mandates, shifting student populations, tight labor markets, heightened safety concerns, increasing transportation costs, and other inflationary pressures continue to make it difficult to allocate limited resources amongst many competing demands.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2024 with a General Fund cash balance (net of interfund borrowing, excluding cash and investments held with trustee) of \$75,795,657, an increase of \$14,514,221 from the prior year. Total fund balance at year-end was \$52,673,468, an increase of \$11,720,141, compared to an increase of \$2,203,773 approved in the final budget.

GENERAL FUND COMPONENTS OF FUND BALANCE

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

| | June 30, | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Nonspendable fund balances | \$ 611,106 | \$ 608,414 | \$ 155,695 | \$ 196,362 | \$ 1,512,203 |
| Restricted fund balances (1) | 6,354,302 | 2,174,797 | 8,513,378 | 19,675,220 | 25,528,501 |
| Unrestricted fund balances | | | | | |
| Assigned | 5,529,336 | 7,775,597 | 11,348,017 | 8,002,652 | 8,643,744 |
| Unassigned | 19,452,216 | 16,298,209 | 15,056,047 | 13,079,093 | 16,989,020 |
| Total fund balance | \$ 31,946,960 | \$ 26,857,017 | \$ 35,073,137 | \$ 40,953,327 | \$ 52,673,468 |
| Total expenditures | \$ 171,077,324 | \$ 182,882,315 | \$ 184,673,419 | \$ 192,549,651 | \$ 204,195,230 |
| Unrestricted fund balances as a percentage of expenditures | <u>14.6%</u> | <u>13.2%</u> | <u>14.3%</u> | <u>10.9%</u> | <u>12.6%</u> |
| Unassigned fund balances as a percentage of expenditures | <u>11.4%</u> | <u>8.9%</u> | <u>8.2%</u> | <u>6.8%</u> | <u>8.3%</u> |
| (1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements. | | | | | |

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula.

The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

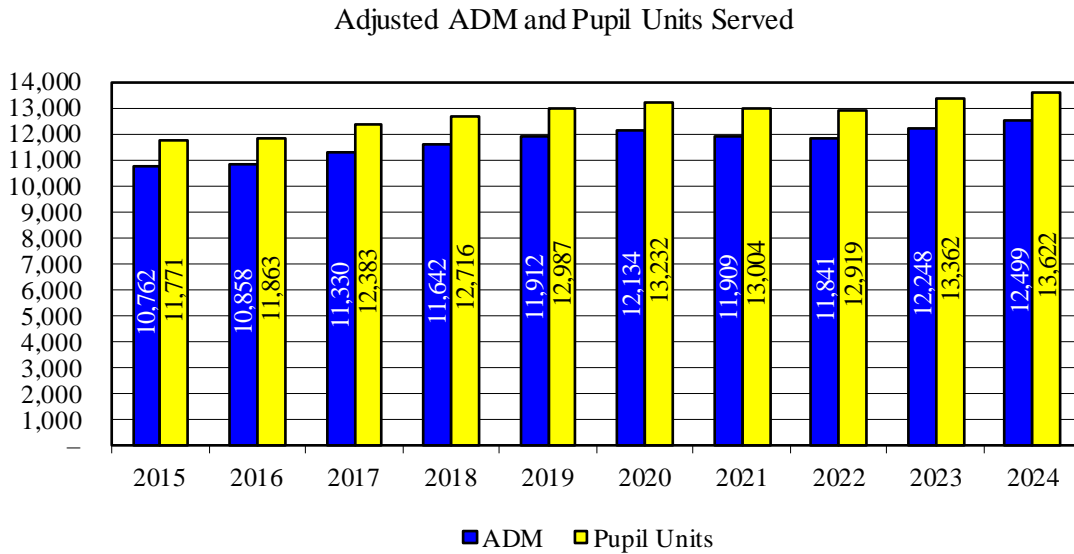
Minimum Fund Balance Policy

The District's adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of expenditures.

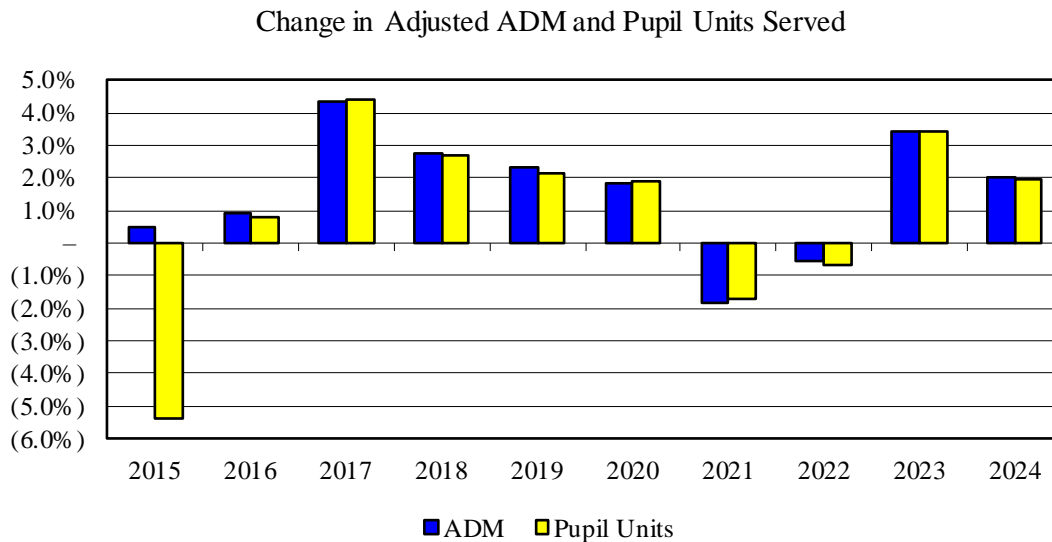
At June 30, 2024, unassigned fund balance in the General Fund (excluding restricted fund balance deficits) represented 8.3 percent of annual expenditures, or approximately four weeks of operations assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

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



The following graph shows the rate of change in ADM served by the District from year-to-year, along with the change in the resulting pupil units:



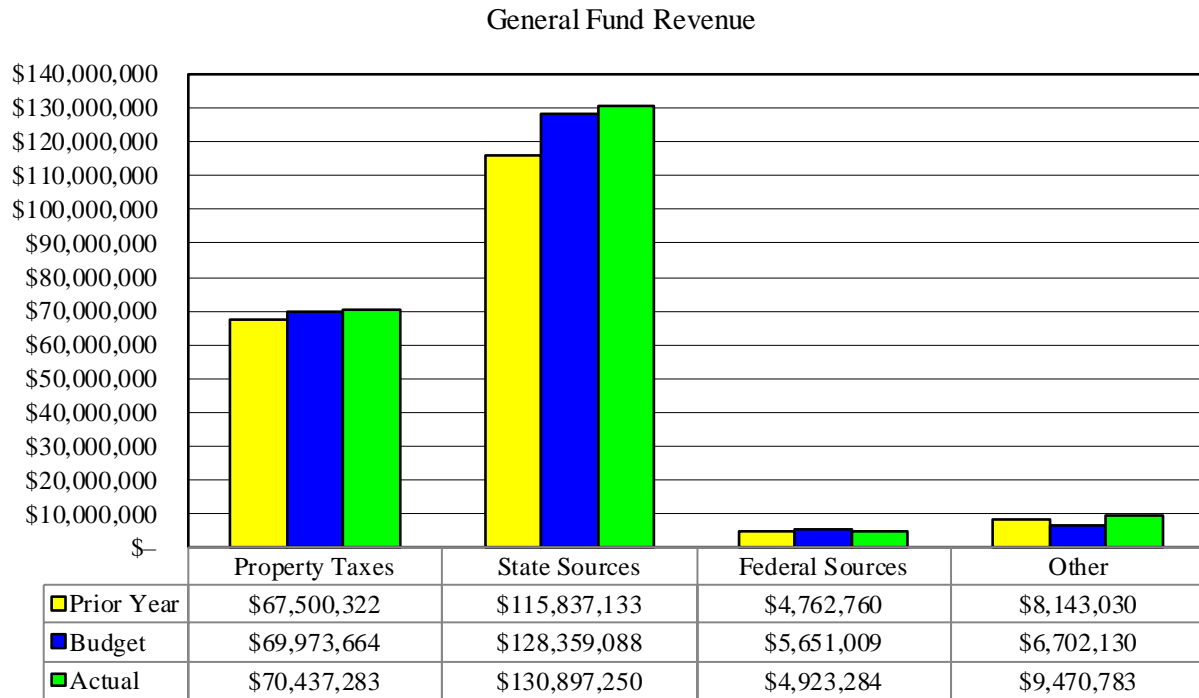
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments, which affect this year’s revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated ADM of 12,499 in 2024, an increase of 251 ADM (2.0 percent) from the prior year. The resulting pupil units served by the District increased by 260 (1.9 percent) to 13,622.

GENERAL FUND REVENUES

The following graph presents the District's General Fund revenues for 2024:



Total General Fund revenues were \$215,728,600 for the year ended June 30, 2024, which was an increase of \$19,485,355 (9.9 percent) from the prior year, and \$5,042,709 (2.4 percent) more than projected in the final budget.

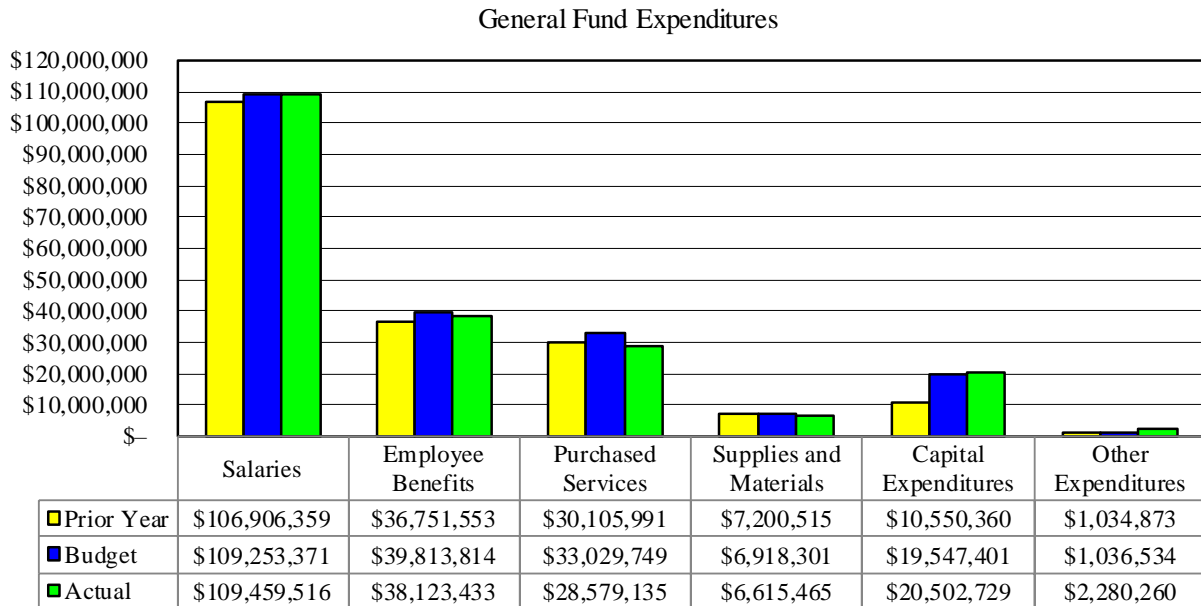
The favorable variance to budget was mainly in other revenues and state sources. Other revenues were \$2,768,653 over budget, mainly in investment earnings, due to positive investment market performance and due to the District budgeting conservatively for donations, activity fees, and local grants. State sources were \$2,538,162 over budget, mainly in special education.

The increase from the prior year was spread across all revenue sources presented in the above table. State sources increased \$15,060,117, mainly due to an increase in enrollment and improvements in basic skills, general education, and special education funding formulas. Property taxes increased \$2,936,961, due to an increase in the approved tax levy. Other local sources increased \$1,327,753, mainly in investment earnings.

The graph above reflects the concentration of state sources (60.7 percent) followed by property taxes (32.7 percent) received to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2024:



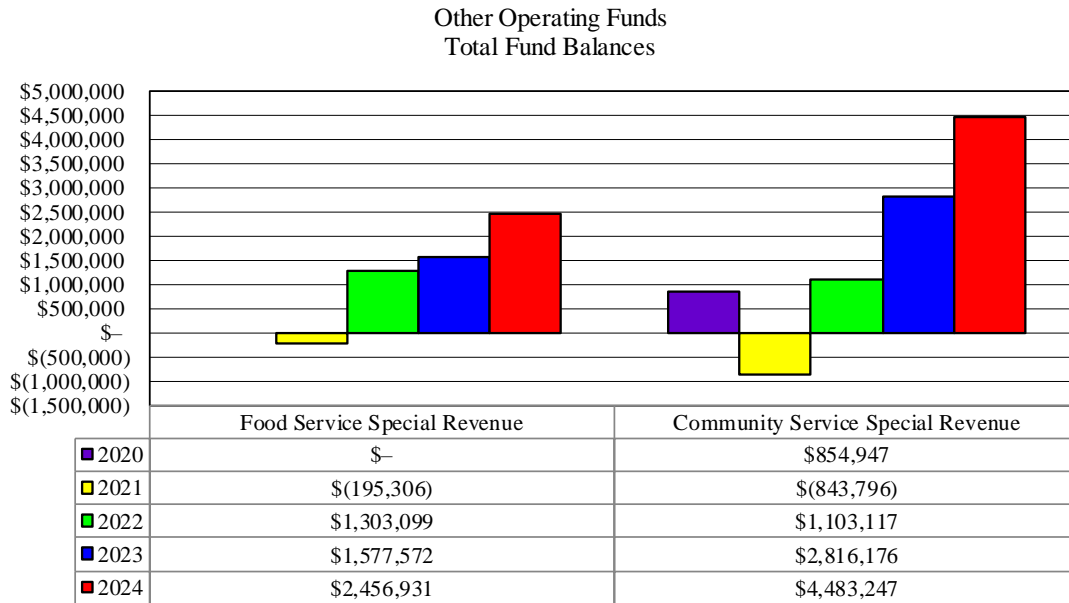
Total General Fund expenditures were \$205,560,538 for the year ended June 30, 2024, which was an increase of \$13,010,887 (6.8 percent) from the prior year, but \$4,038,632 (1.9 percent) under the final budget.

The variance to budget was primarily in purchased services costs, which were \$4,450,614 under budget, mainly due to the timing of projects and fewer short-term leases and professional development training than anticipated.

Expenditure increases were mainly in salaries, employee benefits, and capital expenditures. The increase in salaries and employee benefits was mostly due to contractual increases in the current year. Capital expenditures increased, with more long-term facilities maintenance projects.

OTHER FUNDS OF THE DISTRICT

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



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal 2024 with a fund balance of \$2,456,931, which is an increase of \$879,359 from last year, compared to a budgeted increase of \$487,007. Food service revenue was \$10,504,991, which was over budget by \$852,426, mainly in federal sources. Expenditures of \$9,682,072 were over budget by \$516,514, as capital outlay and purchased services were more than projected. Changes approved by the State Legislature to provide free meals to all students added to the difficulty in projecting participation levels in the current year.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended fiscal 2024 with a fund balance increase of \$1,667,071, compared to a budgeted increase of \$340,669. Revenues of \$14,720,627 were over budget by \$852,349, mainly in state sources and other local sources. Expenditures totaling \$13,053,556 were under budget by \$474,053, mainly in salaries and employee benefits.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining, and should not become an additional burden on general education funds.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund ended the year with a fund balance decrease of \$3,877,008, compared to a \$3,902,482 decrease anticipated in the budget, due to the spend down of bonds issued in previous years. The year-end fund balance of \$4,140,307 is restricted for capital projects.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2024, the District has \$3,145,880 available for general debt service.

Proprietary Funds – Internal Service Funds

The District uses internal service funds to account for the District's liabilities for self-insured benefits and early retirement benefits. The following table presents the combined activity reported for the past two fiscal years for the internal service funds:

| | June 30, | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| Operating revenue | | |
| Charges for services | \$ 21,263,283 | \$ 22,453,455 |
| Operating expenses | | |
| Dental benefit claims | 1,610,032 | 1,525,481 |
| Health benefit claims | 20,542,871 | 21,712,975 |
| Early retirement incentive and sick leave benefits | 649,550 | 407,134 |
| Total operating expenses | <u>22,802,453</u> | <u>23,645,590</u> |
| Operating income (loss) | (1,539,170) | (1,192,135) |
| Nonoperating revenue | | |
| Investment earnings | <u>483,310</u> | <u>801,184</u> |
| Income (loss) before transfers | (1,055,860) | (390,951) |
| Transfers in (out) | <u>1,055,862</u> | <u>(622,962)</u> |
| Change in net position | 2 | (1,013,913) |
| Net position | | |
| Beginning of year | <u>199,998</u> | <u>1,213,911</u> |
| End of year | <u>\$ 200,000</u> | <u>\$ 199,998</u> |

Post-Employment Benefits Trust Fund

The District has established a Post-Employment Benefits Trust Fund to account for an irrevocable trust account established to finance the District's liability for post-employment healthcare benefits. At year-end, trust net position of \$36,573,292 is available for future OPEB payments.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

| | June 30, | | Change |
|---|------------------------|------------------------|----------------------|
| | 2024 | 2023 | |
| Net position – governmental activities | | | |
| Total fund balances – governmental funds | \$ 66,899,833 | \$ 57,200,732 | \$ 9,699,101 |
| Total capital assets, net of depreciation/amortization | 264,757,413 | 250,519,688 | 14,237,725 |
| Bonds, certificates, finance purchase, lease, and subscription, net of premiums | (218,385,142) | (229,814,357) | 11,429,215 |
| Pensions, net of deferred outflows and inflows | (111,471,292) | (116,625,378) | 5,154,086 |
| OPEB, net of deferred outflows and inflows | (19,919,011) | (19,362,859) | (556,152) |
| Other adjustments | 2,926,422 | 3,692,964 | (766,542) |
| Total net position – governmental activities | <u>\$ (15,191,777)</u> | <u>\$ (54,389,210)</u> | <u>\$ 39,197,433</u> |
| Net position | | | |
| Net investment in capital assets | \$ 56,426,154 | \$ 36,667,330 | \$ 19,758,824 |
| Restricted | 33,131,167 | 25,400,096 | 7,731,071 |
| Unrestricted | <u>(104,749,098)</u> | <u>(116,456,636)</u> | <u>11,707,538</u> |
| Total net position | <u>\$ (15,191,777)</u> | <u>\$ (54,389,210)</u> | <u>\$ 39,197,433</u> |

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, severance payable, net pension, and net OPEB liabilities.

Total net position increased by \$39,197,433 during fiscal 2024. As presented in the table above, this change was partially in unrestricted net position, due to changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments. The financial operations of the General Fund, as previously discussed, also contributed to the change in unrestricted net position. The District's increase in net position restricted for capital asset acquisition, food service, community service, and other state funding restrictions contributed to the change in the restricted portion of net position.

The District's net investment in capital assets increased \$19,758,824 this year. The change in this category of net position typically depends on the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

ACCOUNTING AND AUDITING UPDATES

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

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

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

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

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

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

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

GASB STATEMENT NO. 102, *CERTAIN RISK DISCLOSURES*

State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

This new guidance defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosures should include actions by the government to mitigate the risk. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided.

The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 103, *FINANCIAL REPORTING MODEL IMPROVEMENTS*

This statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- Management's discussion and analysis
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

The objective of this statement is to improve key components of the financial reporting model to enhance its quality and effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.



Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS

None.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Material Audit Adjustment

Corrective action has been taken.

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2024

DRAFT

INDEPENDENT SCHOOL DISTRICT NO. 284

Special Purpose Audit Reports
Year Ended June 30, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program Title | Federal ALN | Federal Expenditures | |
|--|-------------|----------------------|----------------------------|
| U.S. Department of Agriculture | | | |
| Passed through Minnesota Department of Education | | | |
| Child nutrition cluster | | | |
| National School Lunch Program | 10.555 | \$ 2,845,466 | |
| School Breakfast Program | 10.553 | 337,044 | |
| Total child nutrition cluster | | | \$ 3,182,510 |
| Child and Adult Care Food Program | 10.558 | | 11,508 |
| Local Food for Schools Cooperative Agreement Program | 10.185 | | 103,274 |
| COVID-19 – Pandemic EBT Administrative Costs | 10.649 | | 3,256 |
| U.S. Department of the Treasury | | | |
| Passed through Minnesota Department of Education | | | |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | 11,024 |
| Federal Communications Commission | | | |
| Direct | | | |
| COVID-19 – Emergency Connectivity Fund Program | 32.009 | | 285,950 |
| U.S. Department of Education | | | |
| Passed through Minnesota Department of Education | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | 311,169 |
| Special education cluster | | | |
| Special Education Grants to States | 84.027 | \$ 2,467,977 | |
| COVID-19 – Special Education Grants to States | 84.027 | 7,250 | |
| Total ALN 84.027 | | | 2,475,227 |
| Special Education Preschool Grants | 84.173 | 70,617 | |
| COVID-19 – Special Education Preschool Grants | 84.173 | 6,122 | |
| Total ALN 84.173 | | | 76,739 |
| Total special education cluster | | | 2,551,966 |
| Special Education – Grants for Infants and Families | 84.181 | | 38,943 |
| English Language Acquisition State Grants | 84.365 | | 56,239 |
| Supporting Effective Instruction State Grants | 84.367 | | 151,902 |
| Student Support and Academic Enrichment Program | 84.424 | | 20,471 |
| Education Stabilization Fund | | | |
| COVID-19 – American Rescue Plan – Elementary and Secondary | | | |
| School Emergency Relief (ARP ESSER) Fund | 84.425U | | 1,395,226 |
| COVID-19 – American Rescue Plan – Elementary and Secondary | | | |
| School Emergency Relief (ARP ESSER) Fund – Homeless Children and Youth | 84.425W | | 6,179 |
| Total ALN 84.425 | | | 1,401,405 |
| Passed through Intermediate District No. 287 | | | |
| Career and Technical Education – Basic Grants to States | 84.048 | | 54,880 |
| U.S. Department of Health and Human Services | | | |
| Direct | | | |
| Drug-Free Communities Support Program Grants | 93.276 | | 34,798 |
| Total federal awards | | | <u><u>\$ 8,219,295</u></u> |

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Number (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had \$697,078 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 284’s (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2024.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements. We issued our report thereon dated INSERT DATE, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR’S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified? Yes X None reported

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

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

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

Programs tested as major programs:

| Program or Cluster(s) | Federal ALN |
|---|-------------|
| U.S. Department of Education – Special education cluster consisting of: | |
| – Special Education Grant to States | 84.027 |
| – COVID-19 – Special Education Grant to States | 84.027 |
| – Special Education Preschool Grants | 84.173 |
| – COVID-19 – Special Education Preschool Grants | 84.173 |
| U.S. Department of Education – COVID-19 – Education Stabilization Fund | 84.425 |

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

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

INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2024

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT AUDITOR'S REPORT ON
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

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

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

(continued)

The purpose of this report on the UFARS Compliance Table required by the MDE, is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2024

| | | Audit | UFARS | Audit – UFARS |
|--------------------------|--|----------------|----------------|---------------|
| General Fund | | | | |
| Total revenue | | \$ 215,728,600 | \$ 215,728,601 | \$ (1) |
| Total expenditures | | \$ 204,195,230 | \$ 204,195,230 | \$ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | \$ 1,512,203 | \$ 1,512,203 | \$ – |
| Restricted | | | | |
| 401 | Student activities | \$ – | \$ – | \$ – |
| 402 | Scholarships | \$ 229,077 | \$ 229,077 | \$ – |
| 403 | Staff development | \$ – | \$ – | \$ – |
| 407 | Capital projects levy | \$ 4,691,588 | \$ 4,691,588 | \$ – |
| 408 | Cooperative revenue | \$ – | \$ – | \$ – |
| 412 | Literacy incentive aid | \$ 385,894 | \$ 385,894 | \$ – |
| 414 | Operating debt | \$ – | \$ – | \$ – |
| 416 | Levy reduction | \$ – | \$ – | \$ – |
| 417 | Taconite building maintenance | \$ – | \$ – | \$ – |
| 420 | American Indian education aid | \$ 9,457 | \$ 9,457 | \$ – |
| 424 | Operating capital | \$ 3,596,279 | \$ 3,596,279 | \$ – |
| 426 | \$25 taconite | \$ – | \$ – | \$ – |
| 427 | Disabled accessibility | \$ – | \$ – | \$ – |
| 428 | Learning and development | \$ – | \$ – | \$ – |
| 434 | Area learning center | \$ – | \$ – | \$ – |
| 435 | Contracted alternative programs | \$ – | \$ – | \$ – |
| 436 | State approved alternative program | \$ – | \$ – | \$ – |
| 438 | Gifted and talented | \$ – | \$ – | \$ – |
| 439 | English learner | \$ – | \$ – | \$ – |
| 440 | Teacher development and evaluation | \$ – | \$ – | \$ – |
| 441 | Basic skills programs | \$ – | \$ – | \$ – |
| 443 | School library aid | \$ – | \$ – | \$ – |
| 448 | Achievement and integration | \$ – | \$ – | \$ – |
| 449 | Safe schools levy | \$ – | \$ – | \$ – |
| 451 | QZAB payments | \$ – | \$ – | \$ – |
| 452 | OPEB liability not in trust | \$ – | \$ – | \$ – |
| 453 | Unfunded severance and retirement levy | \$ – | \$ – | \$ – |
| 459 | Basic skills extended time | \$ – | \$ – | \$ – |
| 467 | Long-term facilities maintenance | \$ 16,212,641 | \$ 16,212,641 | \$ – |
| 471 | Student support personnel | \$ 46,244 | \$ 46,244 | \$ – |
| 472 | Medical Assistance | \$ 357,321 | \$ 357,321 | \$ – |
| 464 | Restricted fund balance | \$ – | \$ – | \$ – |
| 475 | Title VII – impact aid | \$ – | \$ – | \$ – |
| 476 | PILT | \$ – | \$ – | \$ – |
| Committed | | | | |
| 418 | Committed for separation | \$ – | \$ – | \$ – |
| 461 | Committed fund balance | \$ – | \$ – | \$ – |
| Assigned | | | | |
| 462 | Assigned fund balance | \$ 8,643,744 | \$ 8,643,744 | \$ – |
| Unassigned | | | | |
| 422 | Unassigned fund balance | \$ 16,989,020 | \$ 16,989,020 | \$ – |
| Food Service | | | | |
| Total revenue | | \$ 10,504,991 | \$ 10,504,990 | \$ 1 |
| Total expenditures | | \$ 9,682,072 | \$ 9,682,072 | \$ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | \$ 192,693 | \$ 192,693 | \$ – |
| Restricted | | | | |
| 452 | OPEB liability not in trust | \$ – | \$ – | \$ – |
| 464 | Restricted fund balance | \$ 2,264,238 | \$ 2,264,238 | \$ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | \$ – | \$ – | \$ – |
| Community Service | | | | |
| Total revenue | | \$ 14,720,627 | \$ 14,720,627 | \$ – |
| Total expenditures | | \$ 13,053,556 | \$ 13,053,557 | \$ (1) |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | \$ 1,365 | \$ 1,365 | \$ – |
| Restricted | | | | |
| 426 | \$25 taconite | \$ – | \$ – | \$ – |
| 431 | Community education | \$ 3,881,983 | \$ 3,881,983 | \$ – |
| 432 | ECFE | \$ 233,309 | \$ 233,309 | \$ – |
| 440 | Teacher development and evaluation | \$ – | \$ – | \$ – |
| 444 | School readiness | \$ 213,585 | \$ 213,585 | \$ – |
| 447 | Adult basic education | \$ – | \$ – | \$ – |
| 452 | OPEB liability not in trust | \$ – | \$ – | \$ – |
| 464 | Restricted fund balance | \$ 153,005 | \$ 153,005 | \$ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | \$ – | \$ – | \$ – |

INDEPENDENT SCHOOL DISTRICT NO. 284

Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2024

| | Audit | UFARS | Audit – UFARS |
|--------------------------------------|---------------|---------------|---------------|
| Building Construction | | | |
| Total revenue | \$ 513,040 | \$ 513,040 | \$ – |
| Total expenditures | \$ 7,625,666 | \$ 7,625,666 | \$ – |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ – | \$ – | \$ – |
| Restricted | | | |
| 407 Capital projects levy | \$ – | \$ – | \$ – |
| 413 Projects funded by COP | \$ – | \$ – | \$ – |
| 467 Long-term facilities maintenance | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ 4,140,307 | \$ 4,140,307 | \$ – |
| Unassigned | | | |
| 463 Unassigned fund balance | \$ – | \$ – | \$ – |
| Debt Service | | | |
| Total revenue | \$ 15,838,476 | \$ 15,838,476 | \$ – |
| Total expenditures | \$ 16,528,938 | \$ 16,528,938 | \$ – |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ – | \$ – | \$ – |
| Restricted | | | |
| 425 Bond refundings | \$ – | \$ – | \$ – |
| 433 Maximum effort loan | \$ – | \$ – | \$ – |
| 451 QZAB payments | \$ – | \$ – | \$ – |
| 467 Long-term facilities maintenance | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ 3,145,880 | \$ 3,145,880 | \$ – |
| Unassigned | | | |
| 463 Unassigned fund balance | \$ – | \$ – | \$ – |
| Trust | | | |
| Total revenue | \$ – | \$ – | \$ – |
| Total expenditures | \$ – | \$ – | \$ – |
| 401 Student activities | \$ – | \$ – | \$ – |
| 402 Scholarships | \$ – | \$ – | \$ – |
| 422 Net position | \$ – | \$ – | \$ – |
| Custodial Fund | | | |
| Total revenue | \$ – | \$ – | \$ – |
| Total expenditures | \$ – | \$ – | \$ – |
| 401 Student activities | \$ – | \$ – | \$ – |
| 402 Scholarships | \$ – | \$ – | \$ – |
| 448 Achievement and integration | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ – | \$ – | \$ – |
| Internal Service | | | |
| Total revenue | \$ 21,746,593 | \$ 21,746,592 | \$ 1 |
| Total expenditures | \$ 22,802,453 | \$ 22,802,453 | \$ – |
| 422 Net position | \$ 200,000 | \$ 200,000 | \$ – |
| OPEB Revocable Trust Fund | | | |
| Total revenue | \$ – | \$ – | \$ – |
| Total expenditures | \$ – | \$ – | \$ – |
| 422 Net position | \$ – | \$ – | \$ – |
| OPEB Irrevocable Trust Fund | | | |
| Total revenue | \$ 4,176,190 | \$ 4,176,190 | \$ – |
| Total expenditures | \$ 1,447,508 | \$ 1,447,507 | \$ 1 |
| 422 Net position | \$ 36,573,292 | \$ 36,573,292 | \$ – |
| OPEB Debt Service Fund | | | |
| Total revenue | \$ – | \$ – | \$ – |
| Total expenditures | \$ – | \$ – | \$ – |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ – | \$ – | \$ – |
| Restricted | | | |
| 425 Bond refundings | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ – | \$ – | \$ – |
| Unassigned | | | |
| 463 Unassigned fund balance | \$ – | \$ – | \$ – |

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

**Independent School District No. 284
Wayzata Public Schools
Wayzata, Minnesota**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024**

**Prepared by the
Department of Finance and Business Services**



**WAYZATA
PUBLIC
SCHOOLS**

Excellence. For each and every student.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

13305 12th Avenue N.
Plymouth, MN 55441

Prepared by the
Department of Finance and Business Services

Scott LeSage • Executive Director of Finance and Operations

INDEPENDENT SCHOOL DISTRICT NO. 284

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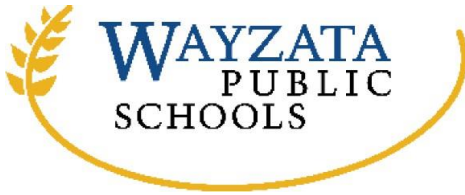
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SECTION I

INTRODUCTORY SECTION



District Service Center
13305 12th Ave N | Plymouth, MN 55441
763-745-5000 | www.wayzataschools.org

INSERT DATE

To: Citizens of the District
Board of Education
Dr. Chace B. Anderson, Superintendent of Schools

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 284, Wayzata, Minnesota (the District), for the fiscal year ended June 30, 2024. Responsibility for the entire financial report rests with district management. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

The Governmental Accounting Standards Board Statement No. 34 requires that the District includes within its ACFR a management's 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, awards and acknowledgements, 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. The notes to basic financial statements 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 38 square-mile area located in the western portion of Hennepin County, Minnesota. The District is governed by its Board of Education (School Board), who are elected by voters residing within the District's boundaries. The District's boundaries encompass either the entire geographic area or portions of the communities of Corcoran, Maple Grove, Medicine Lake, Medina, Minnetonka, Orono, Plymouth, and Wayzata.

For 2023–2024, district facilities included nine elementary schools, three middle schools, a senior high school, a transition school, a district service center building, a district meeting and training facility, an early learning center, a central services facility, and district warehouse.

Enrollment for the 2023–2024 school year was 12,499 pupils in adjusted average daily membership, which represents an increase of 251 students from the prior year. Demographic forecasts project an increase in enrollment for the next several years. Projected enrollment for the near future per an independent demographer hired by the District is:

| <u>Fiscal Year</u> | <u>Enrollment</u> |
|--------------------|-------------------|
| 2025 | 12,700 |
| 2026 | 12,875 |
| 2027 | 13,050 |

The tax base of the District increased 16.9 percent during the past year. The market value of all taxable property in the District in fiscal year 2024 was \$19,229,146,613, compared to \$16,443,824,055 in fiscal year 2023.

The net tax capacity of the District for fiscal year 2024 was \$217,667,832, an increase of 19.0 percent over the prior year value of \$182,970,236.

The state fiscal disparities law provides for the pooling of 40.0 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing jurisdictions according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed \$23,570,607 in fiscal year 2024 and \$24,126,014 in fiscal year 2023.

FINANCIAL INFORMATION

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls and segregation of duties. These controls are designed to provide reasonable assurance regarding the safeguarding of district assets and the reliability of financial records used in the preparation of financial statements in conformity with 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 Finance and Business Services Department maintains budgetary control district-wide. The administration and School Board review financial reports on a monthly basis. 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 also adopted by the School Board.

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 14 buildings originally constructed from 1949 to 2019. 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 2021, the District opened the Wayzata Early Learning School, an addition to the existing Oakwood Elementary building. In the start of the 2024 school year, Wayzata Public Schools relocated the Wayzata Transition program to the previous District Administration Building to allow for future growth of the program and its students. The District acquired a new building that houses the majority of the District’s administration, along with the District Welcome Center, and is a centrally-located building for all administrative staff. The total district square footage for educational facilities is 2,099,969. The District owns four additional buildings for administrative purposes.

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 (excluding restricted account deficits) of approximately \$17.0 million, which represents 8.3 percent of total General Fund expenditures, with the School Board policy minimum fund balance of 5.0–7.0 percent of expenditures. The District has an additional \$8.6 million of assigned fund balance for specific purposes.

In 2017, district voters approved an operating referendum to increase annual operating revenues, up to the maximum amount of \$2,000 per pupil plus inflation, expiring in fiscal year 2028. Voters also approved two capital projects levies to fund technology costs for existing technology infrastructure, as well as new services and equipment. The capital projects levies expire in fiscal years 2026 and 2030, respectively. In May of 2023, Legislators provided school boards with the authority to renew a voter-approved operating referendum one time for a maximum of 10 years without voter approval.

An indicator of continued financial health is the tremendous level of new private investment within the District’s boundaries. The City of Plymouth (the City) is the largest municipality within the District. The City’s levy payable 2023 total estimated market value was \$16,664,562,200, an increase of \$2,290,540,400 from 2022. The increase in total market value between payable 2022 and payable 2023 was 15.9 percent. The City’s population increased 29.0 percent from 1990 to 2000; 7.0 percent from 2000 to 2010; and 13.0 percent from 2010 to 2019. As of 2023, the population is 81,026.

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 maintained similar staff ratios and programs for fiscal year 2024 that support the District's operational and financial requirements as prescribed by the District's strategic plan.

Below are some facts about the 2024–2025 budget:

- Due to the COVID-19 pandemic, the District experienced a decrease in enrollment in fiscal years 2020–2021 and 2021–2022, but has realized an increase in the 2022–2023 and 2023–2024 enrollment.
- Based on a December 2022 Demographic Study and a more recent Demographic Study in the summer of 2024, the District expects the enrollment growth to continue. In fiscal year 2024–2025 district administration projected enrollment at 12,700.
- To maintain an unassigned fund balance within the School Board's parameters of 5.0–7.0 percent, the District implemented cost containment measures of approximately \$2.6 million.

Revenues:

- General Fund revenue is projected to increase by approximately \$6.7 million to \$217.4 million.
- 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 approximately \$2,073 per pupil unit.
- Effective fiscal year 2023–2024, new legislation provides improvement to the special education cross-subsidy reimbursement rate. The new legislation increases the cross-subsidy aid factor to 44.0 percent in fiscal years 2024 through 2026 and 50.0 percent in fiscal year 2027 and later. The District will continue to use its General Fund resources in order to fully fund the required portion of the costs that are not reimbursed by either the state and federal government.

Expenditures:

- General Fund expenditures are expected to be \$220.3 million that includes cost containment measures as noted above.
- The capital projects (technology) levy will increase from \$9.1 million to \$10.9 million.
- District salaries are anticipated to increase approximately 2.0 to 3.0 percent.
- Health insurance premiums are expected to increase by 7.0 percent. Dental insurance premiums are expected to increase by 3.0 percent.
- District transportation costs are estimated to increase by 4.5 percent.

Construction Projects:

- The District continues to access long-term facilities maintenance pay-as-you-go district levy dollars to make improvements in the areas of deferred maintenance and health and safety. The project costs of approximately \$12–\$18 million per year are utilized for roof repairs, paving projects, boiler and chiller replacements, windows, doors, painting, flooring, and a variety of other deferred maintenance projects.

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 independent auditor's report on the financial statements is included in the financial section of this report. The independent 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. Achieving recognition by this program is a clear indication of the District's establishment of high standards in financial reporting and accountability. The District was awarded the ASBO International Certificate of Excellence in Financial Reporting for its 2023 ACFR, the District's 40th consecutive year receiving the award. We believe our current report continues to conform to ASBO International's Certificate of Excellence program requirements.

The District's continued commitment to excellent financial stewardship and robust local tax base has resulted in Moody's Investor Services reaffirming the District's Aaa credit rating, which is the highest rating possible. Fewer than 100 public K-12 school districts across the country hold a Aaa rating, underscoring the significance of the achievement.

We acknowledge the efforts of the entire accounting staff in providing complete and accurate data for the fiscal year 2024 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

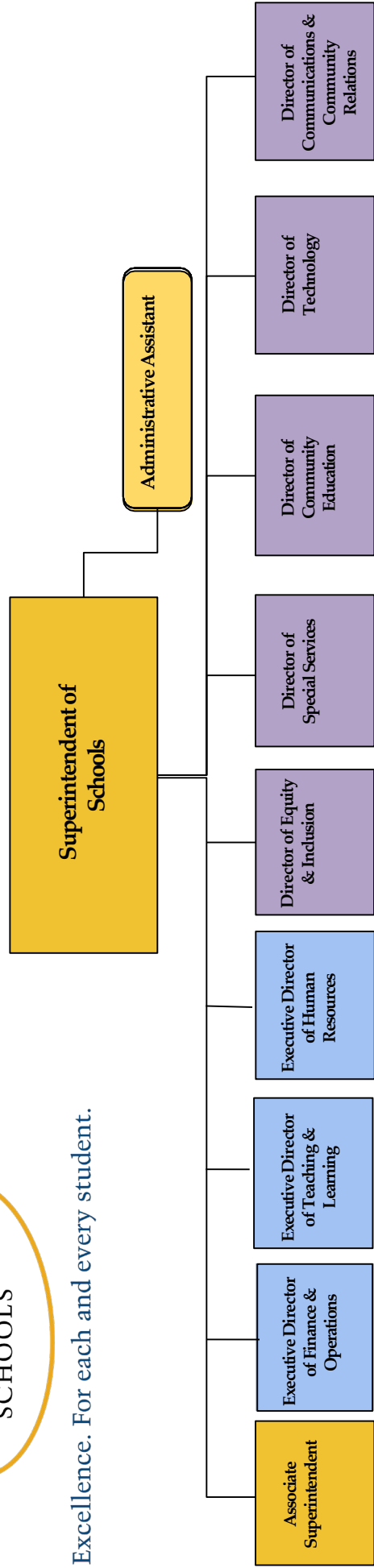
Respectfully submitted,



Scott LeSage
Executive Director of Finance and Operations



Excellence. For each and every student.



INDEPENDENT SCHOOL DISTRICT NO. 284

School Board and Administration
Year Ended June 30, 2024

SCHOOL BOARD

| | <u>Board Position</u> |
|---------------------|-----------------------|
| Dr. Milind Sohoni | Chairperson |
| Ms. Heidi Kader | Vice Chairperson |
| Ms. Sarah Johansen | Treasurer |
| Ms. Sheila Prior | Clerk |
| Mr. Paras Bhende | Director |
| Ms. Valentina Eyres | Director |
| Mr. Dan Ginestra | Director |

ADMINISTRATION

| | |
|-----------------------|--|
| Dr. Chace B. Anderson | Superintendent |
| Mr. Scott LeSage | Executive Director of Finance and Operations |
| Ms. Dana Miller | Executive Director of Teaching and Learning |
| Ms. Stacie Vos | Executive Director of Human Resources |



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Independent School District No. 284

**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.



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

Ryan S. Stechschulte
President

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

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

SECTION II
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 284
Wayzata, 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. 284 (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 in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

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 combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are 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 combining and individual fund financial statements and schedules are 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 5, 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 INSERT DATE 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.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

Management's Discussion and Analysis Year Ended June 30, 2024

This section of Independent School District No. 284'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. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2024 by \$15,191,777 (net position deficit). The District's total net position increased by \$39,197,433 during the fiscal year ended June 30, 2024.
- Government-wide revenues totaled \$258,349,823 and were \$35,618,121 more than expenses of \$222,731,702.
- The District adopted new accounting guidance for capital assets in the current year, which increased beginning net position by \$3,579,312. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$11,720,141 from the prior year, compared to an increase of \$2,203,773 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary fund. 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 Special Revenue 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 can be found 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 kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

| | 2024 | 2023 |
|--|------------------------|------------------------|
| Assets | | |
| Current and other assets | \$ 174,945,822 | \$ 157,653,779 |
| Capital assets, net of depreciation/amortization | 264,757,413 | 250,519,688 |
| Total assets | \$ 439,703,235 | \$ 408,173,467 |
| Deferred outflows of resources | | |
| Deferred charge on refunding | \$ 5,913,576 | \$ 6,406,374 |
| Pension plan deferments | 32,270,711 | 46,751,258 |
| OPEB plan deferments | 2,457,041 | 4,632,480 |
| Total deferred outflows of resources | \$ 40,641,328 | \$ 57,790,112 |
| Liabilities | | |
| Current and other liabilities | \$ 15,800,449 | \$ 12,626,125 |
| Long-term liabilities, including due within one year | 369,327,629 | 387,941,781 |
| Total liabilities | \$ 385,128,078 | \$ 400,567,906 |
| Deferred inflows of resources | | |
| Property taxes levied for subsequent year | \$ 88,123,162 | \$ 83,873,177 |
| Lease revenue for subsequent year | 545,057 | 573,201 |
| Pension plan deferments | 11,346,693 | 23,733,679 |
| OPEB plan deferments | 10,393,350 | 11,604,826 |
| Total deferred inflows of resources | \$ 110,408,262 | \$ 119,784,883 |
| Net position | | |
| Net investment in capital assets | \$ 56,426,154 | \$ 36,667,330 |
| Restricted | 33,131,167 | 25,400,096 |
| Unrestricted | (104,749,098) | (116,456,636) |
| Total net position | \$ (15,191,777) | \$ (54,389,210) |

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/amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the long-term liabilities for pension, other post-employment benefits (OPEB), and severance benefits, which are not reported in the governmental funds.

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition, food service, community service, and other state funding restrictions contributed to the change in the restricted portion of net position. The change in the District's share of the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Positive operations in the General Fund also contributed to the increase in unrestricted net position.

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

| Table 2 | | |
|--|--------------------|--------------------|
| Summary Statement of Activities | | |
| as of June 30, 2024 and 2023 | | |
| | 2024 | 2023 |
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 15,939,516 | \$ 18,311,783 |
| Operating grants and contributions | 41,248,216 | 24,542,184 |
| Capital grants and contributions | 1,160,656 | 1,200,886 |
| General revenues | | |
| Property taxes | 88,249,745 | 86,047,771 |
| General grants and aids | 104,649,181 | 99,864,411 |
| Investment earnings | 4,809,140 | 3,682,259 |
| Other | 2,293,369 | 2,577,988 |
| Total revenues | 258,349,823 | 236,227,282 |
| Expenses | | |
| Administration | 6,043,652 | 5,747,682 |
| District support services | 6,239,323 | 6,294,468 |
| Elementary and secondary regular instruction | 88,673,106 | 76,223,157 |
| Vocational education instruction | 2,997,519 | 2,759,344 |
| Special education instruction | 27,325,867 | 21,371,825 |
| Instructional support services | 20,239,606 | 17,420,412 |
| Pupil support services | 19,922,400 | 18,480,033 |
| Sites and buildings | 21,618,947 | 28,343,784 |
| Fiscal and other fixed cost programs | 757,321 | 867,690 |
| Food service | 9,814,491 | 7,732,984 |
| Community service | 13,275,131 | 12,046,032 |
| Interest and fiscal charges on debt | 5,824,339 | 6,008,024 |
| Total expenses | 222,731,702 | 203,295,435 |
| Change in net position | 35,618,121 | 32,931,847 |
| Net position – beginning, as previously reported | (54,389,210) | (87,321,057) |
| Change in accounting principle | 3,579,312 | – |
| Net position – beginning, as restated | (50,809,898) | (87,321,057) |
| Net position – ending | \$ (15,191,777) | \$ (54,389,210) |

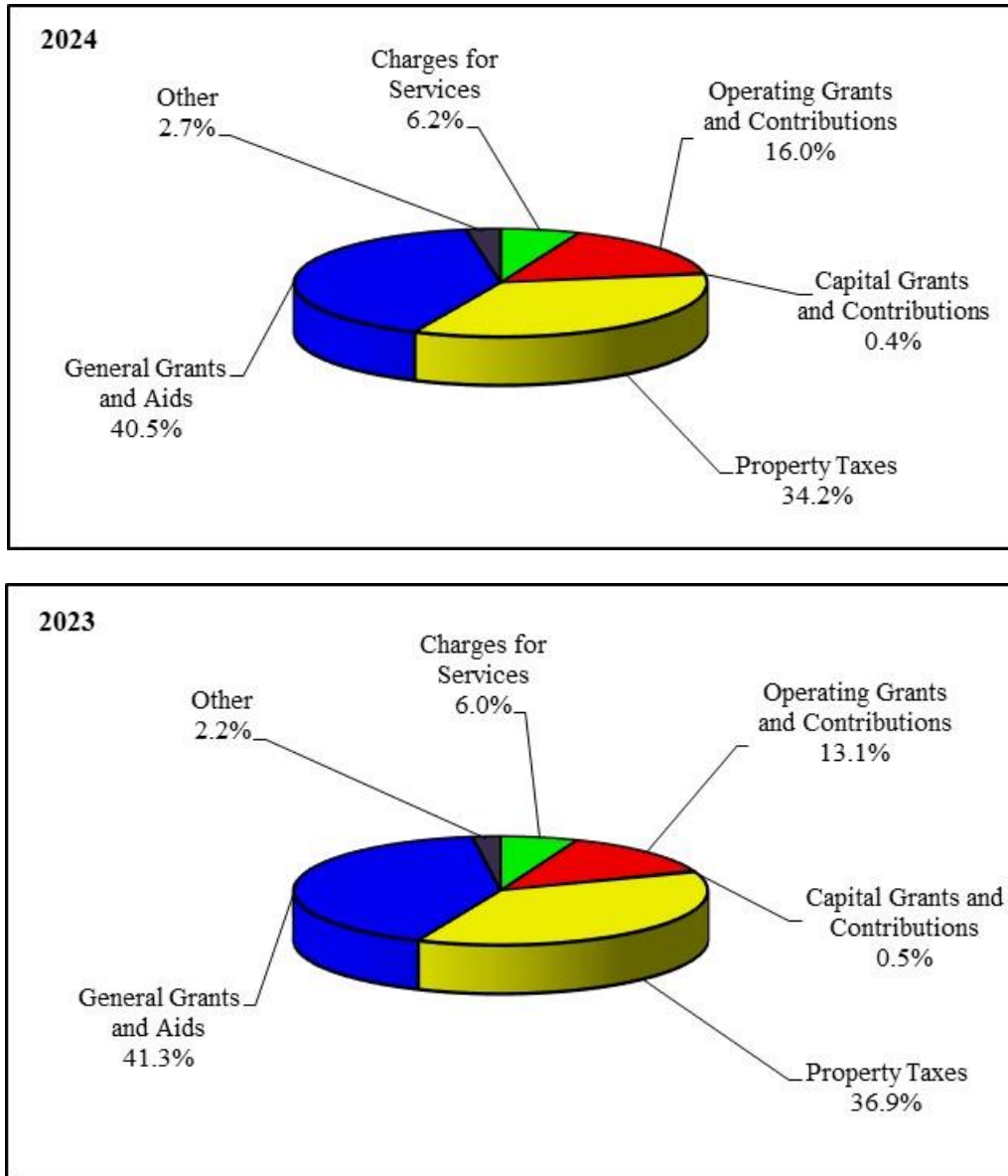
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$22,122,541 (9.4 percent) from the previous year. The District recognized more special education funding and more state funding for child nutrition, contributing to the increase in operating grants and contributions. The increase in the approved levy contributed to the change in property taxes. Additional funding for the basic general education formula allowance and basic skills and increased enrollment increased general grants and aids. Investment earnings were up with improved returns on cash and investments held by the District.

Governmental activities expenses increased \$19,436,267 (9.6 percent) from last year, mainly due to changes in state-wide pension plans, increased staffing, and natural inflationary increases.

Figure A shows further analysis of these revenue sources:

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

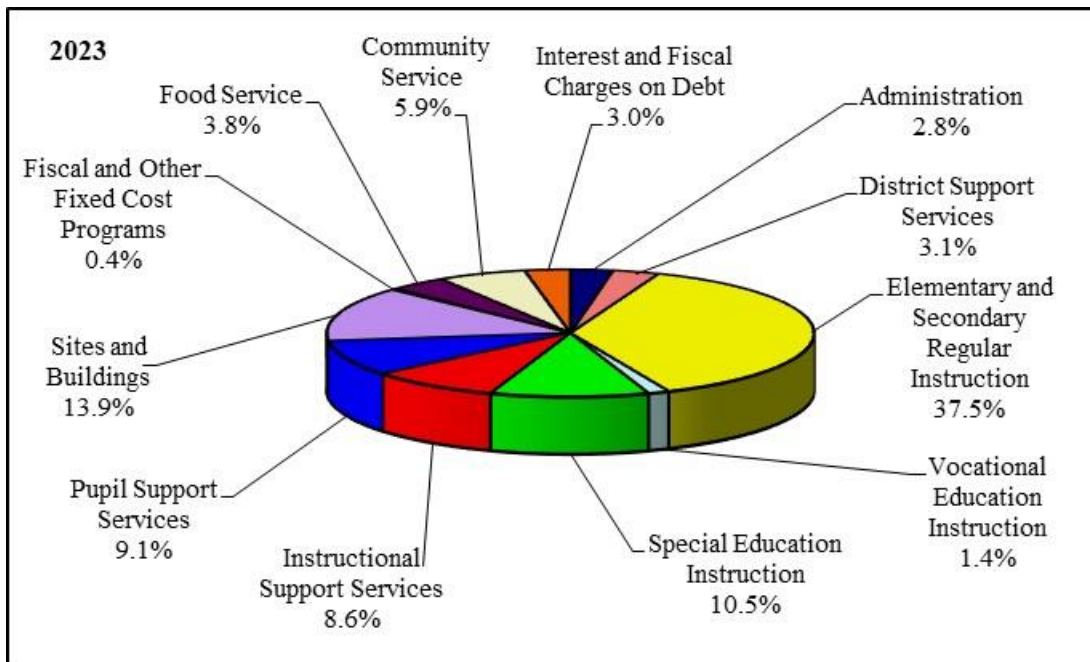
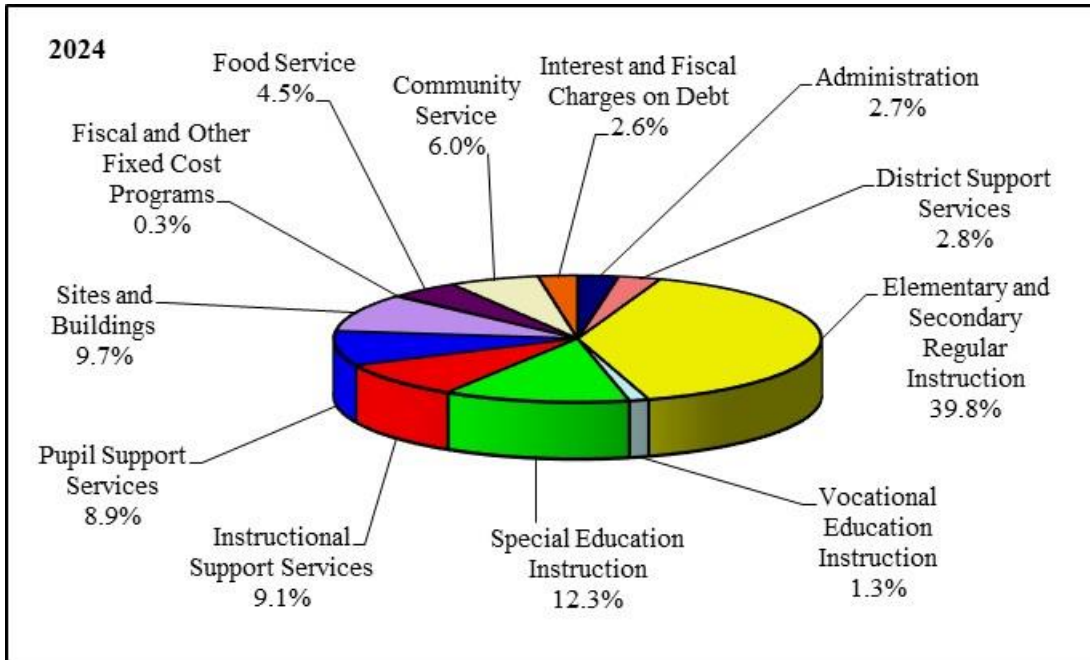


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 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 shift in expenses between programs compared to prior year was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

| | <u>2024</u> | <u>2023</u> | <u>Change</u> |
|--|--------------------------|--------------------------|-------------------------|
| Major funds | | | |
| General | \$ 52,673,468 | \$ 40,953,327 | \$ 11,720,141 |
| Capital Projects – Building Construction | 4,140,307 | 8,017,315 | (3,877,008) |
| Debt Service | 3,145,880 | 3,836,342 | (690,462) |
| Nonmajor funds | | | |
| Food Service Special Revenue | 2,456,931 | 1,577,572 | 879,359 |
| Community Service Special Revenue | <u>4,483,247</u> | <u>2,816,176</u> | <u>1,667,071</u> |
| Total governmental funds | <u>\$ 66,899,833</u> | <u>\$ 57,200,732</u> | <u>\$ 9,699,101</u> |

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

At June 30, 2024, the District's governmental funds reported combined fund balances of \$66,899,833, an increase of \$9,699,101 from the prior year. Approximately 25.4 percent of this amount (\$16,989,020) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) not in spendable form (\$1,706,261), 2) restricted for particular purposes (\$39,560,808), or 3) assigned for particular purposes (\$8,643,744).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

| Table 4 General Fund Budget | | | | |
|--|----------------------------|-------------------------|---------------------|---------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Change</u> | <u>Percent Change</u> |
| Revenue and other financing sources | <u>\$ 206,746,916</u> | <u>\$ 211,802,943</u> | <u>\$ 5,056,027</u> | <u>2.4%</u> |
| Expenditures | <u>\$ 203,811,952</u> | <u>\$ 209,599,170</u> | <u>\$ 5,787,218</u> | <u>2.8%</u> |

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

Table 5 summarizes the operating results of the General Fund:

| Table 5 General Fund Operating Results | | | | | |
|---|----------------------|----------------------------------|----------------|--------------------------------|----------------|
| | <u>2024 Actual</u> | <u>Over (Under) Final Budget</u> | | <u>Over (Under) Prior Year</u> | |
| | | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Revenue and other financing sources | \$ 217,280,679 | \$ 5,477,736 | 2.6% | \$ 18,850,838 | 9.5% |
| Expenditures and other financing uses | <u>205,560,538</u> | <u>(4,038,632)</u> | (1.9%) | <u>13,010,887</u> | 6.8% |
| Net change in fund balances | <u>\$ 11,720,141</u> | <u>\$ 9,516,368</u> | | <u>\$ 5,839,951</u> | |

The fund balance of the General Fund increased \$11,720,141, compared to a planned increase of \$2,203,773 approved in the final budget.

General Fund revenues and other financing sources for 2024 increased \$18,850,838, or 9.5 percent, compared to the prior year. This was \$5,477,736, or 2.6 percent, more than the budget. The largest variance to budget was in state sources, investment earnings, and other local sources. State sources were \$2,538,162 over budget, mainly in special education. Investment earnings were \$1,512,900 over budget, due to positive investment market performance. Other local sources (such as donations, activity fees, and local grants) were also over budget, due to conservative budgeting for these inconsistent revenue sources. The overall revenue increase from the prior year was mainly due to legislative improvements for general education and special education entitlements and an increase in enrollment. Property taxes also increased with an increase in the approved levy.

Total General Fund expenditures and other financing uses for 2024 increased \$13,010,887, or 6.8 percent, from the prior year, and were \$4,038,632, or 1.9 percent, under budget. The budget variance was spread across several programs and object categories of the General Fund. Purchased services costs were less than projected due to the timing of projects and fewer short-term leases and professional development training than anticipated. The increase from the prior year was mainly in capital expenditures due to increased long-term facilities maintenance projects and increased salaries and benefits, due to contractual wage and benefit increases.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

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. Fund balance decreased \$3,877,008, as the District spent down proceeds from bonds issued in a prior year. At June 30, 2024, the District had a fund balance of \$4,140,307, which is restricted for various capital projects.

Debt Service Fund

The Debt Service Fund expenditures exceeded revenues by \$690,462 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$3,145,880 at June 30, 2024 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing fund balance by \$879,359, compared to a planned fund balance increase of \$487,007. Revenues and other financing sources were over budget by \$908,866, mainly due to the District budgeting conservatively in federal sources. Expenditures exceeded budget by \$516,514, mainly in capital outlay and purchased services.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing fund balance by \$1,667,071, compared to a planned fund balance increase of \$340,669. Revenues were over budget by \$852,349, mainly in state sources and other local sources. Expenditures were under budget by \$474,053, mainly in salaries and employee benefits.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District’s self-insured medical and dental insurance activity, various early retirement benefit packages for employee groups, and other employee benefits.

Operating revenues for the internal service funds, consisting of charges to the District’s governmental funds, for fiscal 2024 totaled \$21,263,283, an increase from the fiscal year 2023 operating revenue level of \$22,453,455. Operating expenses, consisting of health claims, dental claims, and various employee benefits totaled \$22,802,453, which represents an increase from fiscal year 2023 operating expenses of \$23,645,590. Nonoperating revenues, consisting of investment earnings, totaled \$483,310, which is a decrease from the fiscal year 2023 amount of \$801,184. The net position balance for all internal service funds as of June 30, 2024 was \$200,000, which is an increase of \$2 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

| | <u>2024</u> | <u>2023</u> | <u>Change</u> |
|---|------------------------------|------------------------------|-----------------------------|
| Land | \$ 34,503,312 | \$ 34,135,187 | \$ 368,125 |
| Construction in progress | 7,119,574 | 739,263 | 6,380,311 |
| Land improvements | 11,295,043 | 10,221,605 | 1,073,438 |
| Buildings and improvements | 363,174,869 | 350,766,145 | 12,408,724 |
| Buildings and improvements – leased | 815,933 | 815,933 | – |
| Equipment and transportation vehicles | 24,120,443 | 15,306,066 | 8,814,377 |
| Food service equipment | 1,953,048 | 1,442,895 | 510,153 |
| Technology subscriptions | 398,925 | 398,925 | – |
| Less accumulated depreciation/amortization | <u>(178,623,734)</u> | <u>(163,306,331)</u> | <u>(15,317,403)</u> |
| Total | <u><u>\$ 264,757,413</u></u> | <u><u>\$ 250,519,688</u></u> | <u><u>\$ 14,237,725</u></u> |
| Depreciation/amortization expense | <u><u>\$ 12,527,707</u></u> | <u><u>\$ 10,167,182</u></u> | <u><u>\$ 2,360,525</u></u> |

By the end of 2024, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2024, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page. The implementation of new authoritative literature for purchases of groups of assets, as previously discussed, increased equipment and transportation vehicles in the current year.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more for equipment and \$20,000 or more for construction and improvements, which benefit more than one fiscal year.

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

Long-Term Liabilities

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

| | <u>2024</u> | <u>2023</u> | <u>Change</u> |
|---------------------------------------|------------------------------|------------------------------|-------------------------------|
| General obligation bonds payable | \$ 187,700,000 | \$ 195,640,000 | \$ (7,940,000) |
| Certificates of participation payable | 17,500,000 | 18,860,000 | (1,360,000) |
| Unamortized premium | 7,666,807 | 8,357,439 | (690,632) |
| Finance purchase payable | 4,991,690 | 6,150,648 | (1,158,958) |
| Lease liability | 408,157 | 550,957 | (142,800) |
| Technology subscription liability | 118,488 | 255,313 | (136,825) |
| Net/total pension liability | 135,842,484 | 142,925,135 | (7,082,651) |
| Net OPEB liability | 11,982,702 | 12,390,513 | (407,811) |
| Severance benefits payable | 2,030,394 | 1,923,623 | 106,771 |
| Compensated absences payable | <u>1,086,907</u> | <u>888,153</u> | <u>198,754</u> |
| Total | <u><u>\$ 369,327,629</u></u> | <u><u>\$ 387,941,781</u></u> | <u><u>\$ (18,614,152)</u></u> |

The changes in general obligation bonds payable, certificates of participation payable, finance purchase payable, lease liability, and technology subscription liability are primarily due to the scheduled principal payments offset by the issuance of school building bonds and a finance purchase for technology in the current year. An additional year of amortization increased interest expense on the government-wide financial statements and reduced the outstanding unamortized premium balance, as reflected in the above table.

The difference in the net/total pension liability reflects the change in the District’s proportionate share of the PERA and the TRA state-wide pension obligations.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District’s corporate limits (see Table 8). The District’s outstanding net general obligation debt was \$192,220,927 at June 30, 2024, or about 6.7 percent, of the limit.

| | |
|-------------------------|--------------------------------|
| District’s market value | \$ 19,229,146,613 |
| Limit rate | <u>15.0%</u> |
| Legal debt limit | <u><u>\$ 2,884,371,992</u></u> |

Additional details of the District’s long-term debt liabilities can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office, Independent School District No. 284, District Administrative Office, 13305 12th Avenue North, Plymouth, Minnesota 55441.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Governmental Activities | |
|--|-------------------------|-----------------------|
| | 2024 | 2023 |
| Assets | | |
| Cash and temporary investments | \$ 106,267,796 | \$ 92,931,800 |
| Cash and investments held by trustee | 31,481 | 491,680 |
| Receivables | | |
| Current taxes | 46,295,493 | 43,699,563 |
| Delinquent taxes | 572,749 | 608,772 |
| Accounts and interest receivable | 468,421 | 404,553 |
| Due from other governmental units | 17,718,413 | 16,956,693 |
| Due from post-employment benefits trust | 1,340,151 | 1,593,625 |
| Lease | 545,057 | 573,201 |
| Inventory | 315,535 | 327,662 |
| Prepaid items | 1,390,726 | 66,230 |
| Capital assets | | |
| Not depreciated/amortized | 41,622,886 | 34,874,450 |
| Depreciated, net of accumulated depreciation/amortization | <u>223,134,527</u> | <u>215,645,238</u> |
| Total capital assets, net of accumulated depreciation and amortization | <u>264,757,413</u> | <u>250,519,688</u> |
| Total assets | <u>439,703,235</u> | <u>408,173,467</u> |
| Deferred outflows of resources | | |
| Deferred charge on refunding | 5,913,576 | 6,406,374 |
| Pension plan deferments | 32,270,711 | 46,751,258 |
| OPEB plan deferments | <u>2,457,041</u> | <u>4,632,480</u> |
| Total deferred outflows of resources | <u>40,641,328</u> | <u>57,790,112</u> |
| Total assets and deferred outflows of resources | <u>\$ 480,344,563</u> | <u>\$ 465,963,579</u> |
| Liabilities | | |
| Salaries payable | \$ 644,757 | \$ 592,076 |
| Accounts and contracts payable | 9,622,224 | 5,959,613 |
| Accrued interest payable | 2,439,320 | 2,516,938 |
| Due to other governmental units | 191,202 | 629,352 |
| Unearned revenue | 1,439,275 | 1,652,864 |
| Claims incurred, but not reported | 1,463,671 | 1,275,282 |
| Long-term liabilities | | |
| Due within one year | 17,017,499 | 16,428,428 |
| Due in more than one year | <u>352,310,130</u> | <u>371,513,353</u> |
| Total long-term liabilities | <u>369,327,629</u> | <u>387,941,781</u> |
| Total liabilities | <u>385,128,078</u> | <u>400,567,906</u> |
| Deferred inflows of resources | | |
| Property taxes levied for subsequent year | 88,123,162 | 83,873,177 |
| Lease revenue for subsequent years | 545,057 | 573,201 |
| Pension plan deferments | 11,346,693 | 23,733,679 |
| OPEB plan deferments | <u>10,393,350</u> | <u>11,604,826</u> |
| Total deferred inflows of resources | <u>110,408,262</u> | <u>119,784,883</u> |
| Net position | | |
| Net investment in capital assets | 56,426,154 | 36,667,330 |
| Restricted for | | |
| Capital asset acquisition | 24,500,508 | 19,182,792 |
| Debt service | 765,844 | 1,408,626 |
| Food service | 2,445,866 | 1,563,550 |
| Community service | 4,390,956 | 2,752,700 |
| Other purposes (state funding restrictions) | 1,027,993 | 492,428 |
| Unrestricted | <u>(104,749,098)</u> | <u>(116,456,636)</u> |
| Total net position | <u>(15,191,777)</u> | <u>(54,389,210)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 480,344,563</u> | <u>\$ 465,963,579</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| Functions/Programs | 2024 | | | |
|--|-----------------------|--|------------------------------------|----------------------------------|
| | Expenses | Program Revenues | | |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities | | | | |
| Administration | \$ 6,043,652 | \$ 14,457 | \$ — | \$ 46,936 |
| District support services | 6,239,323 | — | — | 144,791 |
| Elementary and secondary regular instruction | 88,673,106 | 1,901,447 | 5,457,439 | 229,260 |
| Vocational education instruction | 2,997,519 | — | 56,165 | — |
| Special education instruction | 27,325,867 | 633,169 | 24,254,398 | 1,337 |
| Instructional support services | 20,239,606 | 9,083 | — | — |
| Pupil support services | 19,922,400 | 277,382 | 783,165 | 5,150 |
| Sites and buildings | 21,618,947 | 711,107 | — | 733,182 |
| Fiscal and other fixed cost programs | 757,321 | — | — | — |
| Food service | 9,814,491 | 1,428,966 | 9,076,025 | — |
| Community service | 13,275,131 | 10,963,905 | 1,621,024 | — |
| Interest and fiscal charges | 5,824,339 | — | — | — |
| Total governmental activities | <u>\$ 222,731,702</u> | <u>\$ 15,939,516</u> | <u>\$ 41,248,216</u> | <u>\$ 1,160,656</u> |
| | | General revenue | | |
| | | Taxes | | |
| | | Property taxes, levied for general purposes | | |
| | | Property taxes, levied for community service | | |
| | | Property taxes, levied for debt service | | |
| | | General grants and aids | | |
| | | Other general revenues | | |
| | | Investment earnings | | |
| | | Total general revenues | | |
| | | Change in net position | | |
| | | Net position – beginning, as previously reported | | |
| | | Change in accounting principle | | |
| | | Net position – beginning, as restated | | |
| | | Net position – ending | | |

| | 2023 |
|--|--|
| Net (Expense) Revenue and Changes in Net Position | Net (Expense) Revenue and Changes in Net Position |
| Governmental Activities | Governmental Activities |
| \$ (5,982,259) | \$ (5,733,570) |
| (6,094,532) | (6,092,634) |
| (81,084,960) | (71,393,966) |
| (2,941,354) | (2,681,016) |
| (2,436,963) | (3,908,943) |
| (20,230,523) | (17,402,756) |
| (18,856,703) | (17,647,913) |
| (20,174,658) | (27,163,313) |
| (757,321) | (867,690) |
| 690,500 | 212,123 |
| (690,202) | (552,880) |
| (5,824,339) | (6,008,024) |
| (164,383,314) | (159,240,582) |
| 70,318,741 | 67,527,408 |
| 2,131,568 | 2,094,077 |
| 15,799,436 | 16,426,286 |
| 104,649,181 | 99,864,411 |
| 2,293,369 | 2,577,988 |
| 4,809,140 | 3,682,259 |
| 200,001,435 | 192,172,429 |
| 35,618,121 | 32,931,847 |
| (54,389,210) | (87,321,057) |
| 3,579,312 | — |
| (50,809,898) | (87,321,057) |
| \$ (15,191,777) | \$ (54,389,210) |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 |
|--|-----------------------|---|----------------------|
| Assets | | | |
| Cash and temporary investments | \$ 70,898,450 | \$ 4,343,802 | \$ 11,949,499 |
| Cash and investments held by trustee | – | 31,481 | – |
| Receivables | | | |
| Current taxes | 36,394,352 | – | 8,886,725 |
| Delinquent taxes | 455,448 | – | 104,030 |
| Accounts and interest | 375,457 | – | – |
| Due from other governmental units | 16,284,642 | – | 910 |
| Due from other funds | 6,567,287 | – | – |
| Lease | 545,057 | – | – |
| Inventory | 122,842 | – | – |
| Prepaid items | 1,389,361 | – | – |
| | <u>\$ 133,032,896</u> | <u>\$ 4,375,283</u> | <u>\$ 20,941,164</u> |
| Liabilities | | | |
| Salaries payable | \$ 306,086 | \$ – | \$ – |
| Accounts and contracts payable | 8,501,759 | 234,976 | – |
| Due to other governmental units | 191,202 | – | – |
| Due to other funds | 1,670,080 | – | – |
| Unearned revenue | 510,134 | – | – |
| Total liabilities | <u>11,179,261</u> | <u>234,976</u> | <u>–</u> |
| Deferred inflows of resources | | | |
| Property taxes levied for subsequent year | 68,362,570 | – | 17,736,000 |
| Lease revenue for subsequent years | 545,057 | – | – |
| Unavailable revenue – delinquent taxes | 272,540 | – | 59,284 |
| Total deferred inflows of resources | <u>69,180,167</u> | <u>–</u> | <u>17,795,284</u> |
| Fund balances | | | |
| Nonspendable | 1,512,203 | – | – |
| Restricted | 25,528,501 | 4,140,307 | 3,145,880 |
| Assigned | 8,643,744 | – | – |
| Unassigned | 16,989,020 | – | – |
| Total fund balances | <u>52,673,468</u> | <u>4,140,307</u> | <u>3,145,880</u> |
| | <u>\$ 133,032,896</u> | <u>\$ 4,375,283</u> | <u>\$ 20,941,164</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 133,032,896</u> | <u>\$ 4,375,283</u> | <u>\$ 20,941,164</u> |

| Nonmajor Funds | Total Governmental Funds | |
|----------------------|--------------------------|-----------------------|
| | 2024 | 2023 |
| \$ 8,360,939 | \$ 95,552,690 | \$ 82,062,316 |
| – | 31,481 | 491,680 |
| 1,014,416 | 46,295,493 | 43,699,563 |
| 13,271 | 572,749 | 608,772 |
| 82,322 | 457,779 | 404,553 |
| 1,432,861 | 17,718,413 | 16,956,693 |
| – | 6,567,287 | 7,499,036 |
| – | 545,057 | 573,201 |
| 192,693 | 315,535 | 327,662 |
| 1,365 | 1,390,726 | 66,230 |
| <u>\$ 11,097,867</u> | <u>\$ 169,447,210</u> | <u>\$ 152,689,706</u> |
| \$ 338,671 | \$ 644,757 | \$ 592,076 |
| 858,036 | 9,594,771 | 5,943,783 |
| – | 191,202 | 629,352 |
| – | 1,670,080 | 1,732,838 |
| 929,141 | 1,439,275 | 1,652,864 |
| <u>2,125,848</u> | <u>13,540,085</u> | <u>10,550,913</u> |
| 2,024,592 | 88,123,162 | 83,873,177 |
| – | 545,057 | 573,201 |
| 7,249 | 339,073 | 491,683 |
| <u>2,031,841</u> | <u>89,007,292</u> | <u>84,938,061</u> |
| 194,058 | 1,706,261 | 393,892 |
| 6,746,120 | 39,560,808 | 35,725,095 |
| – | 8,643,744 | 8,002,652 |
| – | 16,989,020 | 13,079,093 |
| <u>6,940,178</u> | <u>66,899,833</u> | <u>57,200,732</u> |
| <u>\$ 11,097,867</u> | <u>\$ 169,447,210</u> | <u>\$ 152,689,706</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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)

| | <u>2024</u> | <u>2023</u> |
|---|------------------------|------------------------|
| Total fund balances – governmental funds | \$ 66,899,833 | \$ 57,200,732 |
| 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 | 443,381,147 | 413,826,019 |
| Accumulated depreciation/amortization | (178,623,734) | (163,306,331) |
| Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance. | | |
| General obligation bonds payable | (187,700,000) | (195,640,000) |
| Certificates of participation payable | (17,500,000) | (18,860,000) |
| Unamortized premium | (7,666,807) | (8,357,439) |
| Finance purchase payable | (4,991,690) | (6,150,648) |
| Lease liability | (408,157) | (550,957) |
| Technology subscription liability | (118,488) | (255,313) |
| Net pension liability | (132,287,851) | (139,475,594) |
| Net OPEB liability | (11,982,702) | (12,390,513) |
| Compensated absences payable | (1,086,907) | (888,153) |
| Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. | | |
| | 200,000 | 199,998 |
| Accrued interest payable is included in net position, but is excluded from fund balances until due and payable. | | |
| | (2,439,320) | (2,516,938) |
| 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 – deferred charge on refunding | 5,913,576 | 6,406,374 |
| Deferred outflows of resources – pension plan deferments | 31,982,354 | 46,372,069 |
| Deferred outflows of resources – OPEB plan deferments | 2,457,041 | 4,632,480 |
| Deferred inflows of resources – pension plan deferments | (11,165,795) | (23,521,853) |
| Deferred inflows of resources – OPEB plan deferments | (10,393,350) | (11,604,826) |
| Deferred inflows of resources – delinquent property taxes | 339,073 | 491,683 |
| Total net position – governmental activities | <u>\$ (15,191,777)</u> | <u>\$ (54,389,210)</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 |
|---|----------------------|---|----------------------|
| Revenue | | | |
| Local sources | | | |
| Property taxes | \$ 70,437,283 | \$ – | \$ 15,829,374 |
| Investment earnings | 3,812,900 | 512,930 | – |
| Other | 5,657,883 | 110 | – |
| State sources | 130,897,250 | – | 9,102 |
| Federal sources | 4,923,284 | – | – |
| Total revenue | <u>215,728,600</u> | <u>513,040</u> | <u>15,838,476</u> |
| Expenditures | | | |
| Current | | | |
| Administration | 5,947,788 | – | – |
| District support services | 5,910,159 | – | – |
| Elementary and secondary regular instruction | 87,877,605 | – | – |
| Vocational education instruction | 3,114,979 | – | – |
| Special education instruction | 27,821,384 | – | – |
| Instructional support services | 19,926,594 | – | – |
| Pupil support services | 19,974,710 | – | – |
| Sites and buildings | 28,281,722 | – | – |
| Fiscal and other fixed cost programs | 757,321 | – | – |
| Food service | – | – | – |
| Community service | 8,270 | – | – |
| Capital outlay | – | 7,555,014 | – |
| Debt service | | | |
| Principal | 3,900,143 | – | 11,045,000 |
| Interest and fiscal charges | 674,555 | 70,652 | 5,483,938 |
| Total expenditures | <u>204,195,230</u> | <u>7,625,666</u> | <u>16,528,938</u> |
| Excess (deficiency) of revenue over expenditures | 11,533,370 | (7,112,626) | (690,462) |
| Other financing sources (uses) | | | |
| Bonds issued | – | 3,105,000 | – |
| Premium on bonds issued | – | 130,618 | – |
| Finance purchase issued | 1,117,052 | – | – |
| Technology subscription issued | – | – | – |
| Insurance recovery | 125,581 | – | – |
| Transfers in | 309,446 | – | – |
| Transfers (out) | (1,365,308) | – | – |
| Total other financing sources (uses) | <u>186,771</u> | <u>3,235,618</u> | <u>–</u> |
| Net change in fund balances | 11,720,141 | (3,877,008) | (690,462) |
| Fund balances | | | |
| Beginning of year | <u>40,953,327</u> | <u>8,017,315</u> | <u>3,836,342</u> |
| End of year | <u>\$ 52,673,468</u> | <u>\$ 4,140,307</u> | <u>\$ 3,145,880</u> |

| Nonmajor Funds | Total Governmental Funds | |
|---------------------|--------------------------|----------------------|
| | 2024 | 2023 |
| \$ 2,135,698 | \$ 88,402,355 | \$ 86,018,437 |
| – | 4,325,830 | 2,881,075 |
| 12,392,871 | 18,050,864 | 20,858,552 |
| 7,399,755 | 138,306,107 | 117,192,391 |
| 3,297,294 | 8,220,578 | 7,751,132 |
| <u>25,225,618</u> | <u>257,305,734</u> | <u>234,701,587</u> |
| – | 5,947,788 | 6,184,834 |
| – | 5,910,159 | 6,178,953 |
| – | 87,877,605 | 86,970,728 |
| – | 3,114,979 | 3,300,153 |
| – | 27,821,384 | 24,337,265 |
| – | 19,926,594 | 18,432,426 |
| – | 19,974,710 | 19,192,005 |
| – | 28,281,722 | 22,440,027 |
| – | 757,321 | 867,690 |
| 9,135,033 | 9,135,033 | 7,610,322 |
| 13,004,188 | 13,012,458 | 11,767,021 |
| 579,651 | 8,134,665 | 2,103,663 |
| 15,492 | 14,960,635 | 13,715,658 |
| 1,264 | 6,230,409 | 6,625,993 |
| <u>22,735,628</u> | <u>251,085,462</u> | <u>229,726,738</u> |
| 2,489,990 | 6,220,272 | 4,974,849 |
| – | 3,105,000 | – |
| – | 130,618 | – |
| – | 1,117,052 | 1,181,850 |
| – | – | 398,925 |
| 56,440 | 182,021 | 31,219 |
| – | 309,446 | 622,962 |
| – | (1,365,308) | – |
| <u>56,440</u> | <u>3,478,829</u> | <u>2,234,956</u> |
| 2,546,430 | 9,699,101 | 7,209,805 |
| <u>4,393,748</u> | <u>57,200,732</u> | <u>49,990,927</u> |
| <u>\$ 6,940,178</u> | <u>\$ 66,899,833</u> | <u>\$ 57,200,732</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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)

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Total net change in fund balances – governmental funds | \$ 9,699,101 | \$ 7,209,805 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase. | | |
| Capital outlays | 23,186,120 | 2,873,131 |
| Depreciation/amortization expense | (12,527,707) | (10,167,182) |
| The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities. | | |
| General obligation bonds payable | (3,105,000) | – |
| Finance purchase payable | (1,117,052) | (1,181,850) |
| Technology subscription liability | – | (398,925) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities. | | |
| | 2 | (1,013,913) |
| Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. | | |
| General obligation bonds payable | 11,045,000 | 9,780,000 |
| Certificates of participation payable | 1,360,000 | 1,320,000 |
| Finance purchase payable | 2,276,010 | 2,336,818 |
| Lease liability | 142,800 | 135,228 |
| Technology subscription liability | 136,825 | 143,612 |
| 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. | | |
| | 77,618 | 191,172 |
| Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses. | | |
| | 690,632 | 919,595 |
| Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances. | | |
| Net pension liability | 7,187,743 | (63,284,344) |
| Net OPEB liability | 407,811 | 2,674,875 |
| Compensated absences payable | (198,754) | (16,512) |
| 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 – deferred charge on refunding | (492,798) | (492,798) |
| Deferred outflows of resources – pension plan deferments | (14,389,715) | (6,799,518) |
| Deferred outflows of resources – OPEB plan deferments | (2,175,439) | (834,466) |
| Deferred inflows of resources – pension plan deferments | 12,356,058 | 92,180,247 |
| Deferred inflows of resources – OPEB plan deferments | 1,211,476 | (2,672,462) |
| Deferred inflows of resources – delinquent property taxes | (152,610) | 29,334 |
| Change in net position – governmental activities | <u>\$ 35,618,121</u> | <u>\$ 32,931,847</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Budgeted Amounts | | Actual | Over (Under) Final Budget |
|--|---------------------|---------------------|----------------------|------------------------------|
| | Original | Final | | |
| Revenue | | | | |
| Local sources | | | | |
| Property taxes | \$ 69,973,663 | \$ 69,973,664 | \$ 70,437,283 | \$ 463,619 |
| Investment earnings | 1,500,000 | 2,300,000 | 3,812,900 | 1,512,900 |
| Other | 4,402,130 | 4,402,130 | 5,657,883 | 1,255,753 |
| State sources | 123,948,038 | 128,359,088 | 130,897,250 | 2,538,162 |
| Federal sources | 5,806,033 | 5,651,009 | 4,923,284 | (727,725) |
| Total revenue | <u>205,629,864</u> | <u>210,685,891</u> | <u>215,728,600</u> | <u>5,042,709</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 6,453,660 | 5,752,900 | 5,947,788 | 194,888 |
| District support services | 7,040,478 | 6,959,549 | 5,910,159 | (1,049,390) |
| Elementary and secondary regular instruction | 84,459,091 | 88,382,508 | 87,877,605 | (504,903) |
| Vocational education instruction | 3,170,568 | 3,153,872 | 3,114,979 | (38,893) |
| Special education instruction | 26,362,611 | 26,940,906 | 27,821,384 | 880,478 |
| Community education and services | — | — | 8,270 | 8,270 |
| Instructional support services | 19,975,908 | 21,504,024 | 19,926,594 | (1,577,430) |
| Pupil support services | 20,062,401 | 20,287,649 | 19,974,710 | (312,939) |
| Sites and buildings | 30,854,077 | 31,184,604 | 28,281,722 | (2,902,882) |
| Fiscal and other fixed cost programs | 828,000 | 828,000 | 757,321 | (70,679) |
| Debt service | | | | |
| Principal | 3,953,912 | 3,953,912 | 3,900,143 | (53,769) |
| Interest and fiscal charges | 651,246 | 651,246 | 674,555 | 23,309 |
| Total expenditures | <u>203,811,952</u> | <u>209,599,170</u> | <u>204,195,230</u> | <u>(5,403,940)</u> |
| Excess of revenue over expenditures | 1,817,912 | 1,086,721 | 11,533,370 | 10,446,649 |
| Other financing sources (uses) | | | | |
| Finance purchase issued | 1,117,052 | 1,117,052 | 1,117,052 | — |
| Insurance recovery | — | — | 125,581 | 125,581 |
| Transfers in | — | — | 309,446 | 309,446 |
| Transfers out | — | — | (1,365,308) | (1,365,308) |
| Total other financing sources (uses) | <u>1,117,052</u> | <u>1,117,052</u> | <u>186,771</u> | <u>(930,281)</u> |
| Net change in fund balances | <u>\$ 2,934,964</u> | <u>\$ 2,203,773</u> | 11,720,141 | <u>\$ 9,516,368</u> |
| Fund balances | | | | |
| Beginning of year | | | <u>40,953,327</u> | |
| End of year | | | <u>\$ 52,673,468</u> | |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Investments | \$ 10,715,106 | \$ 10,869,484 |
| Receivables | | |
| Accounts and interest | 10,642 | - |
| Due from other funds | <u>3,010,231</u> | <u>1,732,838</u> |
| Total current assets | 13,735,979 | 12,602,322 |
| Deferred outflows of resources | | |
| Pension plan deferments | 288,357 | 379,189 |
| Liabilities | | |
| Current liabilities | | |
| Accounts and contracts payable | 27,453 | 15,830 |
| Due to other funds | 6,567,287 | 5,905,411 |
| Claims incurred, but not reported | 1,463,671 | 1,275,282 |
| Severance benefits payable | 201,524 | 318,643 |
| Total pension liability | <u>393,980</u> | <u>633,347</u> |
| Total current liabilities | 8,653,915 | 8,148,513 |
| Long-term liabilities | | |
| Severance benefits payable | 1,828,870 | 1,604,980 |
| Total pension liability | <u>3,160,653</u> | <u>2,816,194</u> |
| Total long-term liabilities | <u>4,989,523</u> | <u>4,421,174</u> |
| Total liabilities | 13,643,438 | 12,569,687 |
| Deferred inflows of resources | | |
| Pension plan deferments | <u>180,898</u> | <u>211,826</u> |
| Net position | | |
| Unrestricted | <u>\$ 200,000</u> | <u>\$ 199,998</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Operating revenue | | |
| Charges for services | \$ 21,263,283 | \$ 22,453,455 |
| Operating expenses | | |
| Dental benefit claims | 1,610,032 | 1,525,481 |
| Health benefit claims | 20,542,871 | 21,712,975 |
| Early retirement incentive and sick leave benefits | 649,550 | 407,134 |
| Total operating expenses | <u>22,802,453</u> | <u>23,645,590</u> |
| Operating income (loss) | (1,539,170) | (1,192,135) |
| Nonoperating revenue | | |
| Investment earnings | <u>483,310</u> | <u>801,184</u> |
| Income (loss) before transfers | (1,055,860) | (390,951) |
| Transfers in | 1,365,308 | - |
| Transfers (out) | <u>(309,446)</u> | <u>(622,962)</u> |
| Change in net position | 2 | (1,013,913) |
| Net position | | |
| Beginning of year | <u>199,998</u> | <u>1,213,911</u> |
| End of year | <u>\$ 200,000</u> | <u>\$ 199,998</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Charges for services | \$ 21,315,399 | \$ 22,414,255 |
| Payments for health and dental claims | (21,952,891) | (23,951,131) |
| Payments for retirement benefits | <u>(377,783)</u> | <u>(1,572,186)</u> |
| Net cash flows from operating activities | (1,015,275) | (3,109,062) |
| Cash flows from noncapital financing activities | | |
| Cash received from other funds | 309,250 | 4,367,714 |
| Cash paid to other funds | (987,525) | - |
| Purchase of investments | - | (635,690) |
| Sale of investments | 637,688 | - |
| Transfers in | 1,365,308 | - |
| Transfers out | <u>(309,446)</u> | <u>(622,962)</u> |
| Net cash flows from noncapital financing activities | <u>1,015,275</u> | <u>3,109,062</u> |
| Net change in cash and cash equivalents | - | - |
| Cash and cash equivalents | | |
| Beginning of year | <u>-</u> | <u>-</u> |
| End of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities | | |
| Operating income (loss) | \$ (1,539,170) | \$ (1,192,135) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities | | |
| Changes in assets | | |
| Accounts and interest receivable | (10,642) | - |
| Due from other funds | 62,758 | (39,200) |
| Deferred outflows of resources – pension plan deferments | 90,832 | (101,346) |
| Changes in liabilities and deferred inflows | | |
| Accounts and contracts payable | 11,623 | 15,822 |
| Claims incurred, but not reported | 188,389 | (728,497) |
| Severance benefits payable | 106,771 | (748,291) |
| Total pension liability | 105,092 | (295,769) |
| Deferred inflows of resources – pension plan deferments | <u>(30,928)</u> | <u>(19,646)</u> |
| Net cash flows from operating activities | <u><u>\$ (1,015,275)</u></u> | <u><u>\$ (3,109,062)</u></u> |
| Noncash investing, capital, and financing activities | | |
| Market value adjustment on investments in life insurance contracts | \$ 483,310 | \$ 801,184 |

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Fiduciary Net Position
as of June 30, 2024

| | Post-Employment Benefits Trust Fund |
|--|---|
| Assets | |
| Investments held by trustee, at fair value | |
| U.S. treasuries | \$ 2,537,500 |
| Mutual funds | <u>35,375,943</u> |
| Total assets | <u>37,913,443</u> |
| Liabilities | |
| Current liabilities | |
| Due to district governmental funds | <u>1,340,151</u> |
| Net position | |
| Restricted for OPEB | <u><u>\$ 36,573,292</u></u> |

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

| | Post-Employment Benefits Trust Fund |
|---------------------------|---|
| Additions | |
| Investment earnings | |
| Total investment earnings | \$ 4,176,190 |
| Less investment expense | <u>107,357</u> |
| Net investment earnings | 4,068,833 |
| Deductions | |
| Benefits to plan members | <u>1,340,151</u> |
| Change in net position | 2,728,682 |
| Net position | |
| Beginning of year | <u>33,844,610</u> |
| End of year | <u><u>\$ 36,573,292</u></u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Basic Financial Statements
Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 284 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. 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, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a Post-Employment Benefits Trust Fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily 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 Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has established two internal service funds to account for the District’s liabilities for self-insured benefits and early retirement benefits.

Fiduciary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Budgeted appropriations lapse at year-end. Expenditures in the Food Service Special Revenue and the Capital Projects – Building Construction Funds exceeded budgeted appropriations by \$516,514 and \$3,432,184, respectively, during the year ended June 30, 2024. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Use of Estimates

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

G. 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.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund and Capital Projects – Building Construction Fund, this represents assets held in escrow for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow accounts.

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

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

At year-end, the District reported the following receivables due from other governmental units:

| | |
|---|----------------------|
| Due from the MDE | \$ 16,536,519 |
| Due from other Minnesota school districts | 75,993 |
| Due from Hennepin County | 783,195 |
| Due from other local governments | <u>322,706</u> |
| Total due from other governmental units | <u>\$ 17,718,413</u> |

I. Inventories

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

J. Prepaid Items

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

K. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,272,334 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 recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 4 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 5 to include the terms and related disclosures associated with any subscription liability.

M. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more for equipment and \$20,000 or more for construction and improvements, 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 cost of the assets is 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.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and improvements and 5 to 15 years for equipment and vehicles. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

N. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Employee Benefits

- 1. Compensated Absences** – Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.
- 2. 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. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

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

- 3. Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. See the Defined Benefit Pension Plan – District note for further information.
- 4. Other Post-Employment Benefits (OPEB) Plan** – For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost. See the Other Post-Employment Benefits (OPEB) Plan note for further information.
- 5. State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

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

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 during the current year.
2. **Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the Internal Service Fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health 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 claim liabilities for the last two years were as follows:

| | Balance – Beginning of Year | Charges and Changes in Estimates | Claim Payments | Balance – End of Year |
|------|-----------------------------------|--|-------------------|--------------------------|
| 2023 | \$ 2,003,779 | \$ 23,238,456 | \$ 23,966,953 | \$ 1,275,282 |
| 2024 | \$ 1,275,282 | \$ 22,152,903 | \$ 21,964,514 | \$ 1,463,671 |

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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows of resources related to the deferred charge on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports deferred inflows of resources related to lease receivables in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. This deferred inflow of resources related to lease receivables requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

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. Net Position

In the government-wide, internal service fund, and fiduciary 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 and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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 policy, the District's superintendent and executive 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, 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.

T. Prior Period Comparative Financial Information/Reclassification

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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 the capitalization policy threshold. Certain amounts necessary to fully restate prior fiscal years 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 \$3,579,312 in the government-wide financial statements in the current year. See Note 4 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

| | |
|-------------|------------------------------|
| Deposits | \$ 289,499 |
| Investments | <u>143,923,221</u> |
| Total | <u><u>\$ 144,212,720</u></u> |

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

| | |
|--------------------------------------|------------------------------|
| Statement of Net Position | |
| Cash and temporary investments | \$ 106,267,796 |
| Cash and investments held by trustee | 31,481 |
| Statement of Fiduciary Net Position | |
| Investments held by trustee | |
| Post-Employment Benefits Trust Fund | <u>37,913,443</u> |
| Total | <u><u>\$ 144,212,720</u></u> |

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$289,499, while the balance on the bank records was \$297,089. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

C. Investments

The District has the following investments at year-end:

| Investment Type | Credit Risk | | Fair Value Measurements Using | Interest Risk – Maturity Duration | Total |
|---|-------------|---------|-------------------------------|-----------------------------------|-----------------------|
| | Rating | Agency | | | |
| U.S. treasury securities | AAA | Moody’s | Level 1 | Less Than 1 Year | \$ 2,537,500 |
| Life insurance contracts | Not Rated | | N/A | N/A | 39,333,042 |
| Investment pools/mutual funds | | | | | |
| First American Government Obligation Fund | AAA | S&P | Level 1 | N/A | 403,885 |
| Mutual funds – fixed income | Not Rated | | Level 1 | N/A | 13,748,756 |
| Mutual funds – equities | Not Rated | | Level 1 | N/A | 21,226,278 |
| MNTrust Investment Shares Portfolio | AAA | S&P | Amortized Cost | N/A | 112,634 |
| Minnesota School District Liquid Asset Fund | AAA | S&P | Amortized Cost | N/A | 66,561,126 |
| Total investments | | | | | <u>\$ 143,923,221</u> |

N/A – Not Applicable

Investments in life insurance contracts are reported at cash surrender value and are not subject to fair value reporting standards.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The MNTrust Investment Shares Portfolio and Minnesota School District Liquid Asset Fund (MSDLAF) are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District’s investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, there is no redemption notice for the MNTrust investments or the MSDLAF Liquid Class, and the redemption notice period is 14 days for the MSDLAF MAX Class.

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2024, the District’s investment portfolio includes the following percentages of specific issuers:

| | |
|--|-------|
| Guaranteed investment contract – Mass Mutual | 7.3% |
| Guaranteed investment contract – Northwestern Mutual | 20.1% |

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 address interest rate risk; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – LEASE RECEIVABLE

The District has entered into lease receivable agreements for cell tower rental space on district property and space lease. These leases are reported using an incremental rate of 3.00 percent with a final maturity in fiscal 2062. During the current year, the District received principal and interest payments on these leases of \$45,003.

NOTE 4 – CAPITAL ASSETS

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

| | Balance – Beginning of Year | Change in Accounting Principle* | Additions | Deletions | Completed Construction | Balance – End of Year |
|---|-----------------------------------|---------------------------------------|---------------|-----------|---------------------------|--------------------------|
| Capital assets, not depreciated/amortized | | | | | | |
| Land | \$ 34,135,187 | \$ – | \$ 368,125 | \$ – | \$ – | \$ 34,503,312 |
| Construction in progress | 739,263 | – | 11,598,703 | – | (5,218,392) | 7,119,574 |
| Total capital assets, not depreciated/amortized | 34,874,450 | – | 11,966,828 | – | (5,218,392) | 41,622,886 |
| Capital assets, depreciated/amortized | | | | | | |
| Land improvements | 10,221,605 | – | 1,073,438 | – | – | 11,295,043 |
| Buildings and improvements | 350,766,145 | – | 7,190,332 | – | 5,218,392 | 363,174,869 |
| Buildings and improvements – leased | 815,933 | – | – | – | – | 815,933 |
| Equipment and transportation vehicles | 15,306,066 | 6,369,008 | 2,445,369 | – | – | 24,120,443 |
| Food service equipment | 1,442,895 | – | 510,153 | – | – | 1,953,048 |
| Technology subscriptions | 398,925 | – | – | – | – | 398,925 |
| Total capital assets, depreciated/amortized | 378,951,569 | 6,369,008 | 11,219,292 | – | 5,218,392 | 401,758,261 |
| Less accumulated depreciation/amortization for | | | | | | |
| Land improvements | (8,772,691) | – | (241,584) | – | – | (9,014,275) |
| Buildings and improvements | (140,041,841) | – | (9,414,009) | – | – | (149,455,850) |
| Buildings and improvements – leased | (287,726) | – | (143,863) | – | – | (431,589) |
| Equipment and transportation vehicles | (13,078,959) | (2,789,696) | (2,513,068) | – | – | (18,381,723) |
| Food service equipment | (982,864) | – | (72,933) | – | – | (1,055,797) |
| Technology subscriptions | (142,250) | – | (142,250) | – | – | (284,500) |
| Total accumulated depreciation/amortization | (163,306,331) | (2,789,696) | (12,527,707) | – | – | (178,623,734) |
| Net capital assets, depreciated/amortized | 215,645,238 | 3,579,312 | (1,308,415) | – | 5,218,392 | 223,134,527 |
| Total capital assets, net | \$ 250,519,688 | \$ 3,579,312 | \$ 10,658,413 | \$ – | \$ – | \$ 264,757,413 |

* The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year.

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

| | |
|--|----------------------|
| Administration | \$ 8,771 |
| District support services | 126,130 |
| Elementary and secondary regular instruction | 3,836,548 |
| Instructional support services | 2,118,854 |
| Pupil support services | 111,834 |
| Sites and buildings | 6,309,450 |
| Food service | 16,120 |
| Total depreciation/amortization expense | <u>\$ 12,527,707</u> |

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

| Issue | Issue Date | Interest Rate | Face/Par Value | Final Maturity | Principal Outstanding |
|--|------------|---------------|----------------|----------------|-----------------------|
| General obligation bonds payable | | | | | |
| School building bonds | 02/15/2018 | 3.00–5.00% | \$ 66,895,000 | 02/01/2038 | \$ 56,165,000 |
| Tax abatement bonds | 11/07/2019 | 2.00–4.00% | \$ 7,455,000 | 02/01/2035 | 5,875,000 |
| Refunding bonds | 07/22/2021 | 1.65–3.00% | \$ 132,865,000 | 02/01/2036 | 122,555,000 |
| School building bonds | 10/05/2023 | 5.00% | \$ 3,105,000 | 02/01/2027 | 3,105,000 |
| Total general obligation bonds payable | | | | | <u>\$ 187,700,000</u> |

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

B. Certificates of Participation Payable

The District currently has the following certificates of participation payable outstanding:

| Issue | Issue Date | Interest Rate | Face/Par Value | Final Maturity | Principal Outstanding |
|---|------------|---------------|----------------|----------------|-----------------------|
| 2013A Certificates of Participation | 02/27/2013 | 2.00–2.60% | \$ 9,980,000 | 10/01/2027 | \$ 2,920,000 |
| 2019B Certificates of Participation | 11/14/2019 | 2.25–4.00% | \$ 17,000,000 | 02/01/2040 | 14,580,000 |
| Total certificates of participation payable | | | | | <u>\$ 17,500,000</u> |

These certificates of participation were issued to finance construction of capital facilities. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on these certificates. These certificates of participation are being paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Finance Purchase Payable

On October 26, 2012, the District entered into a master purchase agreement with Apple, Inc. for iPads. The District acquires equipment from time to time under this master agreement as needed. Each debt schedule added under this master agreement adds equipment and carries its own debt terms and payment schedule. The debt schedules have interest rates ranging from zero percent to 0.89 percent and mature in fiscal year 2026. Upon payment in full of all scheduled debt payments, the debtor's (Apple, Inc.'s) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability. In the event of default, the debtor may do any of the following: a) provide written notice to debtee of the event of default; b) declare due and payable any and all amounts which may then be due and payable under the agreement, plus all payments remaining through the end of the then current fiscal period; c) with or without terminating the debt term under such agreement, i) enter the premises where the equipment is located and retake possession of such equipment or require debtee at debtee's expense to promptly return any or all of such equipment to the possession of debtor and ii) at debtee's expense, sell or lease such equipment, or sublease such equipment continuing to hold debtee liable for the difference between the debt payment payable by debtee and net proceeds or any such sale, lease, or sublease.

The District entered into a finance purchase agreement to finance the construction of a turf field. The finance purchase has an effective interest rate of 2.28 percent and calls for annual principal and interest payments through February 1, 2026. The finance purchase is being paid through the General Fund.

The District entered into a finance purchase agreement to finance the construction of a building addition to Meadow Ridge Elementary School. The finance purchase has an effective interest rate of 2.24 percent and calls for semiannual principal and interest payments through April 1, 2032. The finance purchase is being paid through the General Fund.

D. Lease Liability

The District has obtained the use of certain building space through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreement is secured by the original property. The lessor may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability obligations outstanding:

| <u>Lease Description</u> | <u>Interest Rate</u> | <u>Lease Date</u> | <u>Final Maturity</u> | <u>Principal Outstanding</u> |
|--------------------------|----------------------|-------------------|-----------------------|------------------------------|
| Hanus bus garage | 3.00% | 08/01/2016 | 07/31/2024 | \$ 10,028 |
| Life Time locker room | 3.00% | 09/01/2003 | 03/03/2036 | 398,129 |
| Total lease liability | | | | <u>\$ 408,157</u> |

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

E. Subscription Liability

The District entered into agreements to finance the use of software, which calls for annual principal and interest payments through June 2025. These agreements are paid by the General and Food Service Special Revenue Funds. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements.

| Subscription Description | Interest Rate | Date | Final Maturity | Principal Outstanding |
|------------------------------|---------------|------------|-------------------|--------------------------|
| ECMECC Infosec | 4.00% | 07/01/2022 | 07/01/2025 | \$ 4,447 |
| Instructure | 4.00% | 07/01/2022 | 07/01/2025 | 83,904 |
| Nutrislice | 4.00% | 07/01/2022 | 07/01/2025 | 16,112 |
| Turnitin | 4.00% | 07/18/2022 | 07/18/2025 | <u>14,025</u> |
| Total subscription liability | | | | <u><u>\$ 118,488</u></u> |

F. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund.

District employees participate in several pension plans described later in these notes, including two state-wide, cost-sharing, multiple-employer defined benefit plans administered by the PERA and the TRA, one single-employer defined benefit plan administered by the District, and one single-employer defined contribution plan administered by the District. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans for the current year:

| Pension Plans | Net Pension Liabilities | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|--------------------------------------|------------------------------|--------------------------------------|-------------------------------------|----------------------------|
| Defined benefit plans | | | | |
| State-wide, multiple-employer – PERA | \$ 20,242,635 | \$ 6,458,172 | \$ 7,271,209 | \$ 2,922,157 |
| State-wide, multiple-employer – TRA | 112,045,216 | 25,524,182 | 3,894,586 | 3,029,854 |
| Single-employer – District | 3,554,633 | 288,357 | 180,898 | 316,575 |
| Defined contribution plan | | | | |
| Single-employer – District | <u>–</u> | <u>–</u> | <u>–</u> | <u>182,891</u> |
| Total | <u><u>\$ 135,842,484</u></u> | <u><u>\$ 32,270,711</u></u> | <u><u>\$ 11,346,693</u></u> | <u><u>\$ 6,451,477</u></u> |

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, finance purchase, lease, and technology subscription are as follows:

| Year Ending June 30, | General Obligation Bonds | | Certificates of Participation | | Finance Purchase | | Lease | | Technology Subscription | |
|-------------------------|--------------------------|----------------------|-------------------------------|---------------------|---------------------|-------------------|-------------------|------------------|-------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 12,235,000 | \$ 5,273,500 | \$ 1,400,000 | \$ 509,881 | \$ 1,542,876 | \$ 82,291 | \$ 38,724 | \$ 11,576 | \$ 118,488 | \$ 4,740 |
| 2026 | 13,620,000 | 4,789,175 | 1,445,000 | 466,046 | 1,166,594 | 64,623 | 29,569 | 10,679 | – | – |
| 2027 | 13,900,000 | 4,293,575 | 1,495,000 | 419,701 | 359,506 | 49,120 | 30,468 | 9,779 | – | – |
| 2028 | 13,225,000 | 3,789,075 | 1,540,000 | 370,621 | 367,604 | 41,022 | 31,395 | 8,853 | – | – |
| 2029 | 13,695,000 | 3,324,525 | 815,000 | 329,406 | 375,885 | 32,741 | 32,350 | 7,898 | – | – |
| 2030–2034 | 73,665,000 | 11,468,999 | 4,535,000 | 1,179,850 | 1,179,225 | 46,655 | 177,119 | 24,117 | – | – |
| 2035–2039 | 47,360,000 | 3,318,344 | 5,155,000 | 558,494 | – | – | 68,532 | 1,900 | – | – |
| 2040 | – | – | 1,115,000 | 30,663 | – | – | – | – | – | – |
| | <u>\$ 187,700,000</u> | <u>\$ 36,257,193</u> | <u>\$ 17,500,000</u> | <u>\$ 3,864,662</u> | <u>\$ 4,991,690</u> | <u>\$ 316,452</u> | <u>\$ 408,157</u> | <u>\$ 74,802</u> | <u>\$ 118,488</u> | <u>\$ 4,740</u> |

H. Changes in Long-Term Liabilities

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|---------------------------------------|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| General obligation bonds payable | \$ 195,640,000 | \$ 3,105,000 | \$ 11,045,000 | \$ 187,700,000 | \$ 12,235,000 |
| Certificates of participation payable | 18,860,000 | – | 1,360,000 | 17,500,000 | 1,400,000 |
| Unamortized premium | 8,357,439 | 130,618 | 821,250 | 7,666,807 | – |
| Total bonds and certificates payable | <u>222,857,439</u> | <u>3,235,618</u> | <u>13,226,250</u> | <u>212,866,807</u> | <u>13,635,000</u> |
| Finance purchase payable | 6,150,648 | 1,117,052 | 2,276,010 | 4,991,690 | 1,542,876 |
| Lease liability | 550,957 | – | 142,800 | 408,157 | 38,724 |
| Technology subscription liability | 255,313 | – | 136,825 | 118,488 | 118,488 |
| Net/total pension liability | 142,925,135 | 20,362,328 | 27,444,979 | 135,842,484 | 393,980 |
| Net OPEB liability | 12,390,513 | 1,046,809 | 1,454,620 | 11,982,702 | – |
| Severance benefits payable | 1,923,623 | 167,634 | 60,863 | 2,030,394 | 201,524 |
| Compensated absences payable | 888,153 | 1,882,841 | 1,684,087 | 1,086,907 | 1,086,907 |
| | <u>\$ 387,941,781</u> | <u>\$ 27,812,282</u> | <u>\$ 46,426,434</u> | <u>\$ 369,327,629</u> | <u>\$ 17,017,499</u> |

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at June 30, 2024 includes the District's net investment in capital assets calculated as follows:

| | |
|---|----------------------|
| Net investment in capital assets | |
| Capital assets | |
| Not depreciated/amortized | \$ 41,622,886 |
| Depreciated/amortized, net of accumulated depreciation/amortization | 223,134,527 |
| Less capital related long-term debt outstanding | (218,385,142) |
| Add debt adjustment for deferred charge | 5,913,576 |
| Add debt adjustment for unspent debt proceeds | 4,375,283 |
| Less capital-related accounts/contracts payable | <u>(234,976)</u> |
| Total net investment in capital assets | <u>\$ 56,426,154</u> |

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

B. Governmental Fund Balance Classifications

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

At year-end, a summary of the District’s governmental fund balance classifications are as follows:

| | General Fund | Capital Projects – Building Construction Fund | Debt Service Fund | Nonmajor Funds | Total |
|--|----------------------|---|----------------------|---------------------|----------------------|
| Nonspendable | | | | | |
| Inventory | \$ 122,842 | \$ – | \$ – | \$ 192,693 | \$ 315,535 |
| Prepaid items | 1,389,361 | – | – | 1,365 | 1,390,726 |
| Total nonspendable | 1,512,203 | – | – | 194,058 | 1,706,261 |
| Restricted | | | | | |
| Scholarships | 229,077 | – | – | – | 229,077 |
| Capital projects levy | 4,691,588 | – | – | – | 4,691,588 |
| Literacy incentive aid | 385,894 | – | – | – | 385,894 |
| American Indian education aid | 9,457 | – | – | – | 9,457 |
| Operating capital | 3,596,279 | – | – | – | 3,596,279 |
| Long-term facilities maintenance | 16,212,641 | – | – | – | 16,212,641 |
| Student support personnel | 46,244 | – | – | – | 46,244 |
| Medical Assistance | 357,321 | – | – | – | 357,321 |
| Capital projects | – | 4,140,307 | – | – | 4,140,307 |
| Debt service | – | – | 3,145,880 | – | 3,145,880 |
| Food service | – | – | – | 2,264,238 | 2,264,238 |
| Community education programs | – | – | – | 3,881,983 | 3,881,983 |
| Early childhood family education programs | – | – | – | 233,309 | 233,309 |
| School readiness | – | – | – | 213,585 | 213,585 |
| Community service | – | – | – | 153,005 | 153,005 |
| Total restricted | 25,528,501 | 4,140,307 | 3,145,880 | 6,746,120 | 39,560,808 |
| Assigned | | | | | |
| Local collaborative time study | 556,535 | – | – | – | 556,535 |
| Reemployment insurance and PFLPT | 1,275,000 | – | – | – | 1,275,000 |
| Site carryover | 822,052 | – | – | – | 822,052 |
| Q compensation | 664,260 | – | – | – | 664,260 |
| School opening and planning costs | 1,432,328 | – | – | – | 1,432,328 |
| Workers’ compensation escrow | 70,000 | – | – | – | 70,000 |
| Post-employment obligations | 1,792,340 | – | – | – | 1,792,340 |
| Enrollment | 2,031,229 | – | – | – | 2,031,229 |
| Total assigned | 8,643,744 | – | – | – | 8,643,744 |
| Unassigned | | | | | |
| Unassigned | 16,989,020 | – | – | – | 16,989,020 |
| Total | \$ 52,673,468 | \$ 4,140,307 | \$ 3,145,880 | \$ 6,940,178 | \$ 66,899,833 |

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

C. Minimum Unassigned Fund Balance Policy

The District’s adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of expenditures. At June 30, 2024, the unassigned fund balance of the General Fund, excluding restricted account deficits, was 8.3 percent of fiscal 2024 expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

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

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 July 1, 2006 or after | 1.9 % |

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

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 \$2,227,124. The District's contributions were equal to the required contributions as set by state statutes.

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

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 \$7,760,457. The District’s contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA’s fiscal year 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:

| | <i>in thousands</i> |
|---|--------------------------|
| 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 | <u>(643)</u> |
| Total employer contributions | 508,034 |
| Total nonemployer contributions | <u>35,587</u> |
| Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations | <u><u>\$ 543,621</u></u> |

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of \$20,242,635 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 \$558,051. 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 0.3620 percent at the end of the measurement period and 0.3738 percent for the beginning of the period.

| | |
|---|-----------------------------|
| District’s proportionate share of the net pension liability | \$ 20,242,635 |
| State’s proportionate share of the net pension liability associated with the District | <u>558,051</u> |
| Total | <u><u>\$ 20,800,686</u></u> |

For the year ended June 30, 2024, the District recognized pension expense of \$2,919,649 for its proportionate share of the GERF’s pension expense. The District also recognized an additional \$2,508 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 669,980 | \$ 138,601 |
| Changes in actuarial assumptions | 3,262,137 | 5,548,334 |
| Net collective difference between projected and actual investment earnings on pension plan investments | – | 417,205 |
| Changes in proportion | 298,931 | 1,167,069 |
| District’s contributions to the GERF subsequent to the measurement date | <u>2,227,124</u> | <u>–</u> |
| Total | <u><u>\$ 6,458,172</u></u> | <u><u>\$ 7,271,209</u></u> |

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

The \$2,227,124 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 | \$ 82,079 |
| 2026 | \$ (3,006,603) |
| 2027 | \$ 323,495 |
| 2028 | \$ (439,132) |

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of \$112,045,216 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 1.3571 percent at the end of the measurement period and 1.3721 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 | \$ 112,045,216 |
| State’s proportionate share of the net pension liability associated with the District | <u>7,848,810</u> |
| Total | <u><u>\$ 119,894,026</u></u> |

For the year ended June 30, 2024, the District recognized pension expense of \$1,924,680. It also recognized \$1,105,174 as an increase to pension expense for the support provided by direct aid.

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 1,116,458 | \$ 1,635,578 |
| Changes in actuarial assumptions | 13,367,477 | – |
| Net collective difference between projected and actual investment earnings on pension plan investments | – | 738,753 |
| Changes in proportion | 3,279,790 | 1,520,255 |
| District’s contributions to the TRA subsequent to the measurement date | <u>7,760,457</u> | <u>–</u> |
| Total | <u>\$ 25,524,182</u> | <u>\$ 3,894,586</u> |

A total of \$7,760,457 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:

| <u>Year Ending June 30,</u> | <u>Pension Expense Amount</u> |
|---------------------------------|---------------------------------------|
| 2025 | \$ 2,870,305 |
| 2026 | \$ 115,612 |
| 2027 | \$ 12,990,516 |
| 2028 | \$ (1,702,032) |
| 2029 | \$ (405,262) |

E. Long-Term Expected Return on Investment

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

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

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 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 7 – 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.

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

H. Pension Liability Sensitivity

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

| | <u>1% Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>1% Increase in Discount Rate</u> |
|---|---|----------------------------------|---|
| GERF discount rate | 6.00% | 7.00% | 8.00% |
| District’s proportionate share of the GERF net pension liability | \$ 35,810,846 | \$ 20,242,635 | \$ 7,437,189 |
| TRA discount rate | 6.00% | 7.00% | 8.00% |
| District’s proportionate share of the TRA net pension liability | \$ 178,703,878 | \$ 112,045,216 | \$ 57,476,985 |

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 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible individuals and contract groups through its Defined Benefit Pension Plan, a single-employer defined benefit plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each two-year bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

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

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible full-time teachers with at least 20 years of in-district service (or 15 years with the District and 25 years of teaching in the state of Minnesota), hired before July 1, 1997 and at least Step 5 before July 1, 1998, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay.

Specialists and Wayzata Kids Site Managers Pension Benefits – For eligible specialists and site managers with at least 20 years of service (or 10 years in-district specialist/manager capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in the District), hired before July 1, 2003 for specialists and July 1, 2004 for site managers and not participating in the early retirement incentive matching contribution program, and at least 55 years of age, the District pays a benefit equal to 75 days’ pay.

Secretaries and Paraprofessionals Pension Benefits – For eligible secretaries and paraprofessionals with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay (or 100 days’ pay for secretaries and paraprofessionals with 20 years of service).

Support Staff and Food Service Pension Benefits – For eligible support staff and food service employees with at least 20 years of in-district service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 100 days’ pay.

Custodians Pension Benefits – For eligible custodians with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay.

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. There are no invested plan assets accumulated for payment of future benefits. The operating funds are used for the funding of all pension/retirement benefits, which are accounted for in an Internal Service Fund. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

| | |
|---|-------------------|
| Retirees and beneficiaries receiving benefits | 21 |
| Active plan members | <u>321</u> |
| Total members | <u><u>342</u></u> |

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2022, and update procedures were used to roll forward the total pension liability to the measurement date. The total pension liability was measured as of June 30, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|----------------------|
| Discount rate | 4.10% |
| 20-year municipal bond yield | 4.10% |
| Inflation rate | 2.50% |
| Salary increases | Service graded table |

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

E. Discount Rate

The discount rate used to measure the total pension liability was 4.10 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. The District discount rate used in the prior measurement date was 3.90 percent.

F. Changes in the Total Pension Liability

| | <u>Total Pension Liability</u> |
|----------------------------------|------------------------------------|
| Beginning balance – July 1, 2023 | \$ 3,449,541 |
| Changes for the year | |
| Service cost | 141,939 |
| Interest | 137,140 |
| Assumption changes | (22,408) |
| Benefit payments | <u>(151,579)</u> |
| Total net changes | <u>105,092</u> |
| Ending balance – June 30, 2024 | <u>\$ 3,554,633</u> |

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.90 percent to 4.10 percent.

NOTE 8 – 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:

| | <u>1% Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>1% Increase in Discount Rate</u> |
|-------------------------|---|----------------------------------|---|
| Pension discount rate | 3.10% | 4.10% | 5.10% |
| Total pension liability | \$ 3,691,439 | \$ 3,554,633 | \$ 3,422,258 |

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

For the current year ended, the District recognized pension expense of \$316,575. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 231,835 | \$ – |
| Changes in actuarial assumptions | <u>56,522</u> | <u>180,898</u> |
| Total | <u>\$ 288,357</u> | <u>\$ 180,898</u> |

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

| <u>Year Ending June 30,</u> | <u>Pension Expense Amount</u> |
|---------------------------------|---------------------------------------|
| 2025 | \$ 37,500 |
| 2026 | \$ 51,885 |
| 2027 | \$ 12,858 |
| 2028 | \$ (11,483) |
| 2029 | \$ 19,895 |
| Thereafter | \$ (3,196) |

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – DISTRICT

On July 1, 2015, the District established a single-employer defined contribution pension plan administered by the District. The plan is offered to all administrators. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. Annual employer contributions are equal to five percent of the eligible employees' annual salary as of June 30th of each year, paid annually for the 10 fiscal years prior to the employee reaching the eligibility requirements for retirement pay benefits as set forth in their respective contracts.

Employer contributions are payable within 60 days following June 30th of each of the 10 years the employee is eligible to receive the benefits, and are deposited into the Minnesota State Retirement System Healthcare Savings Plan and an IRC § 403(b) retirement account. All employer contributions are tax deferred until the time of withdrawal. At June 30, 2024, there were 11 active plan participants. The District has not established a trust fund to finance these pension benefits.

Total contributions made by the District during the fiscal year ended June 30, 2024 were \$182,891, which is equal to the required contributions and has been recognized as pension expense in the Early Retirement Accounts Internal Service Fund.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The District has established the Post-Employment Benefits Trust Fund to account for the assets of the plan and finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical 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 and date of hire, 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 until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

| | |
|---|---------------------|
| Retirees and beneficiaries receiving benefits | 156 |
| Active plan members | <u>1,530</u> |
| Total members | <u><u>1,686</u></u> |

E. Net OPEB Liability of the District

The District’s net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

| | |
|--|-----------------------------|
| Total OPEB liability | \$ 48,555,994 |
| Plan fiduciary net position | <u>(36,573,292)</u> |
| District’s net OPEB liability | <u><u>\$ 11,982,702</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u><u>75.3%</u></u> |

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

| | |
|--------------------------------------|---|
| Discount rate | 4.90% |
| Expected long-term investment return | 6.20% (net of investment expenses) |
| 20-year municipal bond yield | 4.10% |
| Inflation rate | 2.50% |
| Salary increases | Service graded table |
| Medical trend rate | 6.00% grading to 5.00% over 6 years, then to 4.00% over the next 48 years |
| Dental trend rate | 4.00% |

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

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

The District's policy regarding the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic equity | 39.00 % | 7.50 % |
| International equity | 21.00 | 7.10 % |
| Fixed income | 36.00 | 4.70 % |
| Cash | <u>4.00</u> | 2.70 % |
| Total | <u><u>100.00 %</u></u> | 6.20 % |

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 12.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.90 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 4.70 percent.

I. Changes in the Net OPEB Liability

| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
|---|---------------------------------|--|-------------------------------|
| Beginning balance – July 1, 2023 | \$ 46,235,123 | \$ 33,844,610 | \$ 12,390,513 |
| Changes for the year | | | |
| Service cost | 2,426,803 | – | 2,426,803 |
| Interest | 2,244,581 | – | 2,244,581 |
| Assumption changes | (519,705) | – | (519,705) |
| Contributions – paid through operating funds | – | 490,657 | (490,657) |
| Projected investment return | – | 2,098,366 | (2,098,366) |
| Difference between expected and actual experience | – | 1,970,467 | (1,970,467) |
| Benefit payments – paid through trust | (1,340,151) | (1,340,151) | – |
| Benefit payments – paid through operating funds | (490,657) | (490,657) | – |
| Total net changes | <u>2,320,871</u> | <u>2,728,682</u> | <u>(407,811)</u> |
| Ending balance – June 30, 2024 | <u>\$ 48,555,994</u> | <u>\$ 36,573,292</u> | <u>\$ 11,982,702</u> |

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 6.30 percent to 6.20 percent.
- The discount rate was changed from 4.70 percent to 4.90 percent.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

The following presents the net OPEB liability of the District, as well as what the District’s net 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:

| | <u>1% Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>1% Increase in Discount Rate</u> |
|--------------------|---|----------------------------------|---|
| OPEB discount rate | 3.90% | 4.90% | 5.90% |
| Net OPEB liability | \$ 15,052,510 | \$ 11,982,702 | \$ 9,065,516 |

The following presents the net OPEB liability of the District, as well as what the District’s net 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:

| | <u>1% Decrease in Healthcare Cost Trend Rate</u> | <u>Healthcare Cost Trend Rate</u> | <u>1% Increase in Healthcare Cost Trend Rate</u> |
|-------------------------|--|---|--|
| OPEB medical trend rate | 5.00% decreasing to 4.00% then 3.00% | 6.00% decreasing to 5.00% then 4.00% | 7.00% decreasing to 6.00% then 5.00% |
| OPEB dental trend rate | 3.00% | 4.00% | 5.00% |
| Net OPEB liability | \$ 8,945,262 | \$ 11,982,702 | \$ 15,492,238 |

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

For the current year ended, the District recognized OPEB expense of \$1,046,809. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 970,595 | \$ 4,418,169 |
| Changes in actuarial assumptions | 1,449,126 | 5,975,181 |
| Net collective differences between projected and actual investment earnings on OPEB plan investments | 37,320 | – |
| Total | <u>\$ 2,457,041</u> | <u>\$ 10,393,350</u> |

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

| Year Ending June 30, | OPEB Expense Amount |
|-------------------------|---------------------------|
| 2025 | \$ (1,401,216) |
| 2026 | \$ (127,345) |
| 2027 | \$ (1,525,895) |
| 2028 | \$ (1,449,437) |
| 2029 | \$ (1,346,642) |
| Thereafter | \$ (2,085,774) |

NOTE 11 – 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 July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in the District’s general checking account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District’s Self-Insurance Accounts Internal Service Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

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

NOTE 12 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

The District had the following interfund receivables and payables at June 30, 2024:

| | Due From Other Funds | Due To Other Funds |
|-------------------------------------|-------------------------|-----------------------|
| General Fund | \$ 6,567,287 | \$ 1,670,080 |
| Internal Service Fund | 3,010,231 | 6,567,287 |
| Post-Employment Benefits Trust Fund | – | 1,340,151 |
| | <u>\$ 9,577,518</u> | <u>\$ 9,577,518</u> |

As of June 30, 2024, the District had interfund receivables in the General Fund of \$3,052,164 and \$3,515,123, respectively, due from the Self-Insurance Accounts and Early Retirement Accounts Internal Service Fund to eliminate temporary cash balance deficits.

As of June 30, 2024, the District’s Internal Service Fund had interfund receivables of \$1,670,080 due from the General Fund for medical and dental insurance premiums and \$1,340,151 due from the Post-Employment Benefits Trust Fund to reimburse post-employment benefit costs.

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

B. Interfund Transfers

The General Fund transferred \$1,365,308 to the Early Retirement Accounts Internal Service Fund to allocate additional resources to the fund.

The Self-Insurance Accounts Internal Service Fund transferred \$309,446 to the General Fund to allocate contributions to the appropriate fund.

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

NOTE 13 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2024, the District’s Early Retirement Accounts Internal Service Fund had a deficit net position of \$3,060,226. This deficit is expected to be eliminated through future charges for services.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. 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 agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

C. Construction Contracts

At June 30, 2024, the District had commitments totaling \$8,161,693 under various construction contracts for which the work was not yet completed.

NOTE 15 – SUBSEQUENT EVENTS

In July 2024, the District entered into a finance purchase agreement for technology equipment totaling \$1,409,436 with an interest rate of zero percent and payments over three years. The lease matures in July 2026.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | 0.4010% | \$ 18,836,971 | \$ - | \$ 18,836,971 | \$ 21,580,149 | 87.29% | 78.70% |
| 06/30/2016 | 06/30/2015 | 0.3690% | \$ 19,123,495 | \$ - | \$ 19,123,495 | \$ 21,662,426 | 88.28% | 78.20% |
| 06/30/2017 | 06/30/2016 | 0.3669% | \$ 29,790,460 | \$ 388,978 | \$ 30,179,438 | \$ 22,576,588 | 131.95% | 68.90% |
| 06/30/2018 | 06/30/2017 | 0.3681% | \$ 23,499,261 | \$ 295,505 | \$ 23,794,766 | \$ 23,723,555 | 99.05% | 75.90% |
| 06/30/2019 | 06/30/2018 | 0.3717% | \$ 20,620,393 | \$ 676,399 | \$ 21,296,792 | \$ 24,982,890 | 82.54% | 79.50% |
| 06/30/2020 | 06/30/2019 | 0.3687% | \$ 20,384,597 | \$ 633,639 | \$ 21,018,236 | \$ 26,067,142 | 78.20% | 80.20% |
| 06/30/2021 | 06/30/2020 | 0.3909% | \$ 23,436,241 | \$ 722,773 | \$ 24,159,014 | \$ 27,873,561 | 84.08% | 79.10% |
| 06/30/2022 | 06/30/2021 | 0.3598% | \$ 15,365,070 | \$ 469,233 | \$ 15,834,303 | \$ 25,899,722 | 59.33% | 87.00% |
| 06/30/2023 | 06/30/2022 | 0.3738% | \$ 29,605,084 | \$ 868,026 | \$ 30,473,110 | \$ 28,005,478 | 105.71% | 76.70% |
| 06/30/2024 | 06/30/2023 | 0.3620% | \$ 20,242,635 | \$ 558,051 | \$ 20,800,686 | \$ 28,793,555 | 70.30% | 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 | \$ 1,591,536 | \$ 1,591,536 | \$ - | \$ 21,662,426 | 7.35% |
| 06/30/2016 | \$ 1,693,427 | \$ 1,693,427 | \$ - | \$ 22,576,588 | 7.50% |
| 06/30/2017 | \$ 1,778,667 | \$ 1,778,667 | \$ - | \$ 23,723,555 | 7.50% |
| 06/30/2018 | \$ 1,874,024 | \$ 1,874,024 | \$ - | \$ 24,982,890 | 7.50% |
| 06/30/2019 | \$ 1,957,080 | \$ 1,957,080 | \$ - | \$ 26,067,142 | 7.51% |
| 06/30/2020 | \$ 2,090,441 | \$ 2,090,441 | \$ - | \$ 27,873,561 | 7.50% |
| 06/30/2021 | \$ 1,942,777 | \$ 1,942,777 | \$ - | \$ 25,899,722 | 7.50% |
| 06/30/2022 | \$ 2,100,130 | \$ 2,100,130 | \$ - | \$ 28,005,478 | 7.50% |
| 06/30/2023 | \$ 2,159,318 | \$ 2,159,318 | \$ - | \$ 28,793,555 | 7.50% |
| 06/30/2024 | \$ 2,227,124 | \$ 2,227,124 | \$ - | \$ 29,694,331 | 7.50% |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | 1.2442% | \$ 57,331,835 | \$ 4,033,134 | \$ 61,364,969 | \$ 59,468,413 | 96.41% | 81.50% |
| 06/30/2016 | 06/30/2015 | 1.1745% | \$ 72,654,441 | \$ 8,912,006 | \$ 81,566,447 | \$ 59,480,901 | 122.15% | 76.80% |
| 06/30/2017 | 06/30/2016 | 1.1661% | \$278,142,672 | \$ 27,917,266 | \$306,059,938 | \$ 60,632,426 | 458.74% | 44.88% |
| 06/30/2018 | 06/30/2017 | 1.1747% | \$234,491,429 | \$ 22,668,335 | \$257,159,764 | \$ 63,155,618 | 371.29% | 51.57% |
| 06/30/2019 | 06/30/2018 | 1.2131% | \$ 76,194,035 | \$ 7,158,801 | \$ 83,352,836 | \$ 66,998,054 | 113.73% | 78.07% |
| 06/30/2020 | 06/30/2019 | 1.2994% | \$ 82,824,029 | \$ 7,329,713 | \$ 90,153,742 | \$ 73,710,617 | 112.36% | 78.21% |
| 06/30/2021 | 06/30/2020 | 1.3610% | \$100,552,504 | \$ 8,426,843 | \$108,979,347 | \$ 79,018,615 | 127.25% | 75.48% |
| 06/30/2022 | 06/30/2021 | 1.3899% | \$ 60,826,180 | \$ 5,129,930 | \$ 65,956,110 | \$ 83,120,796 | 73.18% | 86.63% |
| 06/30/2023 | 06/30/2022 | 1.3721% | \$109,870,510 | \$ 8,148,129 | \$118,018,639 | \$ 85,090,593 | 129.12% | 76.17% |
| 06/30/2024 | 06/30/2023 | 1.3571% | \$112,045,216 | \$ 7,848,810 | \$119,894,026 | \$ 86,754,771 | 129.15% | 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 | \$ 4,460,131 | \$ 4,460,131 | \$ - | \$ 59,480,901 | 7.50% |
| 06/30/2016 | \$ 4,549,049 | \$ 4,549,049 | \$ - | \$ 60,632,426 | 7.50% |
| 06/30/2017 | \$ 4,742,705 | \$ 4,742,705 | \$ - | \$ 63,155,618 | 7.51% |
| 06/30/2018 | \$ 5,026,531 | \$ 5,026,531 | \$ - | \$ 66,998,054 | 7.50% |
| 06/30/2019 | \$ 5,687,795 | \$ 5,687,795 | \$ - | \$ 73,710,617 | 7.72% |
| 06/30/2020 | \$ 6,263,877 | \$ 6,263,877 | \$ - | \$ 79,018,615 | 7.93% |
| 06/30/2021 | \$ 6,762,053 | \$ 6,762,053 | \$ - | \$ 83,120,796 | 8.14% |
| 06/30/2022 | \$ 7,072,897 | \$ 7,072,897 | \$ - | \$ 85,090,593 | 8.31% |
| 06/30/2023 | \$ 7,378,530 | \$ 7,378,530 | \$ - | \$ 86,754,771 | 8.51% |
| 06/30/2024 | \$ 7,760,457 | \$ 7,760,457 | \$ - | \$ 88,686,963 | 8.75% |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | District Fiscal Year-End Date | | | | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Total pension liability | | | | | | | | |
| Service cost | \$ 252,269 | \$ 235,778 | \$ 211,666 | \$ 241,804 | \$ 214,722 | \$ 170,908 | \$ 142,123 | \$ 141,939 |
| Interest | 177,900 | 178,321 | 211,234 | 140,881 | 103,701 | 85,986 | 133,916 | 137,140 |
| Assumption changes | - | (115,172) | 56,141 | 83,005 | 26,516 | (219,666) | (30,488) | (22,408) |
| Plan changes | - | - | (1,726,541) | - | (2,433) | - | - | - |
| Difference between expected and actual experience | - | - | 256,067 | - | 71,297 | - | 192,179 | - |
| Benefit payments | (512,772) | (283,900) | (495,456) | (563,410) | (761,355) | (428,943) | (733,499) | (151,579) |
| Net change in total pension liability | (82,603) | 15,027 | (1,486,889) | (97,720) | (347,552) | (391,715) | (295,769) | 105,092 |
| Total pension liability – beginning of year | 6,136,762 | 6,054,159 | 6,069,186 | 4,582,297 | 4,484,577 | 4,137,025 | 3,745,310 | 3,449,541 |
| Total pension liability – end of year | <u>\$ 6,054,159</u> | <u>\$ 6,069,186</u> | <u>\$ 4,582,297</u> | <u>\$ 4,484,577</u> | <u>\$ 4,137,025</u> | <u>\$ 3,745,310</u> | <u>\$ 3,449,541</u> | <u>\$ 3,554,633</u> |
| Covered-employee payroll | <u>\$28,004,800</u> | <u>\$28,844,944</u> | <u>\$19,728,311</u> | <u>\$20,320,160</u> | <u>\$16,542,845</u> | <u>\$17,039,131</u> | <u>\$ 14,779,450</u> | <u>\$ 15,222,834</u> |
| Total pension liability as a percentage of covered-employee payroll | <u>21.62%</u> | <u>21.04%</u> | <u>23.23%</u> | <u>22.07%</u> | <u>25.01%</u> | <u>21.98%</u> | <u>23.34%</u> | <u>23.35%</u> |

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

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | District Fiscal Year-End Date | | | | | | | |
|--|-------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 2,551,063 | \$ 2,390,402 | \$ 2,693,689 | \$ 3,223,065 | \$ 3,011,908 | \$ 2,745,593 | \$ 2,432,691 | \$ 2,426,803 |
| Interest | 1,454,492 | 1,513,499 | 1,677,230 | 1,731,921 | 1,473,157 | 1,703,045 | 2,177,662 | 2,244,581 |
| Assumption changes | – | (1,204,821) | 851,818 | 2,621,680 | (5,116,533) | (2,794,384) | (282,213) | (519,705) |
| Plan changes | – | (1,097,125) | 871,345 | – | 24,568 | – | – | – |
| Difference between expected and actual experience | – | – | (1,008,111) | – | (1,535,825) | 1,386,566 | (4,063,685) | – |
| Benefit payments | (1,993,798) | (2,327,031) | (1,956,000) | (1,665,554) | (1,452,227) | (1,642,420) | (2,154,712) | (1,830,808) |
| Net change in total OPEB liability | 2,011,757 | (725,076) | 3,129,971 | 5,911,112 | (3,594,952) | 1,398,400 | (1,890,257) | 2,320,871 |
| Total OPEB liability – beginning of year | 39,994,168 | 42,005,925 | 41,280,849 | 44,410,820 | 50,321,932 | 46,726,980 | 48,125,380 | 46,235,123 |
| Total OPEB liability – end of year | 42,005,925 | 41,280,849 | 44,410,820 | 50,321,932 | 46,726,980 | 48,125,380 | 46,235,123 | 48,555,994 |
| Plan fiduciary net position | | | | | | | | |
| Contributions – employer | 293,798 | 27,031 | – | 65,554 | 102,227 | 142,420 | 561,087 | 490,657 |
| Projected investment return | 1,366,041 | 1,456,650 | 1,648,705 | 1,290,620 | 1,949,067 | 2,416,355 | 2,082,779 | 2,098,366 |
| Difference between expected and actual experience | 1,657,592 | 1,002,046 | 300,328 | 624,945 | 6,369,376 | (7,662,109) | 295,464 | 1,970,467 |
| Benefit payments | (1,993,798) | (2,327,031) | (1,956,000) | (1,665,554) | (1,452,227) | (1,642,420) | (2,154,712) | (1,830,808) |
| Net change in plan fiduciary net position | 1,323,633 | 158,696 | (6,967) | 315,565 | 6,968,443 | (6,745,754) | 784,618 | 2,728,682 |
| Plan fiduciary net position – beginning of year | 31,046,376 | 32,370,009 | 32,528,705 | 32,521,738 | 32,837,303 | 39,805,746 | 33,059,992 | 33,844,610 |
| Plan fiduciary net position – end of year | 32,370,009 | 32,528,705 | 32,521,738 | 32,837,303 | 39,805,746 | 33,059,992 | 33,844,610 | 36,573,292 |
| Net OPEB liability | \$ 9,635,916 | \$ 8,752,144 | \$ 11,889,082 | \$ 17,484,629 | \$ 6,921,234 | \$ 15,065,388 | \$ 12,390,513 | \$ 11,982,702 |
| Fiduciary net position as a percentage of the total OPEB liability | 77.06% | 78.80% | 73.23% | 65.25% | 85.19% | 68.70% | 73.20% | 75.32% |
| Covered-employee payroll | \$ 82,333,402 | \$ 84,803,404 | \$ 91,067,372 | \$ 93,799,393 | \$ 101,974,315 | \$ 105,033,544 | \$ 108,624,104 | \$ 111,882,827 |
| Net OPEB liability as a percentage of covered-employee payroll | 11.70% | 10.32% | 13.06% | 18.64% | 6.79% | 14.34% | 11.41% | 10.71% |

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2024

| <u>Year</u> | <u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u> |
|-------------|--|
| 2017 | 9.7% |
| 2018 | 7.6% |
| 2019 | 6.0% |
| 2020 | 5.9% |
| 2021 | 25.7% |
| 2022 | (13.1%) |
| 2023 | 7.2% |
| 2024 | 12.0% |

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Required Supplementary Information
June 30, 2024

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.90 percent to 4.10 percent.

2023 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 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2021 CHANGES IN PLAN PROVISIONS

- Wayzata Kids site managers are covered by the specialists' contract. Therefore, the Governmental Accounting Standards Board (GASB) Statement No. 73 benefit for employees who meet the eligibility requirements is now 75.00 percent of 100 days (instead of 100.00 percent of 80 days) multiplied by the daily rate of pay, which is paid as a lump sum to a 403(b) plan. The remaining 25.00 percent is paid to a Healthcare Savings Plan and is included under GASB Statement No. 75.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from 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 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, paraprofessionals, secretaries, and support staff. Only employees hired before this date are eligible for GASB Statement No. 73 benefits.
- Secretaries and paraprofessionals with 15 years of service no longer need to retire by June 30, 2018 in order to receive a GASB Statement No. 73 benefit.
- GASB Statement No. 73 benefits were only valued for teachers who attained Step 5 or greater by July 1, 1998. Previously, all teachers hired by July 1, 1998 were assumed to receive a GASB Statement No. 73 benefit.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from 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 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.20 percent.
- The discount rate was changed from 4.70 percent to 4.90 percent.

2023 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 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 4.40 percent to 4.70 percent.
- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 3.50 percent to 4.40 percent.

2021 CHANGES IN PLAN PROVISIONS

- The superintendent's eligibility for GASB Statement No. 75 post-employment subsidies changed from age 55 with 9 years of service to age 55 with 10 years of service. The district-paid life insurance subsidy (based on \$750,000) now ends at age 70 rather than age 65.
- Wayzata Kids site managers are now covered by the specialists' contract. Therefore, 25.00 percent of the 100 days of pay severance benefit is now paid to a Healthcare Savings Plan and is included in this valuation. The other 75.00 percent is paid to a 403(b) plan and is included under GASB Statement No. 73. The District also paid a dental subsidy up to \$120 per month instead of the full single premium amount.

2021 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-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 expected long-term investment return was changed from 4.00 percent to 6.30 percent.
- The discount rate was changed from 2.80 percent to 3.50 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.10 percent to 4.00 percent.
- The discount rate was changed from 3.70 percent to 2.80 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, Home Base site managers, paraprofessionals, secretaries, specialists, and support staff. Only employees hired before this date are eligible for GASB Statement No. 75 post-employment subsidies.
- The teachers' limits on post-employment medical subsidies were increased from \$920 to \$980 per month for employees and an additional increase of \$490 to \$540 per month for spouses.
- Post-employment subsidies were changed for Home Base site managers, specialists, and support staff. They now receive \$1,000 per month toward medical insurance and up to \$120 per month toward dental insurance (with the exception of Home Base site managers who will receive full single dental premiums while retired) payable from retirement until age 65, but calculated at retirement and paid as a lump sum to a Healthcare Savings Plan.

2019 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 expected long-term investment return was changed from 4.50 percent to 5.10 percent.
- The discount rate was changed from 3.90 percent to 3.70 percent.

2018 CHANGES IN PLAN PROVISIONS

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal \$1,000 per month, payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums, but limited to \$120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a Healthcare Savings Plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70 and \$25,000 thereafter for the administrators, executive directors, and principals.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 were also updated.
- The discount rate was changed from 6.00 percent to 3.50 percent.
- The percentage of future retirees who are assumed to continue on one of the District's medical plans, post-employment, was reduced from 50.00 percent to 10.00 percent for part-time custodians, food service employees, and paraprofessionals.

SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

Governmental funds reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category for the District includes the General Fund, Capital Projects – Building Construction Fund, Debt Service Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District’s major and nonmajor governmental funds.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Special Revenue Funds | | Total |
|--|-----------------------|---------------------|----------------------|
| | Food Service | Community Service | |
| Assets | | | |
| Cash and temporary investments | \$ 1,786,045 | \$ 6,574,894 | \$ 8,360,939 |
| Receivables | | | |
| Current taxes | – | 1,014,416 | 1,014,416 |
| Delinquent taxes | – | 13,271 | 13,271 |
| Accounts and interest | 7,800 | 74,522 | 82,322 |
| Due from other governmental units | 1,193,961 | 238,900 | 1,432,861 |
| Inventory | 192,693 | – | 192,693 |
| Prepaid items | – | 1,365 | 1,365 |
| Total assets | \$ 3,180,499 | \$ 7,917,368 | \$ 11,097,867 |
| Liabilities | | | |
| Salaries payable | \$ 10,097 | \$ 328,574 | \$ 338,671 |
| Accounts and contracts payable | 389,924 | 468,112 | 858,036 |
| Unearned revenue | 323,547 | 605,594 | 929,141 |
| Total liabilities | 723,568 | 1,402,280 | 2,125,848 |
| Deferred inflows of resources | | | |
| Property taxes levied for subsequent year | – | 2,024,592 | 2,024,592 |
| Unavailable revenue – delinquent taxes | – | 7,249 | 7,249 |
| Total deferred inflows of resources | – | 2,031,841 | 2,031,841 |
| Fund balances | | | |
| Nonspendable | 192,693 | 1,365 | 194,058 |
| Restricted | 2,264,238 | 4,481,882 | 6,746,120 |
| Total fund balances | 2,456,931 | 4,483,247 | 6,940,178 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,180,499 | \$ 7,917,368 | \$ 11,097,867 |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Special Revenue Funds | | Total |
|-------------------------------------|-----------------------|---------------------|---------------------|
| | Food Service | Community Service | |
| Revenue | | | |
| Local sources | | | |
| Property taxes | \$ - | \$ 2,135,698 | \$ 2,135,698 |
| Other | 1,428,966 | 10,963,905 | 12,392,871 |
| State sources | 5,778,731 | 1,621,024 | 7,399,755 |
| Federal sources | 3,297,294 | - | 3,297,294 |
| Total revenue | <u>10,504,991</u> | <u>14,720,627</u> | <u>25,225,618</u> |
| Expenditures | | | |
| Current | | | |
| Food service | 9,135,033 | - | 9,135,033 |
| Community service | - | 13,004,188 | 13,004,188 |
| Capital outlay | 530,283 | 49,368 | 579,651 |
| Debt service | | | |
| Principal | 15,492 | - | 15,492 |
| Interest and fiscal charges | 1,264 | - | 1,264 |
| Total expenditures | <u>9,682,072</u> | <u>13,053,556</u> | <u>22,735,628</u> |
| Excess of revenue over expenditures | 822,919 | 1,667,071 | 2,489,990 |
| Other financing sources | | | |
| Insurance recovery | <u>56,440</u> | <u>-</u> | <u>56,440</u> |
| Net change in fund balances | 879,359 | 1,667,071 | 2,546,430 |
| Fund balances | | | |
| Beginning of year | <u>1,577,572</u> | <u>2,816,176</u> | <u>4,393,748</u> |
| End of year | <u>\$ 2,456,931</u> | <u>\$ 4,483,247</u> | <u>\$ 6,940,178</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and temporary investments | \$ 70,898,450 | \$ 55,515,238 |
| Cash and investments held by trustee | – | 462,000 |
| Receivables | | |
| Current taxes | 36,394,352 | 34,709,711 |
| Delinquent taxes | 455,448 | 480,307 |
| Accounts and interest | 375,457 | 332,025 |
| Due from other governmental units | 16,284,642 | 16,720,080 |
| Due from other funds | 6,567,287 | 7,499,036 |
| Lease | 545,057 | 573,201 |
| Inventory | 122,842 | 130,132 |
| Prepaid items | 1,389,361 | 66,230 |
| | <u>\$ 133,032,896</u> | <u>\$ 116,487,960</u> |
| Liabilities | | |
| Salaries payable | \$ 306,086 | \$ 315,278 |
| Accounts and contracts payable | 8,501,759 | 5,613,297 |
| Due to other governmental units | 191,202 | 629,352 |
| Due to other funds | 1,670,080 | 1,732,838 |
| Unearned revenue | 510,134 | 530,241 |
| Total liabilities | <u>11,179,261</u> | <u>8,821,006</u> |
| Deferred inflows of resources | | |
| Property taxes levied for subsequent year | 68,362,570 | 65,749,344 |
| Lease revenue for subsequent years | 545,057 | 573,201 |
| Unavailable revenue – delinquent taxes | 272,540 | 391,082 |
| Total deferred inflows of resources | <u>69,180,167</u> | <u>66,713,627</u> |
| Fund balances | | |
| Nonspendable for inventory | 122,842 | 130,132 |
| Nonspendable for prepaid items | 1,389,361 | 66,230 |
| Restricted for scholarships | 229,077 | 228,306 |
| Restricted for capital projects levy | 4,691,588 | 4,352,487 |
| Restricted for literacy incentive aid | 385,894 | – |
| Restricted for American Indian education aid | 9,457 | – |
| Restricted for operating capital | 3,596,279 | 2,688,608 |
| Restricted for long-term facilities maintenance | 16,212,641 | 12,141,697 |
| Restricted for student support personnel | 46,244 | – |
| Restricted for Medical Assistance | 357,321 | 264,122 |
| Assigned for local collaborative time study | 556,535 | 702,431 |
| Assigned for reemployment insurance and PFLPT | 1,275,000 | 837,800 |
| Assigned for site carryover | 822,052 | 752,355 |
| Assigned for Q compensation | 664,260 | 384,169 |
| Assigned for school opening and planning costs | 1,432,328 | 695,305 |
| Assigned for workers' compensation escrow | 70,000 | 70,000 |
| Assigned for post-employment obligations | 1,792,340 | 1,792,340 |
| Assigned for enrollment | 2,031,229 | 2,768,252 |
| Unassigned | 16,989,020 | 13,079,093 |
| Total fund balances | <u>52,673,468</u> | <u>40,953,327</u> |
| | <u>\$ 133,032,896</u> | <u>\$ 116,487,960</u> |
| Total liabilities, deferred inflows of resources, and fund balances | | |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | | Over (Under) | 2023 |
|--|---------------|---------------|--------------|---------------|
| | Budget | Actual | Budget | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Property taxes | \$ 69,973,664 | \$ 70,437,283 | \$ 463,619 | \$ 67,500,322 |
| Investment earnings | 2,300,000 | 3,812,900 | 1,512,900 | 2,415,083 |
| Other | 4,402,130 | 5,657,883 | 1,255,753 | 5,727,947 |
| State sources | 128,359,088 | 130,897,250 | 2,538,162 | 115,837,133 |
| Federal sources | 5,651,009 | 4,923,284 | (727,725) | 4,762,760 |
| Total revenue | 210,685,891 | 215,728,600 | 5,042,709 | 196,243,245 |
| Expenditures | | | | |
| Current | | | | |
| Administration | | | | |
| Salaries | 4,076,695 | 4,138,667 | 61,972 | 4,371,526 |
| Employee benefits | 1,410,059 | 1,475,524 | 65,465 | 1,531,504 |
| Purchased services | 144,546 | 121,917 | (22,629) | 120,156 |
| Supplies and materials | 56,170 | 83,199 | 27,029 | 59,530 |
| Capital expenditures | 11,280 | 94,301 | 83,021 | 28,469 |
| Other expenditures | 54,150 | 34,180 | (19,970) | 73,649 |
| Total administration | 5,752,900 | 5,947,788 | 194,888 | 6,184,834 |
| District support services | | | | |
| Salaries | 3,401,593 | 3,396,373 | (5,220) | 3,365,173 |
| Employee benefits | 1,116,331 | 1,408,308 | 291,977 | 1,368,064 |
| Purchased services | 1,972,004 | 814,090 | (1,157,914) | 858,780 |
| Supplies and materials | 255,394 | 278,519 | 23,125 | 186,237 |
| Capital expenditures | 201,370 | 5,919 | (195,451) | 393,441 |
| Other expenditures | 12,857 | 6,950 | (5,907) | 7,258 |
| Total district support services | 6,959,549 | 5,910,159 | (1,049,390) | 6,178,953 |
| Elementary and secondary regular instruction | | | | |
| Salaries | 61,338,642 | 61,511,224 | 172,582 | 60,711,429 |
| Employee benefits | 21,106,429 | 20,035,983 | (1,070,446) | 19,378,756 |
| Purchased services | 2,436,419 | 3,257,872 | 821,453 | 3,532,070 |
| Supplies and materials | 2,543,205 | 2,243,551 | (299,654) | 2,313,644 |
| Capital expenditures | 214,461 | 203,556 | (10,905) | 387,726 |
| Other expenditures | 743,352 | 625,419 | (117,933) | 647,103 |
| Total elementary and secondary regular instruction | 88,382,508 | 87,877,605 | (504,903) | 86,970,728 |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | 2024 | | Over (Under) Budget | 2023 |
|--|------------|------------|------------------------|------------|
| | Budget | Actual | | Actual |
| Expenditures (continued) | | | | |
| Current (continued) | | | | |
| Vocational education instruction | | | | |
| Salaries | 1,911,156 | 2,012,175 | 101,019 | 2,157,536 |
| Employee benefits | 806,103 | 687,699 | (118,404) | 728,369 |
| Purchased services | 321,721 | 342,190 | 20,469 | 326,291 |
| Supplies and materials | 83,752 | 32,887 | (50,865) | 48,168 |
| Capital expenditures | 7,140 | 20,429 | 13,289 | 19,006 |
| Other expenditures | 24,000 | 19,599 | (4,401) | 20,783 |
| Total vocational education instruction | 3,153,872 | 3,114,979 | (38,893) | 3,300,153 |
| Special education instruction | | | | |
| Salaries | 18,841,238 | 18,735,694 | (105,544) | 17,166,314 |
| Employee benefits | 7,002,985 | 6,636,372 | (366,613) | 6,074,715 |
| Purchased services | 590,177 | 2,111,743 | 1,521,566 | 740,120 |
| Supplies and materials | 484,866 | 168,662 | (316,204) | 192,537 |
| Capital expenditures | 19,265 | 15,795 | (3,470) | 6,334 |
| Other expenditures | 2,375 | 153,118 | 150,743 | 157,245 |
| Total special education instruction | 26,940,906 | 27,821,384 | 880,478 | 24,337,265 |
| Community education and services | | | | |
| Employee benefits | — | 8,270 | 8,270 | — |
| Instructional support services | | | | |
| Salaries | 9,542,995 | 9,472,724 | (70,271) | 9,118,093 |
| Employee benefits | 4,214,472 | 4,214,427 | (45) | 4,124,222 |
| Purchased services | 2,890,742 | 974,496 | (1,916,246) | 1,253,440 |
| Supplies and materials | 2,177,113 | 1,912,372 | (264,741) | 2,458,639 |
| Capital expenditures | 2,654,152 | 3,324,463 | 670,311 | 1,450,106 |
| Other expenditures | 24,550 | 28,112 | 3,562 | 27,926 |
| Total instructional support services | 21,504,024 | 19,926,594 | (1,577,430) | 18,432,426 |
| Pupil support services | | | | |
| Salaries | 4,199,003 | 4,379,367 | 180,364 | 4,149,242 |
| Employee benefits | 1,499,331 | 1,482,589 | (16,742) | 1,353,754 |
| Purchased services | 14,175,514 | 13,807,183 | (368,331) | 13,229,366 |
| Supplies and materials | 340,301 | 266,223 | (74,078) | 408,109 |
| Capital expenditures | 72,500 | 37,035 | (35,465) | 49,620 |
| Other expenditures | 1,000 | 2,313 | 1,313 | 1,914 |
| Total pupil support services | 20,287,649 | 19,974,710 | (312,939) | 19,192,005 |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | 2024 | | Over (Under) Budget | 2023 |
|--|---------------------|----------------------|------------------------|----------------------|
| | Budget | Actual | | Actual |
| Expenditures (continued) | | | | |
| Current (continued) | | | | |
| Sites and buildings | | | | |
| Salaries | 5,942,049 | 5,813,292 | (128,757) | 5,867,046 |
| Employee benefits | 2,658,104 | 2,174,261 | (483,843) | 2,192,169 |
| Purchased services | 9,670,626 | 6,430,522 | (3,240,104) | 9,220,643 |
| Supplies and materials | 977,500 | 1,630,052 | 652,552 | 1,533,651 |
| Capital expenditures | 11,762,075 | 12,226,533 | 464,458 | 3,570,088 |
| Other expenditures | 174,250 | 7,062 | (167,188) | 56,430 |
| Total sites and buildings | <u>31,184,604</u> | <u>28,281,722</u> | <u>(2,902,882)</u> | <u>22,440,027</u> |
| Fiscal and other fixed cost programs | | | | |
| Purchased services | 828,000 | 719,122 | (108,878) | 825,125 |
| Other expenditures | — | 38,199 | 38,199 | 42,565 |
| Total fiscal and other fixed cost programs | <u>828,000</u> | <u>757,321</u> | <u>(70,679)</u> | <u>867,690</u> |
| Debt service | | | | |
| Principal | 3,953,912 | 3,900,143 | (53,769) | 3,918,902 |
| Interest and fiscal charges | 651,246 | 674,555 | 23,309 | 726,668 |
| Total debt service | <u>4,605,158</u> | <u>4,574,698</u> | <u>(30,460)</u> | <u>4,645,570</u> |
| Total expenditures | <u>209,599,170</u> | <u>204,195,230</u> | <u>(5,403,940)</u> | <u>192,549,651</u> |
| Excess of revenue over expenditures | 1,086,721 | 11,533,370 | 10,446,649 | 3,693,594 |
| Other financing sources (uses) | | | | |
| Finance purchase issued | 1,117,052 | 1,117,052 | — | 1,181,850 |
| Technology subscription issued | — | — | — | 350,565 |
| Insurance recovery | — | 125,581 | 125,581 | 31,219 |
| Transfers in | — | 309,446 | 309,446 | 622,962 |
| Transfers (out) | — | (1,365,308) | (1,365,308) | — |
| Total other financing sources (uses) | <u>1,117,052</u> | <u>186,771</u> | <u>(930,281)</u> | <u>2,186,596</u> |
| Net change in fund balances | <u>\$ 2,203,773</u> | 11,720,141 | <u>\$ 9,516,368</u> | 5,880,190 |
| Fund balances | | | | |
| Beginning of year | | <u>40,953,327</u> | | <u>35,073,137</u> |
| End of year | | <u>\$ 52,673,468</u> | | <u>\$ 40,953,327</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and temporary investments | \$ 1,786,045 | \$ 1,899,670 |
| Receivables | | |
| Accounts and interest | 7,800 | 265 |
| Due from other governmental units | 1,193,961 | 62,801 |
| Inventory | <u>192,693</u> | <u>197,530</u> |
| Total assets | <u>\$ 3,180,499</u> | <u>\$ 2,160,266</u> |
| Liabilities | | |
| Salaries payable | \$ 10,097 | \$ 27,741 |
| Accounts and contracts payable | 389,924 | 72,241 |
| Unearned revenue | <u>323,547</u> | <u>482,712</u> |
| Total liabilities | 723,568 | 582,694 |
| Fund balances | | |
| Nonspendable for inventory | 192,693 | 197,530 |
| Restricted for food service | <u>2,264,238</u> | <u>1,380,042</u> |
| Total fund balances | <u>2,456,931</u> | <u>1,577,572</u> |
| Total liabilities and fund balances | <u>\$ 3,180,499</u> | <u>\$ 2,160,266</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | | Over (Under) Budget | 2023 |
|-------------------------------------|-------------------|---------------------|------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Other – primarily meal sales | \$ 1,297,720 | \$ 1,428,966 | \$ 131,246 | \$ 5,069,270 |
| State sources | 5,749,300 | 5,778,731 | 29,431 | 303,176 |
| Federal sources | 2,605,545 | 3,297,294 | 691,749 | 2,572,661 |
| Total revenue | <u>9,652,565</u> | <u>10,504,991</u> | <u>852,426</u> | <u>7,945,107</u> |
| Expenditures | | | | |
| Current | | | | |
| Salaries | 2,698,270 | 2,810,618 | 112,348 | 2,467,033 |
| Employee benefits | 1,064,043 | 979,136 | (84,907) | 888,784 |
| Purchased services | 177,800 | 348,545 | 170,745 | 297,637 |
| Supplies and materials | 4,932,945 | 4,970,460 | 37,515 | 3,941,281 |
| Other expenditures | 18,000 | 26,274 | 8,274 | 15,587 |
| Capital outlay | 274,500 | 530,283 | 255,783 | 91,916 |
| Debt service | | | | |
| Principal | – | 15,492 | 15,492 | 16,756 |
| Interest and fiscal charges | – | 1,264 | 1,264 | – |
| Total expenditures | <u>9,165,558</u> | <u>9,682,072</u> | <u>516,514</u> | <u>7,718,994</u> |
| Excess of revenue over expenditures | 487,007 | 822,919 | 335,912 | 226,113 |
| Other financing sources | | | | |
| Technology subscription issued | – | – | – | 48,360 |
| Insurance recovery | – | 56,440 | 56,440 | – |
| Total other financing sources | <u>–</u> | <u>56,440</u> | <u>56,440</u> | <u>48,360</u> |
| Net change in fund balances | <u>\$ 487,007</u> | 879,359 | <u>\$ 392,352</u> | 274,473 |
| Fund balances | | | | |
| Beginning of year | | <u>1,577,572</u> | | <u>1,303,099</u> |
| End of year | | <u>\$ 2,456,931</u> | | <u>\$ 1,577,572</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and temporary investments | \$ 6,574,894 | \$ 4,738,455 |
| Receivables | | |
| Current taxes | 1,014,416 | 1,068,557 |
| Delinquent taxes | 13,271 | 14,342 |
| Accounts and interest | 74,522 | 69,865 |
| Due from other governmental units | 238,900 | 172,754 |
| Prepaid items | <u>1,365</u> | <u>–</u> |
| Total assets | <u>\$ 7,917,368</u> | <u>\$ 6,063,973</u> |
| Liabilities | | |
| Salaries payable | \$ 328,574 | \$ 249,057 |
| Accounts and contracts payable | 468,112 | 193,197 |
| Unearned revenue | <u>605,594</u> | <u>639,911</u> |
| Total liabilities | 1,402,280 | 1,082,165 |
| Deferred inflows of resources | | |
| Property taxes levied for subsequent year | 2,024,592 | 2,154,253 |
| Unavailable revenue – delinquent taxes | <u>7,249</u> | <u>11,379</u> |
| Total deferred inflows of resources | 2,031,841 | 2,165,632 |
| Fund balances | | |
| Nonspendable for prepaid items | 1,365 | – |
| Restricted for community education programs | 3,881,983 | 2,418,323 |
| Restricted for early childhood family education programs | 233,309 | 53,322 |
| Restricted for school readiness | 213,585 | 181,519 |
| Restricted for community service | <u>153,005</u> | <u>163,012</u> |
| Total fund balances | <u>4,483,247</u> | <u>2,816,176</u> |
| | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,917,368</u> | <u>\$ 6,063,973</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | | Over (Under) | 2023 |
|------------------------------------|-------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Property taxes | \$ 2,153,956 | \$ 2,135,698 | \$ (18,258) | \$ 2,092,123 |
| Other – primarily tuition and fees | 10,620,537 | 10,963,905 | 343,368 | 10,035,942 |
| State sources | 1,093,785 | 1,621,024 | 527,239 | 1,041,499 |
| Federal sources | – | – | – | 415,711 |
| Total revenue | <u>13,868,278</u> | <u>14,720,627</u> | <u>852,349</u> | <u>13,585,275</u> |
| Expenditures | | | | |
| Current | | | | |
| Salaries | 8,539,765 | 7,990,960 | (548,805) | 7,439,970 |
| Employee benefits | 2,903,262 | 2,550,023 | (353,239) | 2,376,933 |
| Purchased services | 1,352,282 | 1,752,566 | 400,284 | 1,397,236 |
| Supplies and materials | 648,643 | 705,226 | 56,583 | 548,993 |
| Other expenditures | 5,500 | 5,413 | (87) | 3,889 |
| Capital outlay | <u>78,157</u> | <u>49,368</u> | <u>(28,789)</u> | <u>105,195</u> |
| Total expenditures | <u>13,527,609</u> | <u>13,053,556</u> | <u>(474,053)</u> | <u>11,872,216</u> |
| Net change in fund balances | <u>\$ 340,669</u> | 1,667,071 | <u>\$ 1,326,402</u> | 1,713,059 |
| Fund balances | | | | |
| Beginning of year | | <u>2,816,176</u> | | <u>1,103,117</u> |
| End of year | | <u>\$ 4,483,247</u> | | <u>\$ 2,816,176</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and temporary investments | \$ 4,343,802 | \$ 8,050,285 |
| Cash and investments held by trustee | 31,481 | 29,680 |
| Receivables | | |
| Accounts and interest | <u>–</u> | <u>2,398</u> |
| Total assets | <u>\$ 4,375,283</u> | <u>\$ 8,082,363</u> |
| Liabilities | | |
| Accounts and contracts payable | \$ 234,976 | \$ 65,048 |
| Fund balances | | |
| Restricted for capital projects | <u>4,140,307</u> | <u>8,017,315</u> |
| Total liabilities and fund balances | <u>\$ 4,375,283</u> | <u>\$ 8,082,363</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | | Over (Under) Budget | 2023 |
|---|-----------------------|---------------------|------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Investment earnings | \$ 291,000 | \$ 512,930 | \$ 221,930 | \$ 465,992 |
| Other | – | 110 | 110 | 25,393 |
| Total revenue | <u>291,000</u> | <u>513,040</u> | <u>222,040</u> | <u>491,385</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Salaries | – | – | – | 20,000 |
| Employee benefits | – | – | – | 2,945 |
| Purchased services | – | 78,900 | 78,900 | 367,951 |
| Capital expenditures | 4,193,482 | 7,476,114 | 3,282,632 | 1,515,656 |
| Debt service | | | | |
| Fiscal charges and other | – | 70,652 | 70,652 | – |
| Total expenditures | <u>4,193,482</u> | <u>7,625,666</u> | <u>3,432,184</u> | <u>1,906,552</u> |
| Excess (deficiency) of revenue over expenditures | (3,902,482) | (7,112,626) | (3,210,144) | (1,415,167) |
| Other financing sources | | | | |
| Bonds issued | – | 3,105,000 | 3,105,000 | – |
| Premium on bonds issued | – | 130,618 | 130,618 | – |
| Total other financing sources | <u>–</u> | <u>3,235,618</u> | <u>3,235,618</u> | <u>–</u> |
| Net change in fund balances | <u>\$ (3,902,482)</u> | <u>(3,877,008)</u> | <u>\$ 25,474</u> | <u>(1,415,167)</u> |
| Fund balances | | | | |
| Beginning of year | | <u>8,017,315</u> | | <u>9,432,482</u> |
| End of year | | <u>\$ 4,140,307</u> | | <u>\$ 8,017,315</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Assets | | |
| Cash and temporary investments | \$ 11,949,499 | \$ 11,858,668 |
| Receivables | | |
| Current taxes | 8,886,725 | 7,921,295 |
| Delinquent taxes | 104,030 | 114,123 |
| Due from other governmental units | <u>910</u> | <u>1,058</u> |
| Total assets | <u>\$ 20,941,164</u> | <u>\$ 19,895,144</u> |
| Deferred inflows of resources | | |
| Property taxes levied for subsequent year | \$ 17,736,000 | \$ 15,969,580 |
| Unavailable revenue – delinquent taxes | <u>59,284</u> | <u>89,222</u> |
| Total deferred inflows of resources | 17,795,284 | 16,058,802 |
| Fund balances | | |
| Restricted for debt service | <u>3,145,880</u> | <u>3,836,342</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 20,941,164</u> | <u>\$ 19,895,144</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | | Over (Under) Budget | 2023 |
|-----------------------------|---------------------|---------------------|------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Property taxes | \$ 15,968,503 | \$ 15,829,374 | \$ (139,129) | \$ 16,425,992 |
| State sources | 9,000 | 9,102 | 102 | 10,583 |
| Total revenue | <u>15,977,503</u> | <u>15,838,476</u> | <u>(139,027)</u> | <u>16,436,575</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 11,045,000 | 11,045,000 | - | 9,780,000 |
| Interest | 5,482,275 | 5,482,275 | - | 5,896,475 |
| Fiscal charges and other | 2,900 | 1,663 | (1,237) | 2,850 |
| Total expenditures | <u>16,530,175</u> | <u>16,528,938</u> | <u>(1,237)</u> | <u>15,679,325</u> |
| Net change in fund balances | <u>\$ (552,672)</u> | <u>(690,462)</u> | <u>\$ (137,790)</u> | <u>757,250</u> |
| Fund balances | | | | |
| Beginning of year | | <u>3,836,342</u> | | <u>3,079,092</u> |
| End of year | | <u>\$ 3,145,880</u> | | <u>\$ 3,836,342</u> |

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured benefits and early retirement benefits.

The statements that follow are to provide further detail and support additional analysis for the District's internal service funds.

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2024

(With Comparative Totals as of June 30, 2023)

| | Self-Insurance Accounts | Early Retirement Accounts | Totals | |
|-----------------------------------|----------------------------|---------------------------------|---------------|---------------|
| | | | 2024 | 2023 |
| Assets | | | | |
| Current assets | | | | |
| Investments | \$ 4,782,641 | \$ 5,932,465 | \$ 10,715,106 | \$ 10,869,484 |
| Receivables | | | | |
| Accounts and interest | 10,642 | – | 10,642 | – |
| Due from other funds | 3,010,231 | – | 3,010,231 | 1,732,838 |
| Total current assets | 7,803,514 | 5,932,465 | 13,735,979 | 12,602,322 |
| Deferred outflows of resources | | | | |
| Pension plan deferments | – | 288,357 | 288,357 | 379,189 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts and contracts payable | 27,453 | – | 27,453 | 15,830 |
| Due to other funds | 3,052,164 | 3,515,123 | 6,567,287 | 5,905,411 |
| Claims incurred, but not reported | 1,463,671 | – | 1,463,671 | 1,275,282 |
| Severance benefits payable | – | 201,524 | 201,524 | 318,643 |
| Total pension liability | – | 393,980 | 393,980 | 633,347 |
| Total current liabilities | 4,543,288 | 4,110,627 | 8,653,915 | 8,148,513 |
| Long-term liabilities | | | | |
| Severance benefits payable | – | 1,828,870 | 1,828,870 | 1,604,980 |
| Total pension liability | – | 3,160,653 | 3,160,653 | 2,816,194 |
| Total long-term liabilities | – | 4,989,523 | 4,989,523 | 4,421,174 |
| Total liabilities | 4,543,288 | 9,100,150 | 13,643,438 | 12,569,687 |
| Deferred inflows of resources | | | | |
| Pension plan deferments | – | 180,898 | 180,898 | 211,826 |
| Net position | | | | |
| Unrestricted | \$ 3,260,226 | \$ (3,060,226) | \$ 200,000 | \$ 199,998 |

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2024
 (With Comparative Totals for the Year Ended June 30, 2023)

| | Self-Insurance Accounts | Early Retirement Accounts | Totals | |
|---|----------------------------|---------------------------------|-------------------|-------------------|
| | | | 2024 | 2023 |
| Operating revenue | | | | |
| Charges for services | \$ 21,263,283 | \$ – | \$ 21,263,283 | \$ 22,453,455 |
| Operating expenses | | | | |
| Dental benefit claims | 1,610,032 | – | 1,610,032 | 1,525,481 |
| Health benefit claims | 20,542,871 | – | 20,542,871 | 21,712,975 |
| Early retirement incentive and sick leave benefits | – | 649,550 | 649,550 | 407,134 |
| Total operating expenses | <u>22,152,903</u> | <u>649,550</u> | <u>22,802,453</u> | <u>23,645,590</u> |
| Operating income (loss) | (889,620) | (649,550) | (1,539,170) | (1,192,135) |
| Nonoperating revenue | | | | |
| Investment earnings | <u>223,365</u> | <u>259,945</u> | <u>483,310</u> | <u>801,184</u> |
| Income (loss) before transfers | (666,255) | (389,605) | (1,055,860) | (390,951) |
| Transfers in | – | 1,365,308 | 1,365,308 | – |
| Transfers out | <u>(309,446)</u> | <u>–</u> | <u>(309,446)</u> | <u>(622,962)</u> |
| Change in net position | (975,701) | 975,703 | 2 | (1,013,913) |
| Net position | | | | |
| Beginning of year | <u>4,235,927</u> | <u>(4,035,929)</u> | <u>199,998</u> | <u>1,213,911</u> |
| End of year | <u>\$ 3,260,226</u> | <u>\$ (3,060,226)</u> | <u>\$ 200,000</u> | <u>\$ 199,998</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2024
 (With Comparative Totals for the Year Ended June 30, 2023)

| | Self-Insurance Accounts | Early Retirement Accounts | Totals | |
|--|----------------------------|---------------------------------|----------------|----------------|
| | | | 2024 | 2023 |
| Cash flows from operating activities | | | | |
| Charges for services | \$ 21,315,399 | \$ – | \$ 21,315,399 | \$ 22,414,255 |
| Payments for health and dental claims | (21,952,891) | – | (21,952,891) | (23,951,131) |
| Payments for retirement benefits | – | (377,783) | (377,783) | (1,572,186) |
| Net cash flows from operating activities | (637,492) | (377,783) | (1,015,275) | (3,109,062) |
| Cash flows from noncapital financing activities | | | | |
| Cash received from other funds | 309,250 | – | 309,250 | 4,367,714 |
| Cash paid to other funds | – | (987,525) | (987,525) | – |
| Purchase of investments | – | – | – | (635,690) |
| Sale of investments | 637,688 | – | 637,688 | – |
| Transfers in | – | 1,365,308 | 1,365,308 | – |
| Transfers out | (309,446) | – | (309,446) | (622,962) |
| Net cash flows from noncapital financing activities | 637,492 | 377,783 | 1,015,275 | 3,109,062 |
| Net change in cash and cash equivalents | – | – | – | – |
| Cash and cash equivalents | | | | |
| Beginning of year | – | – | – | – |
| End of year | \$ – | \$ – | \$ – | \$ – |
| Reconciliation of operating income (loss) to net cash flows from operating activities | | | | |
| Operating income (loss) | \$ (889,620) | \$ (649,550) | \$ (1,539,170) | \$ (1,192,135) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities | | | | |
| Changes in assets | | | | |
| Accounts and interest receivable | (10,642) | – | (10,642) | – |
| Due from other funds | 62,758 | – | 62,758 | (39,200) |
| Deferred outflows of resources – pension plan deferments | – | 90,832 | 90,832 | (101,346) |
| Changes in liabilities and deferred inflows | | | | |
| Accounts and contracts payable | 11,623 | – | 11,623 | 15,822 |
| Claims incurred, but not reported | 188,389 | – | 188,389 | (728,497) |
| Severance benefits payable | – | 106,771 | 106,771 | (748,291) |
| Total pension liability | – | 105,092 | 105,092 | (295,769) |
| Deferred inflows of resources – pension plan deferments | – | (30,928) | (30,928) | (19,646) |
| Net cash flows from operating activities | \$ (637,492) | \$ (377,783) | \$ (1,015,275) | \$ (3,109,062) |
| Noncash investing, capital, and financing activities | | | | |
| Market value adjustment on investments in life insurance contracts | \$ 223,365 | \$ 259,945 | \$ 483,310 | \$ 801,184 |

SECTION III
STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 284'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. 284

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 | \$ 65,253,780 | \$ 31,901,934 | \$ 40,112,576 | \$ 37,679,712 |
| Restricted | 13,091,641 | 13,662,842 | 7,822,506 | 10,695,169 |
| Unrestricted | <u>(50,117,797)</u> | <u>(46,927,869)</u> | <u>(122,259,148)</u> | <u>(158,453,974)</u> |
| Total governmental activities net position | <u>\$ 28,227,624</u> | <u>\$ (1,363,093)</u> | <u>\$ (74,324,066)</u> | <u>\$ (110,079,093)</u> |

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately \$87.5 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$29.9 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020, reported as a change in accounting principle as a result of implementing this standard, which increased net position by approximately \$1.2 million. Prior year amounts have not been restated.

Note 4: In fiscal 2024, the District reported a change in accounting principle for a change in reporting certain groups of similar capital assets acquired in prior years, that increased net position by \$3,579,312.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 37,050,317 | \$ 27,572,468 | \$ 29,989,500 | \$ 33,227,426 | \$ 36,667,330 | \$ 56,426,154 |
| 10,648,975 | 9,472,475 | 3,126,677 | 11,224,124 | 25,400,096 | 33,131,167 |
| (122,967,598) | (133,667,103) | (139,295,623) | (131,772,607) | (116,456,636) | (104,749,098) |
| <u>\$ (75,268,306)</u> | <u>\$ (96,622,160)</u> | <u>\$(106,179,446)</u> | <u>\$ (87,321,057)</u> | <u>\$ (54,389,210)</u> | <u>\$ (15,191,777)</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Fiscal Year | | | |
|---|---------------------|-----------------------|------------------------|------------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | |
| Expenses | | | | |
| Administration | \$ 3,839,848 | \$ 4,817,133 | \$ 6,700,296 | \$ 6,052,169 |
| District support services | 4,577,951 | 5,033,300 | 6,114,326 | 5,347,446 |
| Elementary and secondary regular instruction | 67,230,737 | 68,238,658 | 97,927,589 | 98,324,381 |
| Vocational education instruction | 2,922,503 | 2,804,948 | 3,737,593 | 3,782,104 |
| Special education instruction | 16,695,866 | 17,678,829 | 23,736,177 | 23,646,291 |
| Instructional support services | 9,267,077 | 10,313,332 | 13,276,121 | 18,777,288 |
| Pupil support services | 11,997,753 | 12,363,815 | 14,566,050 | 14,370,024 |
| Sites and buildings | 16,373,431 | 31,109,967 | 35,215,528 | 23,723,765 |
| Fiscal and other fixed cost programs | 385,547 | 417,879 | 566,951 | 281,446 |
| Food service | 5,619,154 | 5,896,122 | 6,484,275 | 6,469,883 |
| Community service | 7,512,257 | 8,207,904 | 9,811,345 | 10,971,816 |
| Interest and fiscal charges | 5,748,064 | 5,134,248 | 5,326,192 | 6,692,718 |
| Total governmental activities expenses | <u>152,170,188</u> | <u>172,016,135</u> | <u>223,462,443</u> | <u>218,439,331</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| Administration | 166,265 | 215,357 | 57,422 | 39,922 |
| Elementary and secondary regular instruction | 1,159,389 | 1,262,298 | 1,287,405 | 1,323,071 |
| Special education instruction | 247,585 | 322,586 | 350,928 | 498,813 |
| Instructional support services | 9,493 | 7,808 | 6,703 | 15,338 |
| Pupil support services | 28,178 | 25,773 | 22,018 | 152,731 |
| Sites and buildings | 512,766 | 575,910 | 558,826 | 628,772 |
| Food service | 4,222,938 | 4,447,648 | 5,067,696 | 5,357,091 |
| Community service | 5,556,600 | 6,382,167 | 7,410,890 | 8,164,553 |
| Operating grants and contributions | 15,216,756 | 16,140,494 | 17,625,350 | 16,357,459 |
| Capital grants and contributions | 910,167 | 911,502 | 1,351,039 | 2,870,495 |
| Total governmental activities program revenues | <u>28,030,137</u> | <u>30,291,543</u> | <u>33,738,277</u> | <u>35,408,245</u> |
| Net (expense) revenue | (124,140,051) | (141,724,592) | (189,724,166) | (183,031,086) |
| General revenues and other changes in net position | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | 38,153,378 | 38,434,705 | 42,239,180 | 52,196,919 |
| Property taxes, levied for community service | 1,524,385 | 1,244,109 | 1,096,913 | 993,672 |
| Property taxes, levied for debt service | 11,401,371 | 15,673,366 | 14,587,642 | 8,274,499 |
| General grants and aids | 72,170,101 | 74,485,371 | 83,119,553 | 81,977,981 |
| Other general revenues | 1,376,993 | 1,240,454 | 2,001,619 | 1,672,313 |
| Investment earnings | 1,185,644 | 1,162,703 | 1,886,224 | 2,160,675 |
| Special item | - | - | - | - |
| Total general revenues and other changes in net position | <u>125,811,872</u> | <u>132,240,708</u> | <u>144,931,131</u> | <u>147,276,059</u> |
| Change in net position | <u>\$ 1,671,821</u> | <u>\$ (9,483,884)</u> | <u>\$ (44,793,035)</u> | <u>\$ (35,755,027)</u> |

Note: The District implemented GASB Statement No. 68 in fiscal 2015, GASB Statement Nos. 73, 74, and 75 in fiscal 2017, and GASB Statement No. 84 in fiscal 2020.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------|-----------------|----------------|---------------|---------------|---------------|
| \$ 4,265,884 | \$ 5,744,321 | \$ 5,749,982 | \$ 5,580,376 | \$ 5,747,682 | \$ 6,043,652 |
| 5,961,373 | 7,124,303 | 5,397,237 | 6,003,506 | 6,294,468 | 6,239,323 |
| 57,568,978 | 94,447,134 | 94,959,700 | 87,857,642 | 76,223,157 | 88,673,106 |
| 2,163,529 | 3,448,696 | 3,897,753 | 3,731,676 | 2,759,344 | 2,997,519 |
| 15,166,922 | 22,972,019 | 24,080,587 | 21,614,577 | 21,371,825 | 27,325,867 |
| 13,281,310 | 20,521,549 | 18,730,543 | 18,462,776 | 17,420,412 | 20,239,606 |
| 12,799,455 | 15,297,882 | 16,167,678 | 17,624,546 | 18,480,033 | 19,922,400 |
| 21,884,093 | 31,256,979 | 30,193,336 | 25,596,931 | 28,343,784 | 21,618,947 |
| 541,321 | 539,743 | 420,778 | 895,025 | 867,690 | 757,321 |
| 6,943,797 | 6,743,253 | 5,743,363 | 8,047,821 | 7,732,984 | 9,814,491 |
| 10,774,854 | 11,509,169 | 9,728,339 | 10,984,506 | 12,046,032 | 13,275,131 |
| 7,556,619 | 8,353,500 | 7,878,465 | 4,683,351 | 6,008,024 | 5,824,339 |
| 158,908,135 | 227,958,548 | 222,947,761 | 211,082,733 | 203,295,435 | 222,731,702 |
| 117,202 | 1,566 | 215 | 9,582 | 14,112 | 14,457 |
| 1,339,296 | 1,435,317 | 776,860 | 1,622,069 | 1,661,240 | 1,901,447 |
| 307,962 | 431,278 | 437,583 | 670,258 | 597,917 | 633,169 |
| 14,469 | 12,733 | 11,952 | 14,287 | 17,656 | 9,083 |
| 148,244 | 185,197 | 172,328 | 192,904 | 230,392 | 277,382 |
| 591,360 | 454,390 | 326,747 | 687,156 | 685,254 | 711,107 |
| 5,318,392 | 4,000,966 | 273,566 | 1,121,098 | 5,069,270 | 1,428,966 |
| 8,933,531 | 7,775,972 | 4,837,454 | 9,440,594 | 10,035,942 | 10,963,905 |
| 16,952,023 | 20,694,796 | 24,733,862 | 30,187,591 | 24,542,184 | 41,248,216 |
| 1,534,850 | 1,517,914 | 1,389,335 | 1,171,004 | 1,200,886 | 1,160,656 |
| 35,257,329 | 36,510,129 | 32,959,902 | 45,116,543 | 44,054,853 | 58,348,388 |
| (123,650,806) | (191,448,419) | (189,987,859) | (165,966,190) | (159,240,582) | (164,383,314) |
| 55,461,620 | 58,866,293 | 64,000,234 | 67,563,040 | 67,527,408 | 70,318,741 |
| 1,222,047 | 1,537,423 | 1,884,647 | 2,186,740 | 2,094,077 | 2,131,568 |
| 12,085,201 | 12,427,460 | 14,575,929 | 15,150,556 | 16,426,286 | 15,799,436 |
| 82,036,235 | 90,978,084 | 96,793,030 | 94,871,042 | 99,864,411 | 104,649,181 |
| 1,429,838 | 2,621,106 | 1,499,701 | 2,902,407 | 2,577,988 | 2,293,369 |
| 3,191,342 | 2,476,239 | 1,677,032 | 2,150,794 | 3,682,259 | 4,809,140 |
| 3,035,310 | - | - | - | - | - |
| 158,461,593 | 168,906,605 | 180,430,573 | 184,824,579 | 192,172,429 | 200,001,435 |
| \$ 34,810,787 | \$ (22,541,814) | \$ (9,557,286) | \$ 18,858,389 | \$ 32,931,847 | \$ 35,618,121 |

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| | Fiscal Year | | | |
|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | |
| Nonspendable | \$ 170,070 | \$ 196,566 | \$ 355,711 | \$ 287,085 |
| Restricted | 6,549,824 | 5,838,351 | 2,824,355 | 5,770,694 |
| Committed | 2,889,790 | 2,889,790 | - | - |
| Assigned | 2,508,237 | 5,482,867 | 4,918,059 | 5,712,743 |
| Unassigned | 9,306,757 | 9,347,456 | 8,050,979 | 8,304,664 |
| Total General Fund | <u>\$ 21,424,678</u> | <u>\$ 23,755,030</u> | <u>\$ 16,149,104</u> | <u>\$ 20,075,186</u> |
| All other governmental funds | | | | |
| Nonspendable | | | | |
| Special revenue funds | \$ 90,176 | \$ 94,839 | \$ 100,667 | \$ 108,812 |
| Capital Projects – | | | | |
| Building Construction Fund | 29,382 | 3,795 | 370,688 | 357,895 |
| Restricted | | | | |
| Special revenue funds | 2,763,831 | 2,777,607 | 3,131,609 | 2,824,021 |
| Capital Projects – | | | | |
| Building Construction Fund | 94,734,895 | 25,480,370 | 8,669,298 | 68,914,606 |
| Debt Service Fund | 2,044,497 | 2,618,143 | 2,475,932 | 2,606,958 |
| Unassigned | | | | |
| Special revenue funds | - | - | - | - |
| Capital Projects – | | | | |
| Building Construction Fund | - | - | (528,128) | - |
| Total all other governmental funds | <u>\$ 99,662,781</u> | <u>\$ 30,974,754</u> | <u>\$ 14,220,066</u> | <u>\$ 74,812,292</u> |
| Total all governmental funds | <u>\$ 121,087,459</u> | <u>\$ 54,729,784</u> | <u>\$ 30,369,170</u> | <u>\$ 94,887,478</u> |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 316,399 | \$ 611,106 | \$ 608,414 | \$ 155,695 | \$ 196,362 | \$ 1,512,203 |
| 7,600,701 | 6,775,773 | 2,976,949 | 8,513,378 | 19,675,220 | 25,528,501 |
| – | – | – | – | – | – |
| 5,369,294 | 5,529,336 | 7,775,597 | 11,348,017 | 8,002,652 | 8,643,744 |
| 12,681,756 | 19,030,745 | 15,496,057 | 15,056,047 | 13,079,093 | 16,989,020 |
| <u>\$ 25,968,150</u> | <u>\$ 31,946,960</u> | <u>\$ 26,857,017</u> | <u>\$ 35,073,137</u> | <u>\$ 40,953,327</u> | <u>\$ 52,673,468</u> |
| | | | | | |
| \$ 87,830 | \$ 138,321 | \$ 110,760 | \$ 54,380 | \$ 197,530 | \$ 194,058 |
| 19,169 | – | – | – | – | – |
| 2,479,699 | 854,097 | 243,867 | 2,351,836 | 4,196,218 | 6,746,120 |
| 33,749,841 | 23,516,237 | 13,926,905 | 9,432,482 | 8,017,315 | 4,140,307 |
| 2,833,280 | 2,683,374 | 2,799,411 | 3,079,092 | 3,836,342 | 3,145,880 |
| – | (137,471) | (1,393,729) | – | – | – |
| (1,219,341) | (4,611,885) | – | – | – | – |
| <u>\$ 37,950,478</u> | <u>\$ 22,442,673</u> | <u>\$ 15,687,214</u> | <u>\$ 14,917,790</u> | <u>\$ 16,247,405</u> | <u>\$ 14,226,365</u> |
| <u>\$ 63,918,628</u> | <u>\$ 54,389,633</u> | <u>\$ 42,544,231</u> | <u>\$ 49,990,927</u> | <u>\$ 57,200,732</u> | <u>\$ 66,899,833</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | \$ 51,053,987 | \$ 55,577,523 | \$ 57,642,494 | \$ 61,547,600 |
| Investment earnings | 144,163 | 135,329 | 538,191 | 838,461 |
| Other | 13,280,276 | 14,480,001 | 17,174,010 | 17,856,126 |
| State sources | 84,196,712 | 87,767,205 | 93,888,892 | 96,910,458 |
| Federal sources | 4,100,243 | 3,770,162 | 4,239,619 | 4,329,494 |
| Total revenues | <u>152,775,381</u> | <u>161,730,220</u> | <u>173,483,206</u> | <u>181,482,139</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 3,882,636 | 3,960,854 | 4,307,817 | 4,380,862 |
| District support services | 3,831,038 | 4,214,722 | 4,856,373 | 4,807,590 |
| Elementary and secondary regular instruction | 61,261,179 | 61,793,156 | 64,754,485 | 68,352,055 |
| Vocational education instruction | 2,898,253 | 2,775,891 | 2,782,707 | 2,953,500 |
| Special education instruction | 16,675,799 | 17,390,283 | 17,738,153 | 18,658,389 |
| Instructional support services | 9,518,374 | 10,107,948 | 9,841,449 | 15,992,693 |
| Pupil support services | 12,151,446 | 12,289,246 | 13,117,743 | 13,098,157 |
| Sites and buildings | 10,212,586 | 10,577,248 | 18,089,426 | 17,692,885 |
| Fiscal and other fixed cost programs | 385,547 | 417,879 | 566,951 | 281,446 |
| Food service | 5,574,751 | 5,705,994 | 6,173,350 | 6,403,380 |
| Community service | 7,537,839 | 8,008,491 | 8,912,116 | 10,298,600 |
| Capital outlay | 37,044,922 | 82,087,300 | 26,537,306 | 18,646,356 |
| Debt service | | | | |
| Principal | 11,526,756 | 11,364,273 | 11,554,610 | 5,789,891 |
| Interest and fiscal charges | 5,410,994 | 6,467,926 | 6,023,460 | 6,081,787 |
| Total expenditures | <u>187,912,120</u> | <u>237,161,211</u> | <u>195,255,946</u> | <u>193,437,591</u> |
| Excess of revenues over (under) expenditures | (35,136,739) | (75,430,991) | (21,772,740) | (11,955,452) |
| Other financing sources (uses) | | | | |
| Sale of equipment | - | - | 21,653 | - |
| Sale of real property | - | - | - | - |
| Insurance recovery proceeds | - | - | - | - |
| Bonds issued | 10,255,000 | 1,820,000 | - | 66,895,000 |
| Certificates of participation issued | - | - | - | - |
| Premium on debt issued | 867,145 | 57,459 | - | 3,406,305 |
| Finance purchase issued | 1,099,078 | 6,750,775 | 767,400 | 6,172,455 |
| Technology subscription issued | - | - | - | - |
| Payment to refunded bond escrow agent | (11,055,000) | (1,835,000) | - | - |
| Transfers in | 6,901,900 | 9,709,564 | 13,006,244 | 6,779,299 |
| Transfers out | (6,901,900) | (7,429,482) | (13,117,868) | (6,779,299) |
| Total other financing sources (uses) | <u>1,166,223</u> | <u>9,073,316</u> | <u>677,429</u> | <u>76,473,760</u> |
| Net change in fund balances | <u>\$ (33,970,516)</u> | <u>\$ (66,357,675)</u> | <u>\$ (21,095,311)</u> | <u>\$ 64,518,308</u> |
| Debt service as a percentage of noncapital expenditures | <u>11.2%</u> | <u>10.3%</u> | <u>9.7%</u> | <u>6.7%</u> |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------|------------------------|------------------------|---------------------|---------------------|---------------------|
| \$ 68,770,016 | \$ 72,813,330 | \$ 80,433,919 | \$ 84,873,103 | \$ 86,018,437 | \$ 88,402,355 |
| 2,770,330 | 2,197,147 | 1,305,933 | 1,674,000 | 2,881,075 | 4,325,830 |
| 18,202,110 | 16,918,525 | 8,336,406 | 16,450,029 | 20,858,552 | 18,050,864 |
| 101,283,833 | 107,226,242 | 108,577,224 | 111,439,713 | 117,192,391 | 138,306,107 |
| 4,609,793 | 5,924,132 | 14,093,576 | 15,439,120 | 7,751,132 | 8,220,578 |
| <u>195,636,082</u> | <u>205,079,376</u> | <u>212,747,058</u> | <u>229,875,965</u> | <u>234,701,587</u> | <u>257,305,734</u> |
| 4,785,410 | 5,067,908 | 5,083,452 | 5,483,945 | 6,184,834 | 5,947,788 |
| 5,445,961 | 6,694,187 | 5,096,001 | 5,935,170 | 6,178,953 | 5,910,159 |
| 76,186,117 | 81,936,301 | 83,152,766 | 84,858,958 | 86,970,728 | 87,877,605 |
| 3,043,470 | 3,272,414 | 3,670,138 | 3,796,628 | 3,300,153 | 3,114,979 |
| 20,099,837 | 21,779,719 | 22,445,977 | 22,174,862 | 24,337,265 | 27,821,384 |
| 16,158,133 | 19,718,543 | 18,149,211 | 18,826,900 | 18,432,426 | 19,926,594 |
| 14,067,489 | 15,049,233 | 15,855,236 | 17,625,696 | 19,192,005 | 19,974,710 |
| 14,265,340 | 14,028,350 | 25,477,618 | 20,344,916 | 22,440,027 | 28,281,722 |
| 541,321 | 539,743 | 420,778 | 895,025 | 867,690 | 757,321 |
| 6,737,168 | 6,657,150 | 5,601,859 | 8,086,232 | 7,610,322 | 9,135,033 |
| 11,073,210 | 11,322,610 | 9,602,128 | 11,107,228 | 11,767,021 | 13,012,458 |
| 40,253,946 | 47,880,501 | 9,634,742 | 5,195,897 | 2,103,663 | 8,134,665 |
| 6,547,836 | 7,992,578 | 9,337,680 | 13,954,352 | 13,715,658 | 14,960,635 |
| 7,937,194 | 8,371,309 | 8,761,139 | 6,546,015 | 6,625,993 | 6,230,409 |
| <u>227,142,432</u> | <u>250,310,546</u> | <u>222,288,725</u> | <u>224,831,824</u> | <u>229,726,738</u> | <u>251,085,462</u> |
| (31,506,350) | (45,231,170) | (9,541,667) | 5,044,141 | 4,974,849 | 6,220,272 |
| – | – | – | – | – | – |
| – | 6,251,000 | – | – | – | – |
| – | – | – | 210,326 | 31,219 | 182,021 |
| – | 7,455,000 | 8,340,000 | 132,865,000 | – | 3,105,000 |
| – | 17,000,000 | – | – | – | – |
| – | 1,690,099 | 951,055 | 4,923,285 | – | 130,618 |
| 537,500 | 1,824,796 | 1,350,145 | 2,251,230 | 1,181,850 | 1,117,052 |
| – | – | – | – | 398,925 | – |
| – | – | (9,200,000) | (136,886,511) | – | – |
| 2,042,900 | 8,667,013 | 4,611,885 | – | 622,962 | 309,446 |
| (2,042,900) | (8,373,693) | (8,356,820) | (960,775) | – | (1,365,308) |
| <u>537,500</u> | <u>34,514,215</u> | <u>(2,303,735)</u> | <u>2,402,555</u> | <u>2,234,956</u> | <u>3,478,829</u> |
| <u>\$ (30,968,850)</u> | <u>\$ (10,716,955)</u> | <u>\$ (11,845,402)</u> | <u>\$ 7,446,696</u> | <u>\$ 7,209,805</u> | <u>\$ 9,699,101</u> |
| <u>7.6%</u> | <u>7.6%</u> | <u>8.6%</u> | <u>9.3%</u> | <u>9.0%</u> | <u>9.3%</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | \$ 111,197,389 | \$ 9,846,198,999 | 1.1 % |
| 2016 | 119,387,105 | 10,688,657,739 | 1.1 |
| 2017 | 127,889,211 | 11,410,014,227 | 1.1 |
| 2018 | 137,065,114 | 12,249,671,471 | 1.1 |
| 2019 | 146,188,244 | 13,028,383,691 | 1.1 |
| 2020 | 156,060,319 | 13,916,257,860 | 1.1 |
| 2021 | 166,478,303 | 14,839,903,276 | 1.1 |
| 2022 | 176,520,258 | 15,755,769,997 | 1.1 |
| 2023 | 182,970,236 | 16,443,824,055 | 1.1 |
| 2024 | 217,667,832 | 19,229,146,613 | 1.1 |

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

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| Fiscal Year | ISD No. 284 | Corcoran | Maple Grove | Medicine Lake | Medina |
|-------------|-------------|----------|-------------|---------------|---------|
| 2015 | 24.571% | 49.743% | 42.463% | 37.508% | 25.501% |
| 2016 | 26.252% | 45.311% | 39.831% | 34.127% | 23.577% |
| 2017 | 26.106% | 45.691% | 39.196% | 40.413% | 23.301% |
| 2018 | 26.290% | 45.994% | 38.245% | 35.525% | 22.270% |
| 2019 | 25.464% | 45.357% | 36.709% | 45.247% | 21.521% |
| 2020 | 24.833% | 45.160% | 34.746% | 42.765% | 21.529% |
| 2021 | 26.681% | 45.013% | 32.756% | 48.696% | 22.493% |
| 2022 | 26.912% | 43.522% | 31.911% | 46.388% | 22.468% |
| 2023 | 23.848% | 42.122% | 26.902% | 41.635% | 22.559% |
| 2024 | 19.834% | 42.410% | 27.280% | 37.834% | 20.357% |

County Auditor's Gross Spread Levies

| | | | | | |
|------|---------------|------------|--------------|------------|--------------|
| 2015 | \$ 49,995,136 | \$ 100,000 | \$ 2,699,999 | \$ 350,000 | \$ 3,149,999 |
| 2016 | 55,954,344 | 167,872 | 3,189,576 | 391,702 | 3,749,151 |
| 2017 | 58,429,819 | 233,740 | 3,272,362 | 409,045 | 4,090,453 |
| 2018 | 68,605,225 | 304,340 | 3,226,004 | 426,076 | 4,199,892 |
| 2019 | 72,641,789 | 480,237 | 3,567,472 | 480,237 | 4,802,366 |
| 2020 | 79,769,816 | 797,649 | 3,828,717 | 558,355 | 5,344,251 |
| 2021 | 83,771,787 | 921,490 | 3,853,502 | 586,403 | 5,612,710 |
| 2022 | 85,835,162 | 1,201,692 | 4,034,253 | 515,011 | 6,008,461 |
| 2023 | 88,096,119 | 1,409,538 | 4,580,998 | 616,673 | 6,342,920 |
| 2024 | 92,385,480 | 1,662,939 | 4,711,659 | 646,698 | 6,928,911 |

Note: Above tax rates are used to levy city, county, and school district taxes.

Source: Hennepin County Taxpayer Services Division

| <u>Minnetonka</u> | <u>Orono</u> | <u>Plymouth</u> | <u>Wayzata</u> | <u>Hennepin County</u> | <u>Special Districts</u> |
|-------------------|--------------|-----------------|----------------|----------------------------|------------------------------|
| 38.194% | 17.815% | 30.114% | 26.311% | 49.959% | 8.858% |
| 37.089% | 17.387% | 28.374% | 25.705% | 46.398% | 9.785% |
| 35.674% | 17.325% | 27.330% | 24.673% | 45.356% | 9.530% |
| 36.378% | 16.759% | 26.482% | 23.352% | 44.087% | 9.319% |
| 35.710% | 16.555% | 26.344% | 21.749% | 42.808% | 8.973% |
| 34.676% | 16.406% | 25.920% | 21.672% | 41.861% | 8.550% |
| 36.574% | 16.512% | 25.796% | 21.055% | 41.084% | 8.219% |
| 35.556% | 16.780% | 26.119% | 20.644% | 38.535% | 8.176% |
| 33.922% | 16.569% | 24.307% | 19.468% | 38.535% | 7.148% |
| 34.958% | 16.349% | 24.775% | 19.224% | 34.681% | 8.405% |
| | | | | | |
| \$ 8,399,998 | \$ 550,000 | \$ 27,499,994 | \$ 7,249,998 | \$ 681,253,275 | \$ 127,112,287 |
| 9,177,027 | 615,532 | 30,832,572 | 7,834,047 | 695,586,226 | 129,960,888 |
| 9,641,782 | 584,350 | 32,022,403 | 8,180,906 | 726,763,726 | 135,429,950 |
| 9,556,277 | 608,680 | 33,903,780 | 8,643,257 | 759,408,857 | 142,541,391 |
| 10,771,020 | 686,052 | 37,870,083 | 9,947,758 | 788,559,712 | 147,240,760 |
| 11,964,741 | 717,884 | 45,226,722 | 11,326,622 | 829,555,042 | 154,800,273 |
| 12,565,768 | 753,946 | 47,749,919 | 11,728,050 | 868,958,906 | 156,344,726 |
| 12,703,604 | 772,516 | 48,754,372 | 11,845,252 | 899,375,132 | 162,053,155 |
| 12,157,264 | 792,865 | 50,038,596 | 12,157,265 | 930,849,945 | 166,557,210 |
| 12,379,654 | 831,469 | 52,013,025 | 13,211,124 | 991,309,287 | 179,657,718 |

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | Type of Property | 2024 | | | 2015 | | |
|-----------------------------|------------------|----------------------|------|----------------------------------|---------------------|------|----------------------------------|
| | | Net Tax Capacity | Rank | Percentage of Tax Capacity Value | Net Tax Capacity | Rank | Percentage of Tax Capacity Value |
| Ridgedale Center LLC | Commercial | \$ 1,724,970 | 1 | 0.79 % | \$ 2,397,574 | 1 | 2.16 % |
| GEP XI Minnetonka, LLC | Commercial | 1,482,713 | 2 | 0.68 | — | — | — |
| IRET Prosperities | Commercial | 1,397,263 | 3 | 0.64 | — | — | — |
| CP6 Carlson, LLC | Commercial | 1,359,375 | 4 | 0.62 | — | — | — |
| Medica Health Plans | Commercial | 1,312,150 | 5 | 0.60 | 1,389,446 | 2 | 1.25 |
| AX 601 Tower L.P. | Commercial | 1,202,430 | 6 | 0.55 | 982,408 | 3 | 0.88 |
| WHQ, LLC | Commercial | 1,146,170 | 7 | 0.53 | 909,064 | 4 | 0.82 |
| TFO Reva Wildamere PCC, LLC | Commercial | 1,131,690 | 8 | 0.52 | — | — | — |
| Pembroke TCM Atria LLC | Apartment | 975,250 | 9 | 0.45 | — | — | — |
| CVIII Vicksburg Village LLC | Apartment | 943,750 | 10 | 0.43 | — | — | — |
| Talcott III Atria LLC | Commercial | — | — | — | 865,942 | 5 | 0.78 |
| RREEF America Reit II Corp. | Commercial | — | — | — | 678,125 | 6 | 0.61 |
| Greystar | Apartment | — | — | — | 640,625 | 7 | 0.58 |
| AEW LT Vicksburg LLC | Apartment | — | — | — | 531,179 | 8 | 0.48 |
| Plymouth Corp | Apartment | — | — | — | 475,076 | 9 | 0.43 |
| Center DE LLC | Industrial | — | — | — | 475,076 | 9 | 0.43 |
| Total | | <u>\$ 12,675,761</u> | | <u>5.81 %</u> | <u>\$ 9,344,515</u> | | <u>8.42 %</u> |

Sources: Fiscal year 2024 information: obtained from the District's bond agents, Ehlers Public Finance Advisors (prepared by Ehlers and Associates, Inc.)

Fiscal year 2015 information: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 284

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

| For Taxes Collectible | Taxes Levied for the Fiscal Year | | | First Year Levy Recognized | | Collections |
|--------------------------|----------------------------------|------------------|---------------|----------------------------|-----------------------|------------------------------------|
| | Operating Tax Levy | Debt Tax Levy | Total | Amount | Percentage of Levy | Received in Subsequent Years |
| 2015 | \$ 38,442,757 | \$ 11,552,379 | \$ 49,995,136 | \$ 49,855,092 | 99.7 % | \$ 140,044 |
| 2016 | 40,225,448 | 15,728,896 | 55,954,344 | 55,775,065 | 99.7 | 179,279 |
| 2017 | 43,779,692 | 14,650,127 | 58,429,819 | 58,223,020 | 99.6 | 206,799 |
| 2018 | 56,479,703 | 12,125,522 | 68,605,225 | 68,580,763 | 100.0 | (52,477) |
| 2019 | 60,211,031 | 12,430,758 | 72,641,789 | 72,441,691 | 99.7 | 184,311 |
| 2020 | 65,159,083 | 14,610,733 | 79,769,816 | 79,555,962 | 99.7 | 182,811 |
| 2021 | 68,682,875 | 15,092,146 | 83,775,021 | 83,456,658 | 99.6 | 278,023 |
| 2022 | 69,309,760 | 16,528,296 | 85,838,056 | 85,445,760 | 99.5 | 329,212 |
| 2023 | 72,129,983 | 15,969,580 | 88,099,563 | 87,754,007 | 99.6 | – |
| 2024 | 74,659,493 | 17,736,000 | 92,395,493 | 46,100,000 | 49.9 | – |

Note: Collections received in subsequent years includes adjustments and abatements.

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

| Uncollected Taxes Receivable as of June 30, 2024 | | | | | |
|--|--------------------|-------------------|---------|----------------------|---------|
| Total to Date | | Delinquent | | Current | |
| Amount | Percentage of Levy | Amount | Percent | Amount | Percent |
| \$ 49,995,136 | 100.0 % | \$ - | - % | \$ - | - % |
| 55,954,344 | 100.0 | - | - | - | - |
| 58,429,819 | 100.0 | - | - | - | - |
| 68,528,286 | 99.9 | 76,939 | 0.1 | - | - |
| 72,626,002 | 100.0 | 15,787 | - | - | - |
| 79,738,773 | 100.0 | 31,043 | - | - | - |
| 83,734,681 | 100.0 | 40,340 | - | - | - |
| 85,774,972 | 99.9 | 63,084 | 0.1 | - | - |
| 87,754,007 | 99.6 | 345,556 | 0.4 | - | - |
| 46,100,000 | 49.9 | - | - | 46,295,493 | 50.1 |
| | | <u>\$ 572,749</u> | | <u>\$ 46,295,493</u> | |

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | | | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|-----------------------------|-------------------------------|------------------|---------|-------------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Premium (Discount) on Bonds | Certificates of Participation | Finance Purchase | Lease | Technology Subscription | Total Primary Government | | |
| 2015 | \$ 174,070,000 | \$ 4,359,617 | \$ 9,220,000 | \$ 1,182,787 | \$ - | \$ - | \$ 188,832,404 | 4.9 % | \$ 2,982 |
| 2016 | 165,110,000 | 3,625,490 | 8,495,000 | 6,239,289 | - | - | 183,469,779 | 4.5 | 2,826 |
| 2017 | 156,210,000 | 3,120,929 | 7,755,000 | 5,092,079 | - | - | 172,178,008 | N/A | 2,588 |
| 2018 | 220,160,000 | 6,208,464 | 7,000,000 | 9,174,643 | - | - | 242,543,107 | N/A | 3,646 |
| 2019 | 215,880,000 | 5,790,352 | 6,225,000 | 8,219,307 | - | - | 236,114,659 | N/A | 3,421 |
| 2020 | 218,020,000 | 7,035,999 | 22,590,000 | 8,001,525 | - | - | 255,647,524 | N/A | 3,600 |
| 2021 | 210,715,000 | 7,229,090 | 21,460,000 | 7,588,990 | - | - | 246,993,080 | N/A | 3,383 |
| 2022 | 205,420,000 | 9,277,034 | 20,180,000 | 7,305,616 | 686,185 | - | 242,868,835 | N/A | 3,318 |
| 2023 | 195,640,000 | 8,357,439 | 18,860,000 | 6,150,648 | 550,957 | 255,313 | 229,814,357 | N/A | 3,140 |
| 2024 | 187,700,000 | 7,666,807 | 17,500,000 | 4,991,690 | 408,157 | 118,488 | 218,385,142 | N/A | 2,951 |

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. 284

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 | \$ 178,429,617 | \$ 2,044,497 | \$ 176,385,120 | \$ 111,197,389 | 158.62 % | 63,317 | \$ 2,786 |
| 2016 | 168,735,490 | 2,618,143 | 166,117,347 | 119,387,105 | 139.14 | 64,917 | 2,559 |
| 2017 | 159,330,929 | 2,475,932 | 156,854,997 | 127,889,211 | 122.65 | 66,517 | 2,358 |
| 2018 | 226,368,464 | 2,606,958 | 223,761,506 | 137,065,114 | 163.25 | 66,517 | 3,364 |
| 2019 | 221,670,352 | 2,833,280 | 218,837,072 | 146,188,244 | 149.70 | 69,017 | 3,171 |
| 2020 | 225,055,999 | 2,683,374 | 222,372,625 | 156,060,319 | 142.49 | 71,017 | 3,131 |
| 2021 | 217,944,090 | 2,799,411 | 215,144,679 | 166,478,303 | 129.23 | 73,017 | 2,947 |
| 2022 | 214,697,034 | 3,079,092 | 211,617,942 | 176,520,258 | 119.88 | 73,197 | 2,891 |
| 2023 | 203,997,439 | 3,836,342 | 200,161,097 | 182,970,236 | 109.40 | 73,197 | 2,735 |
| 2024 | 195,366,807 | 3,145,880 | 192,220,927 | 217,667,832 | 88.31 | 74,015 | 2,597 |

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

INDEPENDENT SCHOOL DISTRICT NO. 284

Direct and Overlapping Debt
as of June 30, 2024

| Governmental Unit | Tax Collection Calendar Year – 2024 Taxable Net Tax Capacity | General Obligation Debt (1) | Debt Applicable to Tax Capacity in ISD No. 284 (2) | |
|-------------------------------------|--|-----------------------------------|--|-----------------------|
| | | | Percent | Amount |
| Direct debt | | | | |
| Independent School District No. 284 | \$ 241,115,748 | \$ 218,385,142 | 100.00 % | \$ 218,385,142 |
| Overlapping debt | | | | |
| Hennepin County | 2,859,451,218 | 1,463,480,000 | 6.28 | 91,949,628 |
| Cities | | | | |
| Corcoran | 19,881,089 | 36,730,000 | 21.03 | 7,722,887 |
| Maple Grove | 162,579,655 | 82,980,000 | 7.22 | 5,993,888 |
| Medicine Lake | 1,673,687 | 910,000 | 98.24 | 893,987 |
| Medina | 29,253,929 | 8,520,000 | 59.32 | 5,054,114 |
| Minnetonka | 148,514,633 | 57,680,000 | 20.91 | 12,061,679 |
| Orono | 57,673,615 | 17,110,000 | 3.64 | 622,700 |
| Plymouth | 204,750,465 | 58,855,000 | 63.68 | 37,479,852 |
| Wayzata | 33,571,623 | 24,035,000 | 98.29 | 23,622,923 |
| Other | | | | |
| Metropolitan Council | 2,867,585,325 | 1,193,534,000 | 8.41 | 100,356,157 |
| Three Rivers Park District | 2,052,772,775 | 59,870,000 | 11.75 | 7,032,244 |
| Total overlapping debt | | | | <u>292,790,059</u> |
| Total direct and overlapping debt | | | | <u>\$ 511,175,201</u> |

(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. 284

Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Debt limit | \$ 1,504,001,884 | \$ 1,603,298,661 | \$ 1,711,502,134 | \$ 1,837,450,721 |
| Total net debt applicable to the limit | <u>170,174,267</u> | <u>166,117,347</u> | <u>156,854,997</u> | <u>223,761,506</u> |
| Legal debt margin | <u>\$ 1,333,827,617</u> | <u>\$ 1,437,181,314</u> | <u>\$ 1,554,647,137</u> | <u>\$ 1,613,689,215</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 11.31% | 10.36% | 9.16% | 12.18% |

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 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 1,954,257,554 | \$ 2,087,438,679 | \$ 2,225,985,491 | \$ 2,363,365,500 | \$ 2,466,573,608 | \$ 2,884,371,992 |
| 218,837,072 | 222,372,625 | 215,144,679 | 211,617,942 | 200,161,097 | 192,220,927 |
| <u>\$ 1,735,420,482</u> | <u>\$ 1,865,066,054</u> | <u>\$ 2,010,840,812</u> | <u>\$ 2,151,747,558</u> | <u>\$ 2,266,412,511</u> | <u>\$ 2,692,151,065</u> |
| 11.20% | 10.65% | 9.67% | 8.95% | 8.11% | 6.66% |

Legal Debt Margin Calculation for Fiscal Year 2024

| | |
|--|-------------------------|
| Market value | \$19,229,146,613 |
| Debt limit (15% of market value) | 2,884,371,992 |
| Debt applicable to the limit | |
| General obligation bonds | 195,366,807 |
| Less amount set aside for repayment of general obligation debt | <u>(3,145,880)</u> |
| Total net debt applicable to the limit | <u>192,220,927</u> |
| Legal debt margin | <u>\$ 2,692,151,065</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

Demographic and Economic Statistics
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>School Enrollment</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|------------------------|-----------------------------------|--------------------------|--------------------------|
| 2015 | 63,317 | \$ 3,893,488,964 | \$ 61,492 | 10,762 | 3.7 % |
| 2016 | 64,917 | 4,103,857,989 | 63,217 | 10,858 | 3.7 |
| 2017 | 66,517 | N/A | N/A | 11,330 | 3.5 |
| 2018 | 66,517 | N/A | N/A | 11,642 | 2.8 |
| 2019 | 69,017 | N/A | N/A | 11,912 | 3.2 |
| 2020 | 71,017 | N/A | N/A | 12,134 | 9.8 |
| 2021 | 73,017 | N/A | N/A | 11,909 | 4.7 |
| 2022 | 73,197 | N/A | N/A | 11,841 | 2.2 |
| 2023 | 73,197 | N/A | N/A | 12,248 | 3.2 |
| 2024 | 74,015 | N/A | N/A | 12,499 | 3.9 |

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 is obtained from the Minnesota Department of Employment and Economic Development.

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Employers
Current Year and Nine Years Ago

| Employer | Fiscal Year | | | |
|---|---------------|------|---------------|------|
| | 2024 | | 2015 | |
| | Employees | Rank | Employees | Rank |
| Carlson Companies | 4,500 | 1 | 4,500 | 1 |
| Independent School District No. 284 | 1,448 | 2 | 1,510 | 3 |
| Medica Health | 1,300 | 3 | 1,300 | 4 |
| Sioux Falls Leased Housing | 1,000 | 4 | – | – |
| Abbott Laboratories | 800 | 5 | – | – |
| CWT | 400 | 6 | – | – |
| Wagner Spray Tech Corporation | 400 | 6 | – | – |
| Life Time | 325 | 8 | – | – |
| Turck, Inc. | 300 | 9 | – | – |
| Crown Plaza Minneapolis West | 281 | 10 | – | – |
| Cargill, Inc. | – | – | 4,000 | 2 |
| United Health Group | – | – | – | – |
| Aimia | – | – | 1,000 | 5 |
| TCF National Bank | – | – | 1,000 | 5 |
| St. Jude Medical | – | – | 800 | 7 |
| US Foods | – | – | 550 | 8 |
| Nilfisk-Advance, Inc. | – | – | 450 | 9 |
| Deltak LLC | – | – | 330 | 10 |
| Total | <u>10,754</u> | | <u>15,440</u> | |
| Demographic and Economic Statistics | <u>74,015</u> | | <u>63,317</u> | |
| Percent of principal employers to total ISD No. 284 population | <u>14.53%</u> | | <u>24.39%</u> | |

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

INDEPENDENT SCHOOL DISTRICT NO. 284

Employees by Classification
Last Ten Fiscal Years

| Employees | Fiscal Year | | | |
|--|-------------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 |
| Administration | | | | |
| Principals | 12.0 | 12.0 | 12.0 | 12.0 |
| Associate principals | 8.0 | 6.0 | 6.0 | 6.0 |
| Unaffiliated | 37.2 | 36.1 | 38.2 | 39.1 |
| Total administration | 57.2 | 54.1 | 56.2 | 57.1 |
| Instructional administrators | | | | |
| High school classroom teachers | 157.5 | 153.0 | 155.7 | 155.4 |
| Middle school classroom teachers | 134.6 | 131.7 | 133.4 | 137.2 |
| Elementary classroom teachers | 213.0 | 203.0 | 219.0 | 230.0 |
| High school – area learning center | 8.0 | 6.3 | 7.7 | 6.7 |
| Middle school – area learning center | 2.0 | 1.5 | 1.5 | 1.0 |
| Community education – early childhood family education | 3.8 | 5.5 | 3.5 | 3.5 |
| Special services | 77.0 | 66.0 | 68.6 | 96.6 |
| Elementary specialists and intervention | 65.6 | 64.7 | 72.2 | 82.7 |
| Total instructional administrators | 661.5 | 631.7 | 661.5 | 713.1 |
| Student services | | | | |
| Curriculum and instruction – resource, peer, alt comp | 20.0 | 21.0 | 15.5 | 16.5 |
| Media centers – elementary | 7.0 | 7.0 | 8.0 | 7.9 |
| High school – professional development | 0.3 | 0.3 | 0.3 | 0.3 |
| High school – counselors, media, Vision 21, intervention | 13.0 | 17.0 | 18.7 | 18.5 |
| Middle schools – counselors, media, Vision 21, intervention | 14.0 | 15.5 | 18.2 | 19.3 |
| Technology | 3.0 | 3.0 | 3.0 | 3.0 |
| Special services – social workers, psychologists, nurses, etc. | 46.2 | 59.2 | 54.9 | 38.3 |
| Total student services | 103.5 | 123.0 | 118.6 | 103.8 |
| Support services | | | | |
| Clerical/secretarial/administrative professional | 49.9 | 50.9 | 50.9 | 49.9 |
| Custodial | 73.0 | 75.0 | 83.5 | 85.5 |
| Food service | 44.9 | 46.2 | 48.8 | 49.4 |
| Paraprofessionals | 244.6 | 246.9 | 238.6 | 239.7 |
| Unaffiliated specialists | 22.8 | 22.8 | 20.9 | 21.9 |
| Unaffiliated support staff | 4.0 | 4.0 | 4.8 | 5.7 |
| Total support services | 439.2 | 445.8 | 447.5 | 452.1 |
| District-wide totals | 1,261.4 | 1,254.6 | 1,283.8 | 1,326.1 |

Note: All full-time equivalents are based on an 8-hour day.

Source: The District's Human Resources Department

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| 43.1 | 43.1 | 45.0 | 44.0 | 43.8 | 44.8 |
| <u>63.1</u> | <u>63.1</u> | <u>66.0</u> | <u>65.0</u> | <u>64.8</u> | <u>65.8</u> |
| 157.8 | 162.3 | 163.3 | 161.2 | 157.8 | 152.5 |
| 139.5 | 139.7 | 149.6 | 151.6 | 137.8 | 133.4 |
| 241.0 | 250.0 | 248.5 | 239.2 | 230.0 | 225.7 |
| 6.7 | 6.7 | 7.0 | 6.3 | 7.0 | 7.0 |
| 3.0 | 3.3 | 1.5 | 0.8 | 1.0 | 0.5 |
| 3.5 | 3.7 | 4.2 | 4.2 | 4.7 | 5.2 |
| 92.3 | 88.6 | 103.3 | 105.9 | 105.5 | 124.3 |
| 87.9 | 93.9 | 102.7 | 93.4 | 86.8 | 79.6 |
| <u>731.7</u> | <u>748.3</u> | <u>780.1</u> | <u>762.6</u> | <u>730.6</u> | <u>728.2</u> |
| 23.0 | 25.0 | 21.3 | 17.2 | 18.1 | 19.5 |
| 8.0 | 9.0 | 9.0 | 9.0 | 4.5 | 4.5 |
| 0.3 | - | - | - | - | - |
| 20.4 | 23.0 | 23.0 | 19.0 | 21.8 | 21.5 |
| 20.0 | 19.4 | 19.8 | 20.3 | 20.5 | 16.0 |
| 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| 58.6 | 58.9 | 62.9 | 62.3 | 70.7 | 65.1 |
| <u>133.3</u> | <u>138.3</u> | <u>139.0</u> | <u>130.8</u> | <u>138.6</u> | <u>129.6</u> |
| 47.9 | 45.7 | 44.7 | 44.6 | 44.1 | 45.1 |
| 86.0 | 88.2 | 89.2 | 88.7 | 88.1 | 93.1 |
| 57.0 | 55.0 | 50.2 | 56.6 | 51.8 | 61.8 |
| 228.2 | 243.7 | 208.2 | 209.2 | 215.5 | 216.4 |
| 20.5 | 29.1 | 26.0 | 14.0 | 21.7 | 21.6 |
| 6.7 | 10.4 | 15.0 | 8.0 | 11.8 | 12.8 |
| <u>446.3</u> | <u>472.1</u> | <u>433.3</u> | <u>421.1</u> | <u>433.0</u> | <u>450.8</u> |
| <u>1,374.4</u> | <u>1,421.8</u> | <u>1,418.4</u> | <u>1,379.5</u> | <u>1,367.0</u> | <u>1,374.4</u> |

INDEPENDENT SCHOOL DISTRICT NO. 284

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 | 10,762 | \$133,929,448 | \$ 12,445 | 0.3 % | 505 | 21.3 | 13.0 % |
| 2016 | 10,858 | 136,420,224 | 12,564 | 1.0 | 488 | 22.3 | 13.9 |
| 2017 | 11,330 | 143,803,361 | 12,692 | 1.0 | 508 | 22.3 | 14.0 |
| 2018 | 11,642 | 154,352,148 | 13,258 | 4.5 | 523 | 22.3 | 12.0 |
| 2019 | 11,912 | 167,080,676 | 14,026 | 5.8 | 538 | 22.1 | 12.0 |
| 2020 | 12,134 | 178,135,010 | 14,681 | 4.7 | 552 | 22.0 | 11.5 |
| 2021 | 11,909 | 179,341,831 | 15,059 | 2.6 | 561 | 21.2 | 10.3 |
| 2022 | 11,841 | 185,223,767 | 15,643 | 3.9 | 552 | 21.5 | 9.6 |
| 2023 | 12,248 | 196,731,064 | 16,062 | 2.7 | 526 | 23.3 | 15.6 |
| 2024 | 12,499 | 205,831,722 | 16,468 | 2.5 | 512 | 24.4 | 16.9 |

Note: Operating expenditures are total expenditures less debt service, capital outlays, and capital expenditures in the General Fund which are reported within each function.

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 284

Building Information
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Elementary schools | | | | | | | | | | |
| Birchview (1969) | | | | | | | | | | |
| Square feet | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 | 59,720 |
| Capacity | 592 | 592 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 |
| Enrollment | 622 | 586 | 481 | 499 | 474 | 447 | 415 | 395 | 433 | 452 |
| Gleason Lake (1988) | | | | | | | | | | |
| Square feet | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 | 80,710 |
| Capacity | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 |
| Enrollment | 636 | 622 | 571 | 568 | 586 | 634 | 602 | 573 | 568 | 589 |
| Greenwood (1964) | | | | | | | | | | |
| Square feet | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 | 88,016 |
| Capacity | 820 | 820 | 780 | 780 | 780 | 780 | 780 | 780 | 780 | 780 |
| Enrollment | 863 | 856 | 747 | 794 | 813 | 775 | 722 | 779 | 824 | 810 |
| Kimberly Lane (1991) | | | | | | | | | | |
| Square feet | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 |
| Capacity | 690 | 690 | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 |
| Enrollment | 764 | 718 | 649 | 760 | 778 | 628 | 571 | 571 | 526 | 531 |
| Meadow Ridge (2016) | | | | | | | | | | |
| Square feet | - | - | 85,208 | 102,508 | 102,508 | 102,508 | 102,508 | 102,508 | 102,508 | 102,508 |
| Capacity | - | - | 710 | 828 | 828 | 828 | 828 | 828 | 828 | 828 |
| Enrollment | - | - | 758 | 853 | 869 | 768 | 769 | 783 | 769 | 755 |
| North Woods (2020) | | | | | | | | | | |
| Square feet | - | - | - | - | - | 104,611 | 104,611 | 104,611 | 104,611 | 104,611 |
| Capacity | - | - | - | - | - | 760 | 760 | 760 | 760 | 760 |
| Enrollment | - | - | - | - | - | 569 | 601 | 691 | 775 | 809 |
| Oakwood (1957) | | | | | | | | | | |
| Square feet | 95,476 | 95,476 | 95,476 | 95,476 | 95,476 | 95,476 | 139,570 | 139,570 | 139,570 | 139,570 |
| Capacity | 690 | 690 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 |
| Enrollment | 576 | 675 | 475 | 515 | 562 | 494 | 458 | 424 | 418 | 448 |
| Plymouth Creek (1988) | | | | | | | | | | |
| Square feet | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 | 81,000 |
| Capacity | 690 | 690 | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 |
| Enrollment | 747 | 762 | 669 | 690 | 714 | 675 | 629 | 603 | 588 | 659 |
| Sunset Hill (1963) | | | | | | | | | | |
| Square feet | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 | 73,598 |
| Capacity | 690 | 690 | 660 | 660 | 660 | 660 | 660 | 660 | 660 | 660 |
| Enrollment | 581 | 596 | 664 | 681 | 681 | 682 | 621 | 635 | 675 | 706 |
| Middle schools | | | | | | | | | | |
| East (1967) | | | | | | | | | | |
| Square feet | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 | 146,111 |
| Capacity | 800 | 800 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Enrollment | 771 | 743 | 780 | 733 | 747 | 690 | 677 | 648 | 648 | 674 |
| West (1949) | | | | | | | | | | |
| Square feet | 167,000 | 167,525 | 167,525 | 167,525 | 167,525 | 167,525 | 167,525 | 167,525 | 167,525 | 167,525 |
| Capacity | 900 | 900 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Enrollment | 745 | 772 | 791 | 771 | 758 | 748 | 723 | 684 | 680 | 714 |
| Central (1961) | | | | | | | | | | |
| Square feet | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 | 308,568 |
| Capacity (1) | 1,700 | 1,700 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| Enrollment | 1,036 | 1,118 | 1,209 | 1,268 | 1,320 | 1,316 | 1,401 | 1,412 | 1,532 | 1,546 |
| High school | | | | | | | | | | |
| Peony (1997) | | | | | | | | | | |
| Square feet | 487,432 | 487,432 | 656,432 | 656,432 | 656,432 | 656,432 | 656,432 | 656,432 | 656,432 | 656,432 |
| Capacity | 3,200 | 3,200 | 3,900 | 3,900 | 3,900 | 3,900 | 3,900 | 3,900 | 3,900 | 3,900 |
| Enrollment | 3,305 | 3,334 | 3,410 | 3,453 | 3,558 | 3,669 | 3,685 | 3,685 | 3,687 | 3,711 |
| Transition School (2023) | | | | | | | | | | |
| Square feet | - | - | - | - | - | 4,000 | 4,000 | 4,000 | 4,000 | 8,600 |
| Capacity | - | - | - | - | - | 30 | 30 | 30 | 30 | 75 |
| Enrollment | - | - | - | - | - | 15 | 30 | 30 | 48 | 39 |

(1) Through fiscal 2016, Central Middle School capacity includes space for 1,400 middle school students and 300 birth-to-kindergarten students.

Source: Information was obtained from district records. Enrollment data is as of October 1 of the fiscal year.



School Board Work Session
District Operational Plan Update
11.25.2024

First Road Map developed 2011

Revised in 2015 and in 2019

Reviewed/Updated in 2023

WAYZATA PUBLIC SCHOOLS
Strategic Roadmap
2023–2027



MISSION

Our core purpose

To ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

VISION

What we intend to create and experience

To be a model of excellence where students of all ages discover their unique talents, develop a love and tenacity for learning and demonstrate confidence and capacity for success through:

- Exceptional student learning, experiences and relationships
- Community trust, confidence and partnership
- Operational excellence

CORE VALUES

Drivers of our words and actions

Achievement: Challenging oneself and others for excellence in all we do.

Collaboration: Working together to maximize opportunities and eliminate barriers to learning for all.

Community: Maintaining a sense of belonging to and responsibility for the broader community.

Equity: Meeting the specific needs of all students.

Integrity: Doing the right thing in the right way at the right time, even when no one is aware.

Respect: Valuing others for their diverse talents, backgrounds, cultures and viewpoints.

STRATEGIC DIRECTIONS

Through focus on priorities and strategy execution, we achieve excellence and realize our vision.


1. Ensure a high-quality daily experience for each and every student
2. Deliver high-quality instruction that leads to high academic achievement for all students
3. Recruit, hire, support, develop and retain the highest quality staff
4. Build awareness and capacity to improve the health and well being of our school district community
5. Learn and improve from community engagement and strategic partnerships
6. Ensure the effective and efficient use of district resources
7. Align internal district processes and procedures to improve communication, decision-making, accountability and collaboration, resulting in operational excellence

Equity Commitment

- Unanimously approved by School Board on 4-12-21
- Serves as an amplification of our Core Values
- Reinforces the Mission, Vision and Strategic Directions to help us reach our highest of aspirations of “Excellence for Each and Every Student”

Wayzata Public Schools Equity Commitment

Systemic racism and many inequities exist in our society. This is not a reflection of who we aspire to be in Wayzata Public Schools. It is essential that we address this to fulfill our mission for each and every member of our community.



We commit to:

- Evaluating and expanding our mindsets
- Embracing productive discomfort
- Transforming our core values from words to policies and actions that improve equity

We will facilitate the efforts of staff, students and families to act on our six core values.

| Achievement | Collaboration | Community |
|---|--|---|
| <ul style="list-style-type: none"> • Create a system for learning, teaching and measuring success that honors cultural differences. • Give each other space to understand our implicit biases as we seek to free ourselves of them. | <ul style="list-style-type: none"> • Share collective responsibility for empowering all learners to thrive and be their authentic selves. • Build on the strengths we each bring so that together we are more than the sum of our parts. | <ul style="list-style-type: none"> • Understand that we all belong here and are critical to each other's success and well-being. • Being accountable to each other in the pursuit of being our best selves. |
| Equity | Integrity | Respect |
| <ul style="list-style-type: none"> • Work to increase our awareness of inequities so we can grow our capacity to become who we aspire to be. • Study and practice anti-racist behavior so that we can continuously learn and improve. | <ul style="list-style-type: none"> • Continually live our shared values, especially when these values are challenged. • Infuse our daily work and planning with equity thinking through self-reflection and data. | <ul style="list-style-type: none"> • Listen from and through our differences. • Acknowledge that the lives of Black, Indigenous and people of color matter and this is reflected in our actions. |

We will find ways to create more equitable systems that honor each person's unique mix of overlapping identities, including but not limited to:

| | | |
|--|--|---|
| <ul style="list-style-type: none"> • age • beliefs/religion • class • disability/special needs • ethnicity • family status | <ul style="list-style-type: none"> • gender • gender expression/identity • height/weight • home language • immigration status • issues specific to women/girls | <ul style="list-style-type: none"> • mental health • national origin • poverty • race • sexual orientation |
|--|--|---|

Our mission is to ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

Approved by WPS School Board April 12, 2021

STRATEGIC DIRECTIONS

Through focus on priorities and strategy execution,
we achieve excellence and realize our vision.

1. Ensure a high-quality daily experience for each and every student
2. Deliver high-quality instruction that leads to high academic achievement for all students
3. Recruit, hire, support, develop and retain the highest quality staff
4. Build awareness and capacity to improve the health and well being of our school district community
5. Learn and improve from community engagement and strategic partnerships
6. Ensure the effective and efficient use of district resources
7. Align internal district processes and procedures to improve communication, decision-making, accountability and collaboration, resulting in operational excellence

School Board Suggested Goal Areas for 2024-2025

1. Finalization of the District Operational Plan (DOP) with associated measurable goals in all Strategic Directions.
2. Continue to engage and partner with the community to understand and respond to changing student, staff and community needs.
3. Monitor student growth as it relates to facilities needs and class sizes.
4. Prioritize academic excellence for each and every student which includes a commitment to student growth at all levels and demonstrable progress in the reduction of the student opportunity and achievement gap.

School Board Suggested Goal Areas for 2024-2025

Suggested Goal #1: Finalization of the District Operational Plan (DOP) with associated measurable goals in all Strategic Directions.

Progress Update:

1. Linking to existing plans
 - World's Best Workforce
 - Achievement & Integration
 - Minnesota Multi-Tiered Systems of Support
 - Site Goals
 - Educator's Thriving Feedback
 - Building Instructional Leadership Teams/Center for Educational Leadership
2. Goals/Strategies/Metrics/Alignment/Leader/Timeframe

Alignment To Existing District/Site Plans

World's Best Work Force

Achievement and Integration

MNMTSS

Site Goals

Educators Thriving

CEL

A screenshot of a dropdown menu interface. The menu is open, showing a list of options. The top option is "Select One" in a light gray box. Below it are seven options, each in a colored pill-shaped button: "WBWF" (red), "A&I" (dark blue), "MnMTSS" (gold), "Site Goals" (gray), "Educators Thriving" (light blue), and "CEL" (light green). The menu is positioned over a background of several horizontal gray bars, each with a downward-pointing arrow on the right side. A small pencil icon is visible in the bottom right corner of the dropdown menu.

Strategic Direction #1

Ensure a high-quality daily experience for each and every student.

Goals for this Strategic Direction:

1. All Children are Ready for School.
(And the School is Ready for all Children.)
2. All Students are College and Career Ready.
3. Other...

Strategic Direction #1

Ensure a high-quality daily experience for each and every student.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|---|--|--|-------------|-------------|-----------|
| SD 1: Ensure a high-quality daily experience for each and every student | 1.1 All Children are Ready for School | <p>The percent of students who complete preschool screening as measured by the number of students screened compared to district census data will increase from 38% of 3 year-olds and 50% of 4 year-olds in 2022-23 to 45% of 3 year olds and 55% of 4 year-olds in 2024-25.</p> <p>Transition to Kindergarten: Baseline metrics determined and trend data identified, report shared, goals determined</p> <p>Increased engagement with incoming kindergarten families. Outreach activities created and expanded (Jumpstart to Kindergarten, Parent Support for Transitions, Summer Rising K's preschool, school events/activities).</p> | WBWF | Jenni Ebert | June 2025 |
| | 1.2 All Students are College and Career Ready | <p>The percent of students who earned credit in at least one AP or Concurrent Enrollment course will increase from ___ in the Class of 2024 to ___ in the Class of 2025.</p> | WBWF | Dana Miller | |
| | <p>ACT (11-12th grade Oct report)--College readiness benchmark, by strand, composite.</p> | WBWF | Dana Miller | | |
| | <p>By School year 2026-2027, All WHS graduates will have a minimum of one experiential education credit.</p> | WBWF | Dana Miller | | |
| | | <p>WHS will develop and implement a mid and end of term student experience survey provided to all students aligned to the Portrait of a Wayzata Graduate. Baseline data will be established during the 2024-25 school year</p> | WBWF | Dana Miller | |

Strategic Direction #2

Deliver high-quality instruction that leads to high academic achievement for all students.

Goals for this Strategic Direction:

1. All K-12 students reading at or above grade level. Students receiving EL services and students on IEPs meeting their individual goals.
2. Increase the district's overall performance on MCAs.
3. All students graduate from high school.
4. All racial and economic achievement gaps between students are closed.
5. Other...

Strategic Direction #2

Deliver high-quality instruction that leads to high academic achievement for all students.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|--|---|--|-------------|--------------------|-----------|
| <p>Academic achievement for all students</p> | <p>2.1 All K-12 students reading at or above grade level. Students receiving EL services and students on IEPs meeting their individual goals.</p> | <p>100% of staff registered for OL/LA training meet the deadline for completion.</p> <p>The percent of students in grades K-8 who perform at or above the "Low Risk" range on the FastBridge universal screeners (earlyReading and aReading) will increase from 78% in Spring 2023-24 to 80% in Spring 2024-25.</p> <p>FastBridge Growth for students in Grades 2-8 who start at High or Some Risk - making "Aggressive" Growth (need percent of growth from WBWF)</p> <p>The percentage of students in grades 9-12 who receive As or Bs in their English course will increase from ___% in 2023-24 to ___% in 2024-25. (MCA 10th grade;)</p> <p>The gap between the percentage of Asian and Black students in grades 9-12</p> | <p>WBWF</p> | <p>Dana Miller</p> | |
| | <p>2.2 Increase the district's overall performance on MCAs</p> | <p>The percentage of students in grades 3-8 who score proficient on the MCA reading test will increase from 72.80% in 2023-24 to 74.80% in 2024-25.</p> <p>The percentage of students in grades 3-8 who score proficient on the MCA math test will increase from 75.40% in 2023-24 to 77.40% in 2024-25.</p> <p>The percentage of students who pass state in the MCA tests in grades 10 & 11 will increase from ___% of 10th grade students and ___% of 11th grade students in 2023-24 to ___% of 10th grade students and ___% of 11th grade students in 2024-25.</p> <p>Science?</p> | <p>WBWF</p> | <p>Dana Miller</p> | |

Strategic Direction #2

Deliver high-quality instruction that leads to high academic achievement for all students.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|---|--|--|-----------|------------------|-----------|
| High-quality instruction that leads to high academic achievement for all students | 2.3 All students graduate from high school | <p>Science</p> <p>Percent of students graduating in four years or continuing or into the Transition Program will increase from ___ to ___.</p> <p>Increase the number of students from X to X who are on pace to meet graduation requirements at the end of each grade level.</p> | WBWF | Dana Miller | |
| | 2.4 All racial and economic achievement gaps between students are closed | <p>Grade 3-8 MCA Reading and Math</p> <p>HS MCA participation and results</p> <p>Indicators of progress... A & I</p> <p>CEIS Voluntary & Mandatory Targets</p> <p>K-1: Local assessment data K-1, new assessment - Reading</p> <p>2-5: FastBridge Reading - reduce gap between Asian and Black students</p> <p>2-5: FastBridge Math - reduce gap between Asian and Black students</p> <p>6-8: MAP MCA Prediction for Reading - reduce gap between Asian and Black students</p> <p>6-8: MAP MCA Prediction for Math - reduce gap between Asian and Black students</p> <p>9-12: % of Grades A's and B's in English - gap between Asian and Black</p> <p>9-12: % of Grades A's and B's in Math - gap between Asian and Black</p> <p>1-5: Reading Intervention Disparities - reduce gap for Black students</p> <p>6-8: Reading Intervention Disparities - reduce gap for Black students</p> <p>K-12: Family Engagement Survey</p> <p>2-5: Enrichment Program Enrollment - reduce gap for Black students</p> <p>6-8: Enrichment Program Enrollment - reduce gap for Black students</p> <p>9-12: Enrichment Program Enrollment - reduce gap for Black students</p> <p>Increase % ACT Black/African American students at or above 21 composite on ACT</p> | A&I | Solveig Harriday | |

Strategic Direction #3

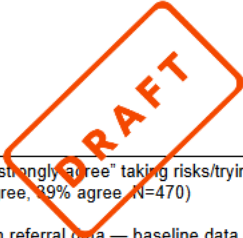
Recruit, hire, support, develop and retain the highest quality staff.

Goals for this Strategic Direction:

1. Retain and develop district talent across all levels.
2. At least 85% of Wayzata staff will assess at or above the Embracing Level of the Innovation Configuration map for Culturally Responsive Learning Experiences by May 2026.
3. Other...

Strategic Direction #3

Recruit, hire, support, develop and retain the highest quality staff.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|--|--|--|--------------------|------------------|-----------|
| SD 3: Recruit, hire, support, develop and retain the highest quality staff | 3.1 Retain and develop district talent across all levels. |  | CEL | Chace Anderson | |
| | | | CEL | Chace Anderson | |
| | | | CEL | Dana Miller | |
| | | | CEL | | |
| | | | Educators Thriving | | |
| | 3.2 At least 85% of Wayzata staff will assess at or above the Embracing level of the Innovation Configuration map for Culturally Responsive Learning Experiences by May 2026 | Peer Coach Survey – “strongly agree” taking risks/trying new strategies (2022: 52% strongly agree, 39% agree, N=470) | A&I | Solveig Harriday | |
| | | Elementary intervention referral data — baseline data coming Spring 20XX (looking to see a decrease in disproportionate referrals) | A&I | Stacie Vos | |

Strategic Direction #4

Build awareness and capacity to improve the health and well being of our school district community.

Goals for this Strategic Direction:

1. WPS will support the social-emotional and developmental needs of students and staff by hosting a continuum of School-Based Mental Health (SBMH) resources that range from classroom to on-site and community-based support.
2. Other...

Strategic Direction #4

Build awareness and capacity to improve the health and well being of our school district community.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|--|--|--|---------------------------|--------------------|-----------|
| <p>SD 4: Build awareness and capacity to improve the health and well being of our school district community</p> | <p>4.1 WPS will support the social-emotional and developmental needs of students and staff by hosting a continuum of School-Based Mental Health (SBMH) resources that range from classroom to on-site and community-based support.</p> | <ul style="list-style-type: none"> - Re-administer the SHAPE assessment in the areas of resource mapping and Funding at the conclusion of the 24-25 school year. - Mental Health Screener is administered and critical student/family reports are responded to within 24 hours - District wide Student Engagement Survey Data - Use the data from the SHAPE needs assessment to inform how to best utilize Student Support Personnel Aids allocated to WPS | <p>MnMTSS</p> | <p>Ginny Nyhus</p> | |
| | | | <p>MnMTSS</p> | <p>Dana Miller</p> | |
| | | | <p>Educators Thriving</p> | <p>Stacie Vos</p> | |

Strategic Direction #5

Learn and improve from community engagement and strategic partnerships.

Goals for this Strategic Direction:

1. Create a strategic community engagement and partnerships plan.
2. Ensure families are identified and are connected to WPS.
3. Other...

Strategic Direction #5

Learn and improve from community engagement and strategic partnerships.

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|--|---|---|-----------|-------------|---------------------------|
| SD 5: Learn and improve from community engagement and strategic partnerships | 5.1 Create a strategic community engagement and partnerships plan | <p>Completion of a comprehensive assessment report outlining current community engagement practices. Identification of strengths and areas for improvement based on feedback.</p> <p>Baseline customer service metrics determined. Goals set for improvements.</p> <p>Development of a strategic communication plan regarding the referendum, with clear metrics for public awareness and understanding (e.g., tracking</p> | MnMTSS | Amy Parnell | Ongoing through June 2025 |
| | 5.2 Ensure families are identified and are connected to WPS | <p>Plan created in partnership with Community Ed, Communications, Equity and Inclusion, Welcome Center and Principals; includes ongoing family feedback and community engagement. Benchmarks identified, tracked and shared.</p> <p>Database options identified and evaluated. Database selected and implemented in Community Ed.</p> | MnMTSS | Jenni Ebert | Ongoing through June 2025 |

Strategic Direction #6

Ensure the efficient and effective use of district resources.

Goals for this Strategic Direction:

1. Enrollment and Facilities.
2. Alignment of Budget Resources to Strategic Directions.
3. Data Management Tool.
4. Other...

Strategic Direction #6

Ensure the efficient and effective use of district resources.

Strategic Direction Goal Metrics for Growth/Success Alignment Leader Timeframe

| Strategic Direction | Goal | Metrics for Growth/Success | Alignment | Leader | Timeframe |
|--|---|--|--------------|------------------|-----------|
| SD 6: Ensure the efficient and effective use of district resources | 6.1 Enrollment & Facilities | Enrollment study completed Completed facilities study and LTFM plan. Establish Quarterly meetings with our city Mayors/City Managers with the Superintendent, Board Chair, and City Chair (and SLT member(s) depending on the topic) | Select One ▾ | Chace Anderson ▾ | |
| | | | Select One ▾ | | |
| | | | Select One ▾ | | |
| | 6.2 Alignment of Budget Resources to Strategic Directions | | Select One ▾ | | |
| | | | Select One ▾ | | |
| | | | Select One ▾ | | |
| | 6.3 Data Management Tool | Select districtwide Student Data Management ToolS. econd Semester, limited pilot. Full Pilot Launch Goal of 25-26 to align with MTSS progress/work, Full Launch 26-27. | MnMTSS ▾ | Wade Phillips ▾ | |
| | | | | Dana Miller ▾ | |
| | | | | | |

Strategic Direction #7

Align internal district processes and procedures to improve communication, decision-making, accountability and collaboration, resulting in operational excellence.

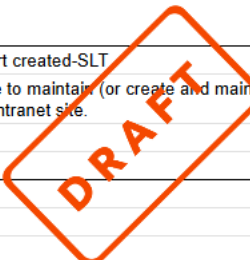
Goals for this Strategic Direction:

1. Development of DOP oversight committee, either a new group or engagement with an existing group, to provide oversight for the DOP.
2. Creation of a well-defined organizational flow chart that outlines who principals and others should go to for various district functions.
3. Other...

Strategic Direction #7

Align internal district processes and procedures to improve communication, decision-making, accountability and collaboration, resulting in operational excellence.

| Strategic Direction | Goal | Metrics for Growth Growth/Success | Alignment | Leader | Timeframe |
|---|---|--|--------------|------------------|-----------|
| SD 7: Align internal district processes and procedures to improve communication, decision-making, accountability and collaboration, resulting in operational excellence | 7.1 Development of DOP oversight committee, either a new group or engagement with an existing group, to provide oversight for the DOP. | DOP Oversight Committee created for the 2024-2025 school year | Select One ▼ | Chace Anderson ▼ | |
| | | | Select One ▼ | Chace Anderson ▼ | |
| | 7.2 Creation of a well-defined organizational flow chart that outlines who principals and others should go to for various district functions. | District Level Org Chart created-SLT | Select One ▼ | Chace Anderson ▼ | |
| | | All SLT Depts continue to maintain (or create and maintain) dept org chart; clearly accessible on intranet site. | Select One ▼ | Chace Anderson ▼ | |
| | 7.3 TBD | | Select One ▼ | | |
| | | | Select One ▼ | | |
| | | | Select One ▼ | | |
| | | | Select One ▼ | | |
| | | | Select One ▼ | | |
| | | | Select One ▼ | | |



School Board Suggested Goal Areas for 2024-2025

Suggested Goal #2: Continue to engage and partner with the community to understand and respond to changing student, staff and community needs.

Progress Update:

Examples:

- District Surveys and Feedback Mechanisms
- Superintendent Attendance at District Liaison Meetings
- Superintendent Attendance at PTA and Advisory Council Meetings
- Attendance Area Input Meetings
- Attendance Area On-Line Input System
- New Communication Tool: ParentSquare
- School Board Committee Participation

School Board Suggested Goal Areas for 2024-2025

Suggested Goal #3: Monitor student growth as it relates to facilities needs and class sizes.

Progress Update:

- School Board Facilities Committee
- District Facilities Steering Committee (Wold Architects & Engineers/Kraus-Anderson)
- District Enrollment Study and Reviewing School Attendance Areas (Teamworks, International)
- Consideration of Immediate Facility Needs
- Early Planning for Long Term Facility Needs:
 1. Expansion of Existing Facilities (Possibly Elementary, Middle and High School)
 2. Remodeling of Existing Facilities (Consideration of Options Currently In Progress)
 3. Building of New Facilities (Possibly Elementary #10 and Middle School #4)

School Board Suggested Goal Areas for 2024-2025

Suggested Goal #4: Prioritize academic excellence for each and every student which includes a commitment to student growth at all levels and demonstrable progress in the reduction of the student opportunity and achievement gap.

Progress Update:

September 23, 2024 School Board Work Session

- WBWF: Kindergarten Readiness and Literacy

October 28, 2024 School Board Work Session

- WBWF: MCA Performance, College and Career Readiness, High School Graduation

January 27, 2025 School Board Work Session

- A & I Plan Annual Report- Understanding the work of Equity & Inclusion in Wayzata

School BILTs are All Operating and Reviewing Site Goals Twice Monthly and During PLC Meetings

Next Update will be at the
January 2025 Work Session

Questions/Thoughts/Inputs

Date: November 25, 2024
To: Wayzata School Board
From: Stacie Vos, Executive Director of Human Resources
Re: 2025-2026 and 2026-2027 calendar proposals

Input for both the 2025/2026 and 2026/2027 calendars was solicited in collaboration with building principals in an effort to ensure that all building staff were offered the opportunity to provide input on the proposed calendars. Building principals solicited input by sharing the proposed calendars at their staff or BILT team meetings or by sending out surveys to collect feedback. The move away from the calendar committee comes in direct response to teachers requesting fewer meetings and in an effort to give more staff members the opportunity to share feedback.

Calendar Guidelines:

1. Minnesota Statutes 2017, section 120A. 41, requires the school board's annual calendar to include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under Minnesota Statutes 2015, sections 124D. 12 through 124D. 127.
2. The WEA contract dictates that secondary teachers should work 172 student contact days and elementary teachers should work 170 student contact days.
3. Teachers are also contractually required to have 12 additional non-student contact days for the following purposes:
 - a. 4 days for Back to School Workshops
 - b. 4 days for Parent/Teacher Conferences
 - c. 4 days for Professional Development and Grading

Based upon this feedback the following calendars were recommended:

2025-2026 Calendar: This calendar is very similar to the current 2024-2025 calendar.

- School starts on September 2, 2025 (For Kindergarten (keeps Hopes and Dreams) and 6th and 9th grades.
- September 3, 2025 - School Starts for Grades 1-5, 7-8, and 10-12.
- Moves the Flex Learning Day from September 22 to December 22. (Otherwise this would be a one day week due to the December 24 and 25 holiday.)
- January 2 is a non-student, non-contract day.
- School ends for students on June 5, 2026
- Last day for staff is June 8, 2026
- There is one less day for seniors. Generally they attend 167 days but this calendar has them attending for 166 days.

2026-2027 Calendar: This calendar is a little unusual due to Labor Day being September 8.

- School starts August 31, 2026 (K, 6th and 9th)
- School starts September 1, 2026 for all students
- School ends for students on June 3, 2027.
- Last day for staff is June 4, 2027.