

2025 Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

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

Prepared by the Department of Business Services



DEFINING EXCELLENCE



Independent School District No. 273

Edina Public Schools
5701 Normandale Road
Edina, MN 55424
www.edinaschools.org

2025 Annual Comprehensive Financial Report

Independent School District No. 273, Edina, MN,
for the Year Ended June 30, 2025

Prepared by the Department of Business Services

Mert Woodard – Director, Finance & Operations

Baille Nash – Assistant Director, Finance

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INDEPENDENT SCHOOL DISTRICT NO. 273

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INTRODUCTORY SECTION

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**DISTRICT OFFICES**

5701 Normandale Road

Edina, MN 55424

(925) 848-3900

www.edinaschools.org

December 1, 2025

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

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 273, Edina, County of Hennepin, State of Minnesota (the District), for the fiscal year ended June 30, 2025. Responsibility for the entire financial report rests with district management. The report contains information and reports regarding all funds of the District in conformity with accounting principles generally accepted in the United States of America (GAAP) for defining the reporting entity.

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

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

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

ECONOMIC CONDITION AND OUTLOOK

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

During the 2024–2025 school year, District facilities included six elementary schools, two middle schools, a senior high school, a District administration building, a transportation facility, and an early learning school. Enrollment for the 2024–2025 school year was 8,711 pupils in adjusted average daily membership, which represents an increase of 170 students from the prior year. Forecasts indicate modest increases in enrollment for the next several years, aided primarily by the expansion of Countryside Elementary to house its dual-language Spanish immersion program and the strong demand to enroll in the District by non-residents students and families.

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

FISCAL YEAR	ENROLLMENT
2025	8,711
2026	8,735
2027	8,740

The tax base of the District increased 8.13 percent during the past year. The market value of all taxable property in the District in fiscal year 2025 was \$13,576,494,392 compared to \$12,555,280,253 in fiscal year 2024. The net tax capacity of the District for fiscal year 2025 was \$154,831,318, an increase of 8.36 percent over the prior year value of \$142,891,874.

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 \$2,035,372 in fiscal year 2024 and \$2,148,457 in fiscal year 2025.

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

DISTRICT FACILITIES

The District's educational facilities consist of 9 buildings originally constructed from 1948 to 1972. Each building has had numerous additions and improvements over the years. Despite the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's long-term facilities maintenance plan. Because of the continual improvement, all educational facilities will effectively serve District operations for many years. During fiscal year 2023, the District broke ground on the addition to Countryside Elementary School that will eventually house 12 sections of dual-language Spanish immersion programming. The facility was completed during fiscal year 2024 and is fully operational. The total square footage of the District's educational facilities is 1,858,349. The District owns an additional building to store and maintain its fleet of more than 75 pupil transportation vehicles.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balances in recent years. Currently, the General Fund has an unassigned fund balance of approximately \$11.3 million, which represents 8.9 percent of budgeted, unassigned General Fund expenditures, in-line with the School Board policy minimum fund balance of 6.0–10.0 percent of unassigned expenditures. The District, by policy, maintains an additional 2.0 percent of unassigned expenditures as a committed fund balance.

In 2017, District voters approved an operating referendum to increase annual operating revenues up to the maximum amount of \$2,075 per pupil with yearly inflationary increases, expiring in fiscal year 2038. Also, in 2021 residents voted to increase the District's capital projects levy to 5.932 percent of the District's net tax capacity. The levy, which expires with taxes payable in 2031, will fund technology and capital needs throughout the District.

The state's support in the current economic environment, combined with additional local property tax support approved by residents of the District means the District's financial outlook is stable. The District was able to maintain existing staffing ratios and programs for fiscal year 2025 and has adequate reserves.

Below are some facts about the 2025–2026 budget:

- Student enrollment is expected to be stable and increase slightly due to the addition of the Spanish Dual Language Immersion program and continued strong non-resident interest in the District's programming.
- The preliminary budget adopted by the School Board included an increase to the General Fund unassigned fund balance of **\$761,085**.

Revenues:

- General Fund revenue and other financing sources are projected to be **\$167.6 million**, representing modest growth from the prior year.
- The basic per pupil funding amount from the state is **\$7,481** for fiscal year 2026, an increase of **2.7 percent**.
- The voter approved referendum levy is projected to be \$2,261 per pupil unit, a **2.9 percent increase** over the prior year.
- Effective fiscal year 2024, the special education cross subsidy aid from the state grew from 6.4 percent to 44.0 percent.

Expenditures:

- General Fund expenditures and other financing uses are expected to be **\$165.0 million**.
- The capital projects (technology) levy will increase from **\$8.4 million** to **\$9.2 million**.
- District health insurance premium contributions are expected to increase by up to **4.0 percent**, depending on the employee group and coverage type.

Construction Projects:

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

DEBT ADMINISTRATION

To finance the acquisition and betterment of school facilities, as well as other capital expenditure needs, the District regularly issues both voter-approved and non-voter-approved debt. As of June 30, 2025, the District had approximately \$166.7 million in outstanding general obligation bonds and an additional \$14.3 million in other long-term financing arrangements.

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

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

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

OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of LB Carlson, LLP, was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2025. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are issued as a separate report which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International and its Certificate of Excellence in Financial Reporting program (COE). The District earned the ASBO International's COE for the first time for its fiscal year 2023 submission and maintained the award for fiscal year 2024. Earning the COE is an indication of the District's commitment to transparency, high standards in financial reporting, and prudent stewardship of public funds.

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

ACKNOWLEDGEMENTS

We extend our gratitude to the entire Business Services team for their dedication to delivering complete and accurate data for the fiscal year 2025 ACFR. We also commend the School Board for its governance and unwavering commitment to upholding the highest standards of stewardship of the District's finances.

Respectfully submitted,



Mert Woodard, SFO
Director, Finance & Operations



2020-30 Edina Public Schools Strategic Plan

MISSION

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

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

VISION

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

We are guided by our CORE VALUES:

Integrity, Compassion, Courage, Commitment, Appreciation, and Responsibility

SCHOOL BOARD

Karen Gabler, Chair
Term Expires: January 2026

Erica Allenburg, Vice Chair
Term Expires: January 2026

Jennifer Huwe, Treasurer
Term Expires: January 2028

Cheryl Barry, Clerk
Term Expires: January 2028

Michael Birdman, Assistant
Treasurer
Term Expires: January 2026

Dan Arom, Assistant Clerk
Term Expires: January 2026

Elliot Mann, Assistant Clerk
Term Expires: January 2028

Dr. Daniel Bittman, Ex-Officio

We are committed to these CORE BELIEFS:

Academic Excellence

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

Equity

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

Family, School, & Community

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

Healthy Learning Environment

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

Inclusion

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

Life Skills

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

Operational Excellence

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

Professional Excellence

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



PRIORITY STRATEGIES

Strategy A

Advance Academic Excellence, Growth and Readiness

Strategy B

Ensure an Equitable and Inclusive School Culture

Strategy C

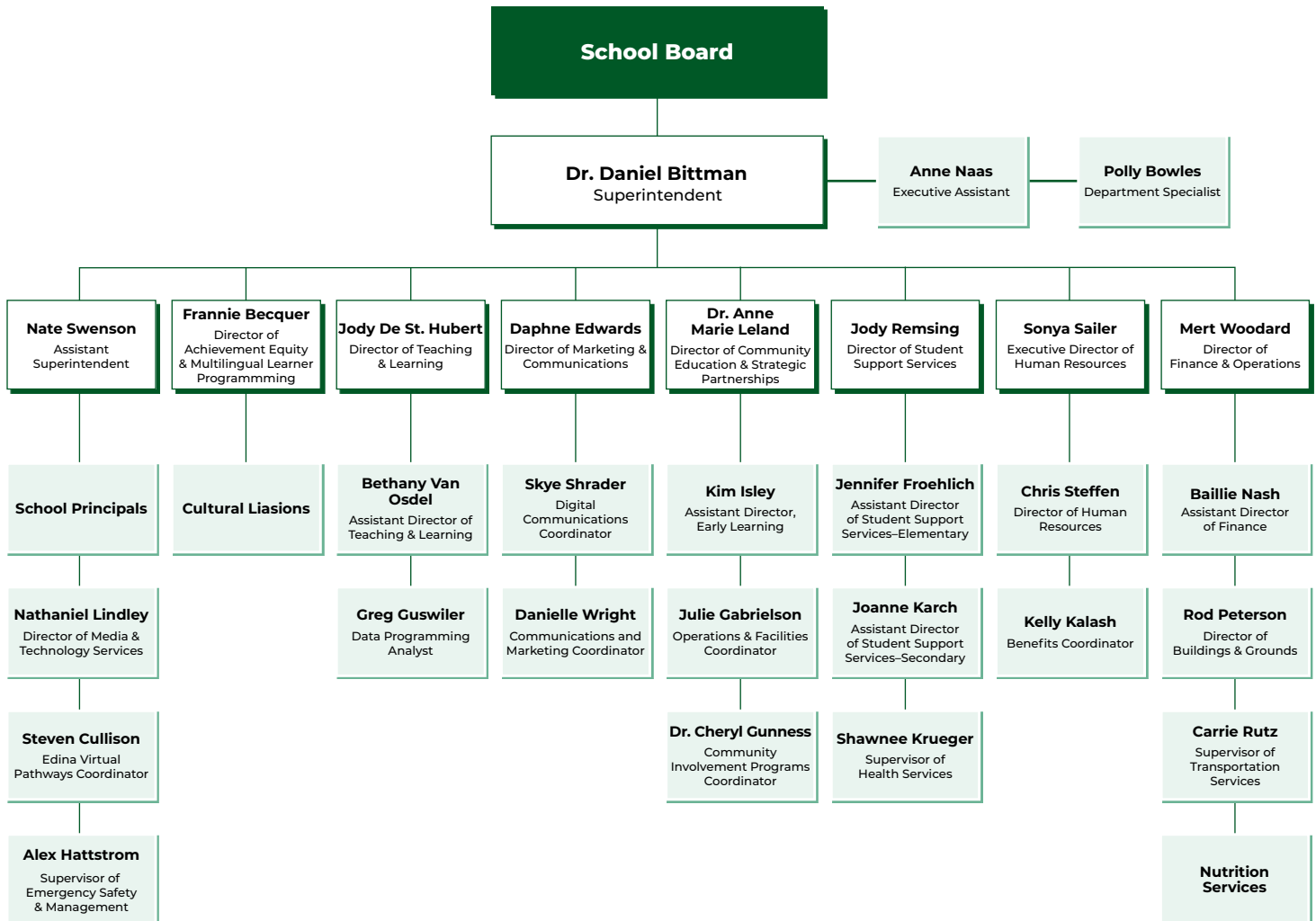
Foster Positive Learning Environments and Whole Student Support

Strategy D

Develop Leadership Throughout the District

Strategy E

Engage Parents, Schools and Community



INDEPENDENT SCHOOL DISTRICT NO. 273

School Board and Administration

Year Ended June 30, 2025

SCHOOL BOARD

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

ADMINISTRATION

Dr. Daniel Bittman	Superintendent
Nate Swenson	Assistant Superintendent
Mert Woodard	Director, Finance and Operations
Sonya Sailer	Executive Director, Human Resources
Jody De St. Hubert	Director, Teaching and Learning
Jody Remsing	Director, Student Support Services
Dr. Anne Marie Leland	Director, Community Education and Strategic Partnerships
Daphne Edwards	Director, Marketing and Communications
Dr. Frannie Becquer	Director of Achievement, Integration, and Multilingual Learner Programming

Edina Public Schools Awarded for Outstanding Financial Reporting

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

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

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



MOODY'S RATINGS

Aaa

Ratings Update

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

The Aaa issuer rating reflects the district's growing local economy in the Twin Cities metro area with a very strong full value per capita of more than \$300,000 and resident incomes exceeding 200% of the US. Enrollment is positive post-pandemic and will remain strong given the district's strong competitive position. The reserve position, while below peers at just 15% of revenues, is very stable and management is proactive in balancing revenues and expenditures. Fiscal 2025 is expected to be positive and fund balance will grow. The leverage is above-average but manageable.

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 273 (the District) as of and for the year ended June 30, 2025, 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, 2025, 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 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated December 23, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 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.

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP". The signature is written in a cursive, flowing style.

LB CARLSON, LLP
Minneapolis, Minnesota

December 1, 2025

INDEPENDENT SCHOOL DISTRICT NO. 273

Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

This section of Independent School District No. 273, Edina, Minnesota's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Users are encouraged to read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$18,431,541 (net position). The District's total net position improved by \$20,945,760 during the fiscal year ended June 30, 2025, as government-wide revenues of \$206,930,604 exceeded expenses of \$185,984,844.
- The District's government-wide beginning net position decreased by \$15,160,370, due to a change in accounting principle implemented during the year requiring a change in accounting for compensated absences.
- The General Fund's total fund balances (under the governmental fund presentation) increased \$9,862,567 during the year, compared to a \$3,543,998 increase projected in the final budget, ending the year at \$36,472,087.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following types of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2025 and 2024		
	2025	2024
Assets		
Current and other assets	\$ 141,239,444	\$ 124,076,549
Capital assets, net of depreciation	294,175,133	294,254,416
Total assets	\$ 435,414,577	\$ 418,330,965
Deferred outflows of resources	\$ 27,873,710	\$ 28,325,595
Liabilities		
Current and other liabilities	\$ 19,783,595	\$ 19,848,161
Long-term liabilities, including due within one year	316,982,123	333,224,634
Total liabilities	\$ 336,765,718	\$ 353,072,795
Deferred inflows of resources	\$ 108,091,028	\$ 80,937,614
Net position		
Net investment in capital assets	\$ 96,500,226	\$ 93,666,891
Restricted	21,348,807	13,371,713
Unrestricted	(99,417,492)	(94,392,453)
Total net position	\$ 18,431,541	\$ 12,646,151

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

The District's total net position increased by \$20,945,760 in fiscal 2025, excluding the previously discussed change in accounting principle. The increase in net investment in capital assets is due to the relationship between the rate at which the capital assets are added and depreciated versus the rate at which the related debt is repaid, along with capital asset additions financed through a property tax levy, rather than a new debt issuance. An increase in resources restricted for capital asset acquisition was the primary factor in the overall increase in restricted net position. The decrease in unrestricted net position is attributable to the increase in long-term compensated absences resulting from the change in accounting principle, partially offset by positive operating results in the General Fund. Changes in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) state-wide pension plans contributed to the changes in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and had a positive impact on unrestricted net position.

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

Table 2 Summary Statement of Activities for the Years Ended June 30, 2025 and 2024		
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 15,147,265	\$ 13,874,179
Operating grants and contributions	31,936,905	30,065,900
General revenues		
Property taxes	73,140,433	68,931,874
General grants and aids	80,165,375	75,154,203
All other	6,540,626	5,136,484
Total revenues	<u>206,930,604</u>	<u>193,162,640</u>
Expenses		
Administration	4,471,216	4,068,950
District support services	2,946,222	3,197,679
Elementary and secondary regular instruction	71,380,460	65,018,895
Vocational education instruction	908,949	829,754
Special education instruction	29,406,692	25,302,918
Instructional support services	14,878,286	14,377,429
Pupil support services	12,720,640	12,611,573
Sites and buildings	22,225,698	26,206,246
Fiscal and other fixed cost programs	1,070,701	769,105
Food service	4,878,031	4,059,161
Community service	13,764,518	11,852,659
Interest and fiscal charges	7,333,431	5,801,049
Total expenses	<u>185,984,844</u>	<u>174,095,418</u>
Change in net position	20,945,760	19,067,222
Net position – beginning, as previously reported	12,646,151	(6,421,071)
Change in accounting principle	<u>(15,160,370)</u>	<u>–</u>
Net position – beginning, as restated	<u>(2,514,219)</u>	<u>(6,421,071)</u>
Net position – ending	<u>\$ 18,431,541</u>	<u>\$ 12,646,151</u>

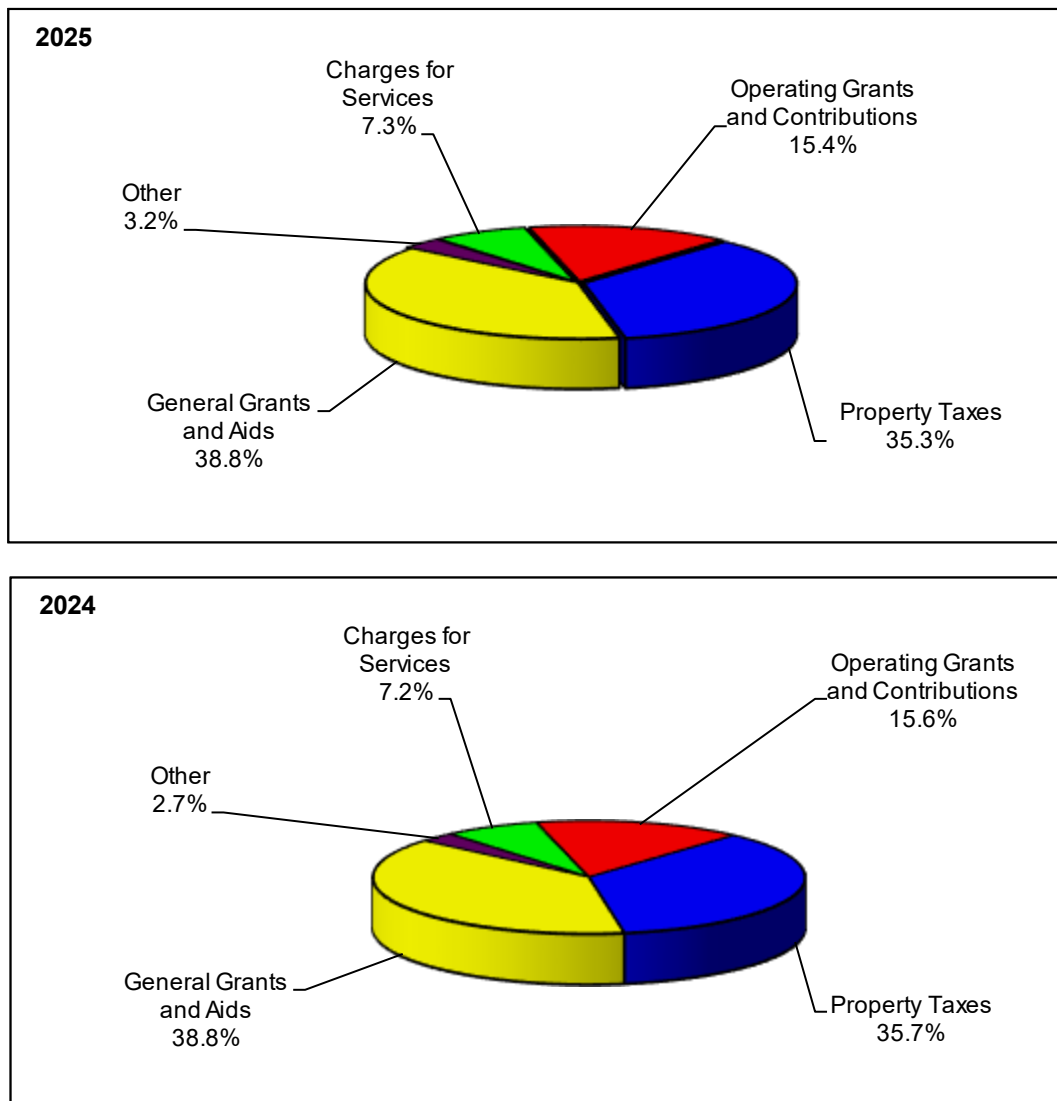
This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt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

Total revenues for fiscal year 2025 were \$13,767,964 greater than last year. Increases in property taxes; state funding for general education and special education, and increased investment earnings contributed to this increase.

Expenses increased \$11,889,426, compared to fiscal year 2024 levels. Contractual increases to salaries, inflationary increases in benefits and other expenses, increased contracted services for special education, and changes in the pension expense for the District's proportionate shares of the PERA and the TRA state-wide pension plans contributed to this increase.

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

Figure A – Sources of Revenues for Fiscal Years 2025 and 2024

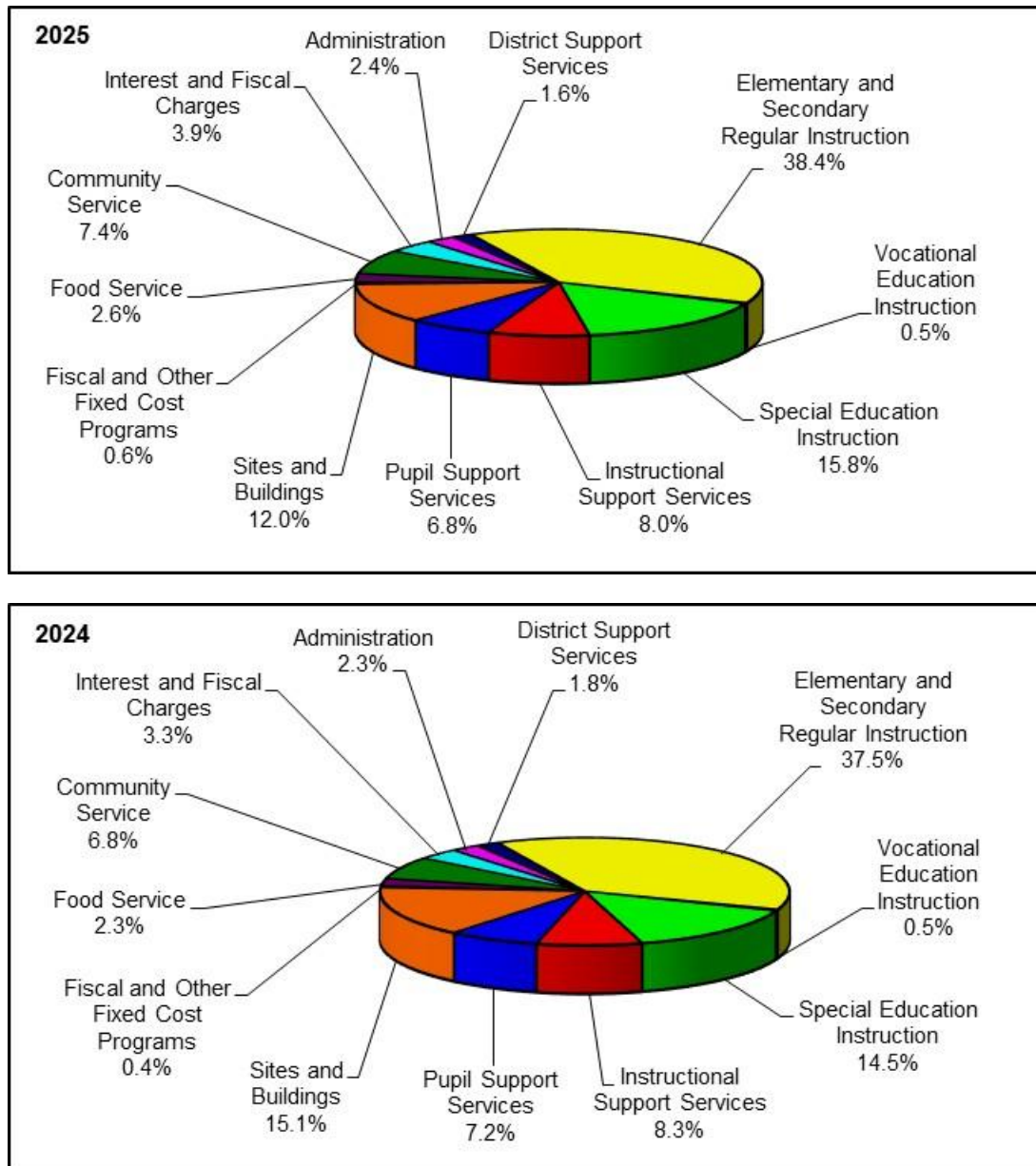


The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

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

The District generated a slightly larger portion of its revenues for fiscal 2025 from other local sources, mainly due to increased investment earnings with more cash available for investing this year.

Figure B – Expenses for Fiscal Years 2025 and 2024



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

The year-to-year changes in the percentage of expenses incurred in several program areas shown above were due to a combination of factors, including increased costs for regular and special education instruction, a decrease in uncapitalized repair expenses, and continued participation growth in the food service and community service programs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Major funds			
General	\$ 36,472,087	\$ 26,609,520	\$ 9,862,567
Capital Projects – Building Construction	8,357,866	3,280,083	5,077,783
Debt Service	3,671,290	3,277,220	394,070
Nonmajor funds			
Food Service Special Revenue	2,301,298	2,052,423	248,875
Community Service Special Revenue	<u>1,985,314</u>	<u>2,274,773</u>	<u>(289,459)</u>
Total governmental funds	<u>\$ 52,787,855</u>	<u>\$ 37,494,019</u>	<u>\$ 15,293,836</u>

Total fund balances in the governmental funds increased by \$15,293,836 during the 2025 fiscal year.

The \$9,862,567 growth in the fund balances of the General Fund exceeded the increase anticipated in the budget by \$6,318,569, mainly due to better-than-expected enrollment and special education revenues exceeding a conservative budget. General Fund balances restricted for various purposes increased \$3,327,054, with the largest increases amounts restricted for capital purposes (operating capital and capital projects levy), a new state literacy aid program, for Medical Assistance funded services. Internally assigned fund balances increased by \$4,374,399, mainly in earmarks for facility rental operations, literacy and curriculum, post-employment benefits and severance, and for unfunded state spending mandates. Unassigned fund balance in the General Fund also increased \$2,072,445 during the year.

The fund balance increase in the Capital Projects – Building Construction Fund was mainly in amounts restricted for the District's long-term facilities maintenance program, which consists of bond proceeds and tax levies accumulated for facilities maintenance projects that remain ongoing at year-end.

Fund balance changes in the other district funds were relatively minor.

GENERAL FUND

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

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	Original Budget	Final Budget	Change	Percent Change
Revenue	\$ 160,833,844	\$ 163,383,404	\$ 2,549,560	1.6%
Expenditures	\$ 150,757,192	\$ 153,746,141	\$ 2,988,949	2.0%
Other financing sources (uses)	\$ (7,604,875)	\$ (6,093,265)	\$ 1,511,610	19.9%

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

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2025 Actual	Over (Under) Final Budget Amount	Percent	Over (Under) Prior Year Amount	Percent
Revenue	\$ 169,648,582	\$ 6,265,178	3.8%	\$ 8,757,053	5.4%
Expenditures	155,173,509	\$ 1,427,368	0.9%	\$ 5,056,826	3.4%
Other financing sources (uses)	(4,612,506)	\$ 1,480,759	24.3%	\$ 144,405	3.0%
Net change in fund balances	\$ 9,862,567				

General Fund revenues for fiscal year 2025 were 3.8 percent over budget. Revenues from state sources were over budget, primarily due to increased enrollment and a larger increase in state special education aid than anticipated. Investment earnings and other local revenues, including student fees, admissions, tuition, gifts, and donations, were also over budget. The District budgets conservatively for these revenues, which tend to vary year-to-year.

An increase in the property tax levy, and an increase in state sources due to funding improvements for general and special education state aids and an increase in students served improved, contributed to the 5.4 percent overall increase in General Fund revenue.

Expenditures in fiscal year 2025 were 0.9 percent over budget, with higher than anticipated salaries and contracted services for instruction and pupil support services. Contracted services for building maintenance were also higher than budget, with more improvement projects accounted for in the General Fund than anticipated, which resulted in a smaller transfer to the Capital Projects – Building Construction Fund than budgeted. The District transferred \$6.1 million to the Capital Projects – Building Construction Fund for larger long-term facilities maintenance (LTFM) projects, compared to a budgeted transfer of \$7.6 million.

The increase in expenditures compared to the prior year was mainly in personnel and contracted service costs for regular and special education instruction.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenue for fiscal year 2025 totaled \$357,247 of investment earnings, which was lower than budget by \$132,115, due to the spend down of funds available for investment. This fund also had other financing sources of \$12.8 million, consisting of the transfer from the General Fund for LTFM projects as previously mentioned and \$6.6 million in debt proceeds. Expenditures of \$8.0 million were \$1.5 million under budget, due to the timing of projects. The June 30, 2025 fund balance of \$8.4 million was an increase of \$5.1 million, within \$50,861 of the budget projection.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures related to servicing the District's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. Most of the activity in this fund, including property tax revenue and annual principal and interest expenditures, are controlled by the payment and levy schedules adopted with the sale of each individual debt issue. Debt Service Fund revenue for fiscal year 2025 totaled \$16.0 million, consisting primarily of approved property tax levies for scheduled debt service payments. In addition to retiring \$7.9 million of outstanding bonds through scheduled debt service payments, the District also refunded two outstanding debt issues during the year, thereby reducing future debt service principal and interest by \$8.0 million. The June 30, 2025 fund balance of \$3.7 million was an increase of \$394,070, compared to a \$313,606 increase anticipated in the budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER DISTRICT FUNDS

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenue for fiscal year 2025 totaled \$5.1 million, and expenditures were \$4.9 million. Revenue increased \$191,044 from the prior year, mainly in direct meal sales. Expenditures increased by \$828,573, mainly in salaries, benefits, and purchased services, due to increased participation. The June 30, 2025, fund balance of \$2.3 million was an increase of \$248,875, compared to a budgeted increase of \$228,241.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenue for fiscal 2025 totaled \$13.6 million, an increase of \$1.3 million from the prior year, mainly in tuition and fees with increased program participation. Expenditures of \$13.9 million represented an increase of almost \$2.2 million, primarily in personnel costs and contracted services. The year-end fund balance of \$2.0 million was a decrease of \$289,459, compared to a budgeted increase of \$200,681, due to costs rising faster than revenue.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2025, the District had invested \$294,175,133 in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment (see Table 6). Total depreciation expense for this year was \$14,931,826.

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2025 and 2024.

Table 6			
Capital Assets			
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 5,240,001	\$ 5,240,001	\$ —
Land improvements	26,335,782	26,335,782	—
Buildings	426,997,696	422,593,511	4,404,185
Furniture and equipment	30,452,973	27,997,473	2,455,500
Construction in progress	21,110,270	13,117,412	7,992,858
Less accumulated depreciation	<u>(215,961,589)</u>	<u>(201,029,763)</u>	<u>(14,931,826)</u>
Total	<u>\$ 294,175,133</u>	<u>\$ 294,254,416</u>	<u>\$ (79,283)</u>
Depreciation expense	<u>\$ 14,931,826</u>	<u>\$ 14,886,162</u>	<u>\$ 45,664</u>

The changes presented in the table above reflect the ongoing construction activity at various district sites during fiscal year 2025. The most significant changes from last year were the completion of several building improvement projects started in prior years, and current year construction in progress on additional projects related to the bonds issued and tax levies collected for the District's ongoing LTFM plan.

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

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

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2025	2024	Change
G.O. notes and bonds payable	\$ 166,745,000	\$ 174,620,000	\$ (7,875,000)
Certificates of participation payable	13,340,000	14,170,000	(830,000)
Unamortized premiums	10,539,610	11,489,776	(950,166)
Financed purchases payable	967,487	1,188,895	(221,408)
Compensated absences payable	15,514,405	287,013	15,227,392
Net/total pension liabilities	88,683,711	111,919,112	(23,235,401)
Total OPEB liability	21,191,910	19,549,838	1,642,072
Total	<u>\$ 316,982,123</u>	<u>\$ 333,224,634</u>	<u>\$ (16,242,511)</u>

The changes in general obligation notes and bonds payable, certificates of participation payable, and financed purchases payable reflect scheduled principal retirements of \$8.9 million. The increase in compensated absences payable is due to the change in accounting principle as previously discussed. The differences in the net/total pension and total OPEB liabilities reflect the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with changes in the District's pension and OPEB plans.

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

Table 8 Limitations on Debt	
District's market value	\$ 13,576,494,392
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,036,474,159</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$200, or 2.75 percent, per pupil to the formula for fiscal year 2026.

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

On May 11, 2022, the voters of the District approved a renewal and initial increase of \$500,000 to the Capital Projects Levy, which will be in place for at least the next 10 years. This levy, which is 5.932 percent of the net tax capacity of all properties within the District's boundaries, will grow in direct portion with the District's tax base and will finance technology staff and equipment, software, and other capital needs.

In November 2017, the District was successful in its request to renew and increase the existing operating levy scheduled to sunset in fiscal year 2019. The voters approved the increase in a two-step process, with an increase for taxes payable in 2018 of \$445 per pupil unit, and an increase of \$218 per pupil unit for taxes payable starting in 2020. For fiscal year 2025, the District will receive an estimated \$2,205 per pupil. The increase in the operating referendum has allowed the District to maintain the quality of programs and services it offers.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
as of June 30, 2025
(With Partial Comparative Information as of June 30, 2024)

	Governmental Activities	
	2025	2024
Assets		
Cash and temporary investments	\$ 86,037,254	\$ 74,865,062
Receivables		
Current taxes	38,054,316	36,124,805
Delinquent taxes	298,901	375,033
Accounts and interest	1,058,548	433,431
Due from other governmental units	15,626,614	12,134,629
Inventory	121,503	137,030
Prepaid items	42,308	6,559
Capital assets		
Not depreciated	26,350,271	18,357,413
Depreciated, net of accumulated depreciation	267,824,862	275,897,003
Total assets	<u>435,414,577</u>	<u>418,330,965</u>
Deferred outflows of resources		
Pension plan deferments	24,225,137	26,036,059
OPEB plan deferments	3,648,573	2,289,536
Total deferred outflows of resources	<u>27,873,710</u>	<u>28,325,595</u>
Total assets and deferred outflows of resources	<u>\$ 463,288,287</u>	<u>\$ 446,656,560</u>
Liabilities		
Salaries and benefits payable	\$ 10,395,480	\$ 10,212,355
Accounts and contracts payable	4,149,007	5,244,757
Accrued interest payable	3,934,201	2,952,746
Due to other governmental units	—	204,450
Unearned revenue	1,304,907	1,233,853
Long-term liabilities		
Due within one year	17,204,296	12,288,037
Due in more than one year	299,777,827	320,936,597
Total long-term liabilities	<u>316,982,123</u>	<u>333,224,634</u>
Total liabilities	336,765,718	353,072,795
Deferred inflows of resources		
Bond refunding deferments	6,959,960	—
Property taxes levied for subsequent year	71,912,577	68,963,178
Pension plan deferments	27,212,560	9,523,570
OPEB plan deferments	2,005,931	2,450,866
Total deferred inflows of resources	<u>108,091,028</u>	<u>80,937,614</u>
Net position		
Net investment in capital assets	96,500,226	93,666,891
Restricted for		
Capital asset acquisition	15,527,673	7,674,597
Debt service	—	391,688
Food service	2,301,298	2,052,423
Community service	1,991,027	2,279,953
Other state restrictions	1,528,809	973,052
Unrestricted	(99,417,492)	(94,392,453)
Total net position	<u>18,431,541</u>	<u>12,646,151</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 463,288,287</u>	<u>\$ 446,656,560</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Activities
Year Ended June 30, 2025
(With Partial Comparative Information for the Year Ended June 30, 2024)

Functions/Programs	2025			2024	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
				Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 4,471,216	\$ 75,036	\$ –	\$ (4,396,180)	\$ (4,033,947)
District support services	2,946,222	–	–	(2,946,222)	(3,197,679)
Elementary and secondary regular instruction	71,380,460	1,981,898	326,049	(69,072,513)	(62,745,859)
Vocational education instruction	908,949	–	15,500	(893,449)	(829,754)
Special education instruction	29,406,692	364,880	25,309,448	(3,732,364)	(970,612)
Instructional support services	14,878,286	13,077	–	(14,865,209)	(14,364,956)
Pupil support services	12,720,640	26,265	1,278,046	(11,416,329)	(11,825,817)
Sites and buildings	22,225,698	623,542	–	(21,602,156)	(25,485,808)
Fiscal and other fixed cost programs	1,070,701	–	–	(1,070,701)	(769,105)
Food service	4,878,031	945,936	4,043,912	111,817	811,488
Community service	13,764,518	11,116,631	963,950	(1,683,937)	(942,241)
Interest and fiscal charges	7,333,431	–	–	(7,333,431)	(5,801,049)
Total governmental activities	<u>\$ 185,984,844</u>	<u>\$ 15,147,265</u>	<u>\$ 31,936,905</u>	(138,900,674)	(130,155,339)
General revenues					
Taxes					
Property taxes, levied for general purposes				57,043,160	53,420,175
Property taxes, levied for community service				1,400,734	1,233,018
Property taxes, levied for debt service				14,696,539	14,278,681
General grants and aids				80,165,375	75,154,203
Other general revenues				2,426,385	2,193,796
Investment earnings				4,114,241	2,942,688
Total general revenues				<u>159,846,434</u>	<u>149,222,561</u>
Change in net position				20,945,760	19,067,222
Net position – beginning, as previously reported				12,646,151	(6,421,071)
Change in accounting principle				(15,160,370)	–
Net position – beginning, as restated				<u>(2,514,219)</u>	<u>(6,421,071)</u>
Net position – ending				<u>\$ 18,431,541</u>	<u>\$ 12,646,151</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Balance Sheet
Governmental Funds
as of June 30, 2025
(With Partial Comparative Information as of June 30, 2024)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds	
					2025	2024
Assets						
Cash and temporary investments	\$ 57,019,178	\$ 9,523,310	\$ 12,543,606	\$ 6,524,174	\$ 85,610,268	\$ 74,347,253
Receivables						
Current taxes	28,311,079	–	8,973,279	769,958	38,054,316	36,124,805
Delinquent taxes	230,186	–	62,950	5,765	298,901	375,033
Accounts and interest	669,055	64,010	64,010	249,298	1,046,373	421,335
Due from other governmental units	15,504,075	–	–	122,539	15,626,614	12,134,629
Inventory	23,064	–	–	98,439	121,503	137,030
Prepaid items	32,484	–	–	9,824	42,308	6,559
Total assets	\$ 101,789,121	\$ 9,587,320	\$ 21,643,845	\$ 7,779,997	\$ 140,800,283	\$ 123,546,644
Liabilities						
Salaries and benefits payable	\$ 9,955,320	\$ –	\$ –	\$ 440,160	\$ 10,395,480	\$ 10,212,355
Accounts and contracts payable	2,643,859	1,229,454	–	227,494	4,100,807	5,182,859
Due to other governmental units	–	–	–	–	–	204,450
Unearned revenue	21,705	–	–	1,283,202	1,304,907	1,233,853
Total liabilities	12,620,884	1,229,454	–	1,950,856	15,801,194	16,833,517
Deferred inflows of resources						
Property taxes levied for subsequent year	52,465,603	–	17,910,158	1,536,816	71,912,577	68,963,178
Unavailable revenue – delinquent taxes	230,547	–	62,397	5,713	298,657	255,930
Total deferred inflows of resources	52,696,150	–	17,972,555	1,542,529	72,211,234	69,219,108
Fund balances						
Nonspendable	55,548	–	–	108,263	163,811	143,589
Restricted	9,575,766	8,357,866	3,671,290	4,178,349	25,783,271	17,019,245
Committed	2,547,132	–	–	–	2,547,132	2,484,388
Assigned	13,018,923	–	–	–	13,018,923	8,644,524
Unassigned	11,274,718	–	–	–	11,274,718	9,202,273
Total fund balances	36,472,087	8,357,866	3,671,290	4,286,612	52,787,855	37,494,019
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,789,121	\$ 9,587,320	\$ 21,643,845	\$ 7,779,997	\$ 140,800,283	\$ 123,546,644

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2025
(With Partial Comparative Information as of June 30, 2024)

	2025	2024
Total fund balances – governmental funds	\$ 52,787,855	\$ 37,494,019
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	510,136,722	495,284,179
Accumulated depreciation	(215,961,589)	(201,029,763)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources.		
G.O. notes and bonds payable	(166,745,000)	(174,620,000)
Certificates of participation payable	(13,340,000)	(14,170,000)
Unamortized premiums	(10,539,610)	(11,489,776)
Financed purchases payable	(967,487)	(1,188,895)
Compensated absences payable	(15,514,405)	(287,013)
Net/total pension liabilities	(88,683,711)	(111,919,112)
Total OPEB liability	(21,191,910)	(19,549,838)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		
	390,961	468,007
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(3,934,201)	(2,952,746)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	24,225,137	26,036,059
Deferred outflows of resources – OPEB plan deferments	3,648,573	2,289,536
Deferred inflows of resources – bond refunding deferments	(6,959,960)	–
Deferred inflows of resources – pension plan deferments	(27,212,560)	(9,523,570)
Deferred inflows of resources – OPEB plan deferments	(2,005,931)	(2,450,866)
Deferred inflows of resources – unavailable revenue – delinquent taxes	298,657	255,930
Total net position – governmental activities	<u>\$ 18,431,541</u>	<u>\$ 12,646,151</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025
(With Partial Comparative Information for the Year Ended June 30, 2024)

	Capital Projects –				Total Governmental Funds	
	General Fund	Building Construction Fund	Debt Service Fund	Nonmajor Funds	2025	2024
Revenue						
Local sources						
Property taxes	\$ 56,996,149	\$ –	\$ 14,701,356	\$ 1,400,201	\$ 73,097,706	\$ 69,126,109
Investment earnings	2,129,205	357,247	1,336,245	279,519	4,102,216	2,886,505
Other	5,497,822	–	–	12,062,567	17,560,389	16,050,337
State sources	102,424,224	–	–	3,578,210	106,002,434	100,794,568
Federal sources	2,601,182	–	–	1,429,652	4,030,834	4,048,494
Total revenue	169,648,582	357,247	16,037,601	18,750,149	204,793,579	192,906,013
Expenditures						
Current						
Administration	4,391,044	–	–	–	4,391,044	4,481,162
District support services	2,994,926	–	–	–	2,994,926	3,105,578
Elementary and secondary regular instruction	68,913,216	–	–	–	68,913,216	66,145,066
Vocational education instruction	832,413	–	–	–	832,413	772,098
Special education instruction	29,649,463	–	–	–	29,649,463	26,619,424
Instructional support services	14,421,651	–	–	–	14,421,651	14,491,843
Pupil support services	14,463,348	–	–	–	14,463,348	13,382,500
Sites and buildings	16,705,411	–	–	–	16,705,411	18,499,326
Fiscal and other fixed cost programs	1,070,701	–	–	–	1,070,701	769,105
Food service	–	–	–	4,811,731	4,811,731	4,008,130
Community service	–	–	–	13,681,596	13,681,596	11,517,447
Capital outlay	–	8,011,508	–	297,406	8,308,914	18,197,295
Debt service						
Principal	1,051,408	–	7,895,000	–	8,946,408	8,469,693
Interest and fiscal charges	679,928	33,883	7,277,405	–	7,991,216	8,204,911
Total expenditures	155,173,509	8,045,391	15,172,405	18,790,733	197,182,038	198,663,578
Excess (deficiency) of revenue over expenditures	14,475,073	(7,688,144)	865,196	(40,584)	7,611,541	(5,757,565)
Other financing sources (uses)						
Insurance recoveries	13,261	–	–	–	13,261	17,638
Debt issued	1,365,000	5,886,678	43,322	–	7,295,000	–
Refunding debt issued	–	–	92,250,000	–	92,250,000	–
Premium on debt issued	146,611	741,871	6,760,552	–	7,649,034	–
Payment on refunded debt	–	–	(99,525,000)	–	(99,525,000)	–
Transfers in	–	6,137,378	–	–	6,137,378	4,774,549
Transfers (out)	(6,137,378)	–	–	–	(6,137,378)	(4,774,549)
Total other financing sources (uses)	(4,612,506)	12,765,927	(471,126)	–	7,682,295	17,638
Net change in fund balances	9,862,567	5,077,783	394,070	(40,584)	15,293,836	(5,739,927)
Fund balances						
Beginning of year	26,609,520	3,280,083	3,277,220	4,327,196	37,494,019	43,233,946
End of year	\$ 36,472,087	\$ 8,357,866	\$ 3,671,290	\$ 4,286,612	\$ 52,787,855	\$ 37,494,019

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2025
(With Partial Comparative Information for the Year Ended June 30, 2024)

	2025	2024
Total net change in fund balances – governmental funds	\$ 15,293,836	\$ (5,739,927)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	14,852,543	22,200,167
Depreciation expense	(14,931,826)	(14,886,162)
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.		
	(77,046)	(17,394)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
G.O. notes and bonds	(99,545,000)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
G.O. notes, bonds, and certificates of participation payable	108,250,000	8,165,000
Financed purchases payable	221,408	304,693
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.		
	(981,455)	346,431
Debt issuance premiums are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources.		
	950,166	1,517,460
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.		
Compensated absences payable	(67,022)	224,949
Net/total pension liabilities	23,235,401	5,102,868
Total OPEB liability	(1,642,072)	111,631
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(1,810,922)	(8,730,794)
Deferred outflows of resources – OPEB plan deferments	1,359,037	(122,042)
Deferred inflows of resources – bond refunding deferments	(6,959,960)	539,971
Deferred inflows of resources – pension plan deferments	(17,688,990)	9,901,676
Deferred inflows of resources – OPEB plan deferments	444,935	342,930
Deferred inflows of resources – unavailable revenue – delinquent taxes	42,727	(194,235)
Change in net position – governmental activities	<u>\$ 20,945,760</u>	<u>\$ 19,067,222</u>

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INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	\$ 56,342,166	\$ 56,342,166	\$ 56,996,149	\$ 653,983
Investment earnings	1,070,820	1,494,970	2,129,205	634,235
Other	2,350,434	2,400,455	5,497,822	3,097,367
State sources	99,080,008	101,061,195	102,424,224	1,363,029
Federal sources	1,990,416	2,084,618	2,601,182	516,564
Total revenue	160,833,844	163,383,404	169,648,582	6,265,178
Expenditures				
Current				
Administration	4,236,526	4,577,785	4,391,044	(186,741)
District support services	3,073,469	3,366,278	2,994,926	(371,352)
Elementary and secondary regular instruction	68,999,782	68,390,919	68,913,216	522,297
Vocational education instruction	517,834	532,634	832,413	299,779
Special education instruction	28,010,174	28,729,275	29,649,463	920,188
Instructional support services	15,072,664	16,061,813	14,421,651	(1,640,162)
Pupil support services	12,487,057	13,422,642	14,463,348	1,040,706
Sites and buildings	15,593,440	15,898,549	16,705,411	806,862
Fiscal and other fixed cost programs	1,008,480	1,008,480	1,070,701	62,221
Debt service				
Principal	1,051,408	1,051,408	1,051,408	—
Interest and fiscal charges	706,358	706,358	679,928	(26,430)
Total expenditures	150,757,192	153,746,141	155,173,509	1,427,368
Excess of revenue over expenditures	10,076,652	9,637,263	14,475,073	4,837,810
Other financing sources (uses)				
Insurance recoveries	—	—	13,261	13,261
Debt issued	—	1,365,000	1,365,000	—
Premium on debt issued	—	146,610	146,611	1
Transfers (out)	(7,604,875)	(7,604,875)	(6,137,378)	1,467,497
Total other financing sources (uses)	(7,604,875)	(6,093,265)	(4,612,506)	1,480,759
Net change in fund balances	\$ 2,471,777	\$ 3,543,998	9,862,567	\$ 6,318,569
Fund balances				
Beginning of year			26,609,520	
End of year			\$ 36,472,087	

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
 Proprietary Fund
 Internal Service Fund
 as of June 30, 2025
 (With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 426,986	\$ 517,809
Receivables		
Accounts and interest	<u>12,175</u>	<u>12,096</u>
Total assets	<u>439,161</u>	<u>529,905</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	<u>48,200</u>	<u>61,898</u>
Net position		
Unrestricted	<u>\$ 390,961</u>	<u>\$ 468,007</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 Internal Service Fund
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services	\$ 874,436	\$ 859,981
Operating expenses		
Dental claims and expenses	<u>963,507</u>	<u>933,558</u>
Operating income (loss)	(89,071)	(73,577)
Nonoperating revenue		
Investment earnings	<u>12,025</u>	<u>56,183</u>
Change in net position	(77,046)	(17,394)
Net position		
Beginning of year	<u>468,007</u>	<u>485,401</u>
End of year	<u><u>\$ 390,961</u></u>	<u><u>\$ 468,007</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Cash Flows
 Proprietary Fund
 Internal Service Fund
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 874,357	\$ 860,158
Dental claims and other expense payments	<u>(977,205)</u>	<u>(921,281)</u>
Net cash flows from operating activities	(102,848)	(61,123)
Cash flows from investing activities		
Investment income received	<u>12,025</u>	<u>56,183</u>
Net change in cash and cash equivalents	(90,823)	(4,940)
Cash and temporary investments		
Beginning of year	<u>517,809</u>	<u>522,749</u>
End of year	<u><u>\$ 426,986</u></u>	<u><u>\$ 517,809</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (89,071)	\$ (73,577)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(79)	177
Accounts and contracts payable	<u>(13,698)</u>	<u>12,277</u>
Net cash flows from operating activities	<u><u>\$ (102,848)</u></u>	<u><u>\$ (61,123)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Notes to Basic Financial Statements June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Organization

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

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt are reported as other financing sources.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in proprietary fund financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. Because the principal users of the internal services are the District’s governmental activities, the internal service fund is consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. An internal service fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The principal operating revenue of the District’s Internal Service Fund is charges to other district funds for service. Operating expenses for the Internal Service Fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

Major Governmental Funds

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

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

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The School Board must approve expenditures exceeding budget at the fund level by resolution or through the disbursement approval process. Budgeted expenditure appropriations lapse at year-end. Actual expenditures for the fiscal year ended June 30, 2025 exceeded budgeted expenditures by \$1,427,368 in the General Fund, by \$6,058 in the Food Service Special Revenue Fund, and by \$817,304 in the Community Service Special Revenue Fund. Revenues and other financing sources in excess of budget, along with available fund balances, financed these variances.

F. Cash and Temporary Investments

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

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

Due from the MDE	\$ 14,795,217
Due from other governmental units	<u>831,397</u>
Total due from other governmental units	<u>\$ 15,626,614</u>

H. Inventory

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

I. Prepaid Items

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

J. Interfund Transfers

The General Fund transferred \$6,137,378 to the Capital Projects – Building Construction Fund to allocate revenue that will be expended by the Capital Projects – Building Construction Fund for LTFM projects. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

K. Property Taxes

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

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,041,739 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is reported as a deferred inflow of resources (property taxes levied for subsequent year).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

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

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

M. 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.

N. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid to the employee or to an employee flex spending account) during or upon separation from employment.

Under the terms of certain 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 generally paid for unused vacation upon termination. Some employee bargaining groups are eligible to be compensated for unused sick leave upon termination subject to certain conditions. Compensated absences are accrued when incurred in the government-wide financial statements. 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, due to employee termination or similar circumstances. The liability for compensated absences includes salary-related benefits, where applicable.

O. State-Wide Pension Plans

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

P. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current fiscal year.
- 2. Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

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

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2024	\$ 49,621	\$ 933,558	\$ 921,281	\$ 61,898
2025	\$ 61,898	\$ 963,507	\$ 977,205	\$ 48,200

Q. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

R. Fund Balance Classifications

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

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

Capital assets, net of accumulated depreciation	\$ 294,175,133
Outstanding debt related to capital assets	(198,552,057)
Unspent proceeds from capital-related debt	<u>877,150</u>
Net investment in capital assets	<u>\$ 96,500,226</u>

- **Restricted Net Position** – Net position restricted by externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

T. Use of Estimates

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

U. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, 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.

V. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Implementation of this new guidance resulted in the restatement of beginning net position for the cumulative effect of this change. In the government-wide financial statement, beginning net position was reduced by \$15,160,370. Certain amounts necessary to fully restate fiscal year 2024 financial information are not determinable; therefore, prior year comparative amounts have not been restated. See Note 4 of the notes to basic financial statements for additional details on this change.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 13,924,946
Investments	<u>72,112,308</u>
Cash and temporary investments	<u>\$ 86,037,254</u>

B. Deposits

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

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

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

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

The year-end bank balances of the District's deposits totaled \$13,826,906, which were fully covered by federal deposit insurance or 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 Rating	Rating Agency	Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years		Total
				Less Than 1 Year	1 to 5	
Negotiable certificates of deposits	Not Rated		Level 2	\$ 979,359	\$ 1,242,586	\$ 2,221,945
U.S. treasuries	Not Rated		Level 2	\$ 1,251,396	\$ 8,180,254	9,431,650
Investment pools/mutual funds						
Federated Institutional Tax-Free	AAA	S&P	Level 2	No Maturity Date		956,963
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	No Maturity Date		20,413,316
MSDLAF MAX Class	AAA	S&P	Amortized Cost	No Maturity Date		588,046
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	No Maturity Date		19,003,653
MNTrust Term Series Flex	Not Rated		Amortized Cost	No Maturity Date		4,496,735
MNTrust Term Series II	AAA	Fitch	Amortized Cost	\$ 2,000,000	\$ –	2,000,000
MNTrust Term Series	Not Rated		Amortized Cost	\$ 9,500,000	\$ 3,500,000	<u>13,000,000</u>
Total investments						<u>\$ 72,112,308</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 5,240,001	\$ –	\$ –	\$ –	\$ 5,240,001
Construction in progress	13,117,412	12,397,043	–	(4,404,185)	21,110,270
Total capital assets, not depreciated	18,357,413	12,397,043	–	(4,404,185)	26,350,271
Capital assets, depreciated					
Land improvements	26,335,782	–	–	–	26,335,782
Buildings	422,593,511	–	–	4,404,185	426,997,696
Furniture and equipment	27,997,473	2,455,500	–	–	30,452,973
Total capital assets, depreciated	476,926,766	2,455,500	–	4,404,185	483,786,451
Less accumulated depreciation for					
Land improvements	(11,490,174)	(1,200,179)	–	–	(12,690,353)
Buildings	(168,983,002)	(11,896,703)	–	–	(180,879,705)
Furniture and equipment	(20,556,587)	(1,834,944)	–	–	(22,391,531)
Total accumulated depreciation	(201,029,763)	(14,931,826)	–	–	(215,961,589)
Net capital assets, depreciated	275,897,003	(12,476,326)	–	4,404,185	267,824,862
Total capital assets, net	<u>\$ 294,254,416</u>	<u>\$ (79,283)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 294,175,133</u>

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

Administration	\$ 45,974
Elementary and secondary regular instruction	3,041,728
Vocational education instruction	79,993
Special education instruction	7,066
Instructional support services	626,936
Pupil support services	849,435
Sites and buildings	10,271,625
Community service	9,069
Total depreciation expense	<u>\$ 14,931,826</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Notes and Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Facilities maintenance and building bonds	04/13/2017	2.50–4.00%	\$ 16,350,000	02/01/2031	\$ 15,685,000
Facilities maintenance bonds	05/02/2019	3.00–5.00%	\$ 24,075,000	02/01/2036	24,075,000
Alternative facilities refunding bonds	11/05/2020	3.00–4.00%	\$ 9,085,000	02/01/2026	4,205,000
Facilities maintenance bonds	05/27/2021	2.00–3.00%	\$ 10,585,000	02/01/2031	9,315,000
School building bonds	09/30/2021	2.00–3.00%	\$ 7,000,000	02/01/2035	7,000,000
Capital notes	05/11/2023	4.00%	\$ 940,000	02/01/2031	825,000
Facilities maintenance bonds	05/11/2023	5.00%	\$ 6,095,000	02/01/2037	6,095,000
Alternative facilities refunding bonds	10/09/2024	3.00–5.00%	\$ 5,460,000	02/01/2035	5,460,000
School building refunding bonds	10/09/2024	3.00–5.00%	\$ 86,790,000	02/01/2037	86,790,000
Capital notes	10/09/2024	5.00%	\$ 1,365,000	02/01/2033	1,365,000
Facilities maintenance bonds	10/09/2024	5.00%	\$ 5,930,000	02/01/2033	5,930,000
Total general obligation notes and bonds payable					<u>\$ 166,745,000</u>

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

In fiscal 2025, the District issued two refunding bonds, the proceeds of which were used to refund, in advance of their stated maturities, the 2031–2035 maturities of the District's Alternative Facilities Bonds, Series 2014A, and the 2026–2037 maturities of the District's School Building Bonds, Series 2015A. The total outstanding principal refunded was \$99,525,000, which reduced future debt service payments by \$8,004,830 and resulted in a present value economic gain of \$6,464,035.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Maturity	Outstanding
2011C Certificates of Participation	11/17/2011	2.00–3.75%	\$ 1,615,000	04/01/2027	\$ 265,000
2022A Certificates of Participation	11/09/2022	4.00–5.00%	\$ 14,200,000	04/01/2038	13,075,000
					<u>\$ 13,340,000</u>

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

C. Financed Purchases Payable

Assets Financed	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Building addition	07/15/2014	3.43%	\$ 2,233,000	01/15/2029	\$ 712,529
School buses	08/15/2021	2.40%	\$ 259,328	09/15/2028	131,877
Copier	12/25/2022	5.20%	\$ 209,820	01/25/2029	123,081
Total financed purchases payable					<u>\$ 967,487</u>

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

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

Year Ending June 30,	G.O. Notes and Bonds		Certificates of Participation		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 10,020,000	\$ 7,599,504	\$ 870,000	\$ 625,875	\$ 229,304	\$ 32,961
2027	12,485,000	6,172,900	915,000	584,163	237,491	24,774
2028	13,655,000	5,629,750	815,000	540,100	245,980	16,285
2029	15,715,000	5,015,750	855,000	499,350	254,712	7,554
2030	16,335,000	4,386,000	900,000	456,600	–	–
2031–2035	75,855,000	12,274,850	5,220,000	1,561,750	–	–
2036–2038	22,680,000	1,056,450	3,765,000	305,200	–	–
	<u>\$ 166,745,000</u>	<u>\$ 42,135,204</u>	<u>\$ 13,340,000</u>	<u>\$ 4,573,038</u>	<u>\$ 967,487</u>	<u>\$ 81,574</u>

E. Other Long-Term Liabilities

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

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans, and a single-employer plan administered by the District. The following is a summary of the net/total pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2025:

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 11,146,778	\$ 3,959,274	\$ 7,622,799	\$ 1,150,234
State-wide, multiple-employer – TRA	63,028,510	16,751,369	18,058,876	5,946,643
Single-employer – District	14,508,423	3,514,494	1,530,885	1,199,257
Total	<u>\$ 88,683,711</u>	<u>\$ 24,225,137</u>	<u>\$ 27,212,560</u>	<u>\$ 8,296,134</u>

F. Changes in Long-Term Liabilities

	Beginning of Year	Change in Accounting Principle (1)	Additions	Retirements	End of Year	Due Within One Year
G.O. notes and bonds payable	\$ 174,620,000	\$ –	\$ 99,545,000	\$ 107,420,000	\$ 166,745,000	\$ 10,020,000
Certificates of participation payable	14,170,000	–	–	830,000	13,340,000	870,000
Unamortized premiums	11,489,776	–	7,649,034	8,599,200	10,539,610	–
Financed purchases payable	1,188,895	–	–	221,408	967,487	229,304
Compensated absences payable (2)	287,013	15,160,370	67,022	–	15,514,405	2,777,993
Net/total pension liabilities	111,919,112	–	11,767,531	35,002,932	88,683,711	1,479,972
Total OPEB liability	19,549,838	–	1,665,127	23,055	21,191,910	1,827,027
	<u>\$ 333,224,634</u>	<u>\$ 15,160,370</u>	<u>\$ 120,693,714</u>	<u>\$ 152,096,595</u>	<u>\$ 316,982,123</u>	<u>\$ 17,204,296</u>

(1) Change in accounting principle for implementation of GASB Statement No. 101 as described in Note 1.

(2) Change in compensated absences reported at net.

NOTE 5 – FUND BALANCES

The table below presents a breakdown of governmental fund equity components as defined earlier in these notes. State mandated restrictions that have an accumulated deficit at June 30, if any, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of any deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. At June 30, 2025, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 23,064	\$ –	\$ –	\$ 98,439	\$ 121,503
Prepaid items	32,484	–	–	9,824	42,308
Total nonspendable	55,548	–	–	108,263	163,811
Restricted					
Student activities	34,534	–	–	–	34,534
Staff development	593,292	–	–	–	593,292
Capital projects levy	331,146	–	–	–	331,146
American Indian education aid	18,927	–	–	–	18,927
Operating capital	7,715,811	–	–	–	7,715,811
Literacy aid	297,781	–	–	–	297,781
READ Act training	12,948	–	–	–	12,948
Medical Assistance	571,327	–	–	–	571,327
LTFM	–	7,397,346	–	–	7,397,346
Building construction	–	960,520	–	–	960,520
Debt service	–	–	3,671,290	–	3,671,290
Food service	–	–	–	2,202,859	2,202,859
Community education	–	–	–	1,539,119	1,539,119
ECFE	–	–	–	294,672	294,672
School readiness	–	–	–	84,646	84,646
Community service	–	–	–	57,053	57,053
Total restricted	9,575,766	8,357,866	3,671,290	4,178,349	25,783,271
Committed					
Cash flow	2,547,132	–	–	–	2,547,132
Assigned					
Donations carryover	1,414,378	–	–	–	1,414,378
Field trip carryover	111,416	–	–	–	111,416
Facility rental operations	971,272	–	–	–	971,272
Literacy and curriculum	1,613,824	–	–	–	1,613,824
OPEB and severance	6,483,033	–	–	–	6,483,033
Underfunded state mandates	2,425,000	–	–	–	2,425,000
Total assigned	13,018,923	–	–	–	13,018,923
Unassigned	11,274,718	–	–	–	11,274,718
Total	<u>\$ 36,472,087</u>	<u>\$ 8,357,866</u>	<u>\$ 3,671,290</u>	<u>\$ 4,286,612</u>	<u>\$ 52,787,855</u>

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned General Fund balance goal of 6.0–10.0 percent of the subsequent year's budgeted, unassigned General Fund expenditures. At June 30, 2025, the unassigned fund balance of the General Fund was 8.9 percent of budgeted, unassigned expenditures for fiscal 2026.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. Minnesota Statutes, Chapter 356 defines each plan's financial reporting requirements.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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 within one year of eligible employment or elect coverage through the Defined Contribution Retirement (DCR) Plan administered by MnSCU. A teacher employed by MnSCU and electing the DCR Plan is not a member of the TRA except for purposes of Social Security coverage.

B. Benefits Provided

1. GERF Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. 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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

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

The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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. The 2024 annual increase was 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.

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. TRA members belong to either the Basic or Coordinated Plan.

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.

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

Tier I Benefits

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

With these provisions:

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

Or

For years of service prior to July 1, 2006, a Level formula of 1.7 percent per year for Coordinated members and 2.7 percent per year for Basic members is applied. For years of service July 1, 2006 and after, a Level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

Tier II Benefits

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. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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.

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

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 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$2,029,669. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2025 Coordinated Plan were 7.75 percent for the employee and 8.75 percent for the employer. Basic Plan rates were 11.25 percent for the employee and 12.75 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2025, were \$6,019,326. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2025, the District reported a liability of \$11,146,778 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 \$288,233.

District's proportionate share of the net pension liability	\$ 11,146,778
State's proportionate share of the net pension liability associated with the District	<u>288,233</u>
Total	<u>\$ 11,435,011</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3015 percent at the end of the measurement period and 0.3065 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$1,142,507 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$7,727 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$512,855 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,050,165	\$ –
Changes in actuarial assumptions	52,326	4,269,813
Net difference between projected and actual investment earnings on pension plan investments	–	3,143,899
Changes in proportion	827,114	209,087
District's contributions to the GERP subsequent to the measurement date	2,029,669	–
Total	<u>\$ 3,959,274</u>	<u>\$ 7,622,799</u>

The \$2,029,669 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, 2026. 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
2026	\$ (2,937,674)
2027	\$ (459,718)
2028	\$ (1,441,469)
2029	\$ (854,333)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$63,028,510 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.9919 percent at the end of the measurement period and 0.9810 percent for the beginning of the period.

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

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	\$ 63,028,510
State's proportionate share of the net pension liability associated with the District	<u>4,122,423</u>
Total	<u>\$ 67,150,933</u>

For the year ended June 30, 2025, the District recognized pension expense of \$5,720,031. It also recognized \$226,612 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,747,396 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,000,107	\$ 806,857
Changes in actuarial assumptions	6,257,652	7,516,321
Net difference between projected and actual investment earnings on pension plan investments	—	8,582,674
Changes in proportion	1,474,284	1,153,024
District's contributions to the TRA subsequent to the measurement date	<u>6,019,326</u>	<u>—</u>
Total	<u>\$ 16,751,369</u>	<u>\$ 18,058,876</u>

The \$6,019,326 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, 2026. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (3,701,538)
2027	\$ 5,810,074
2028	\$ (4,622,351)
2029	\$ (3,968,314)
2030	\$ (844,704)

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

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 future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 real rates of return by the target asset allocation percentages and by adding expected inflation.

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

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

F. Actuarial Methods and Assumptions

1. GERF

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 percent. The 7.00 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

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.

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

2. TRA

The total pension liability in the July 1, 2024 actuarial valuation was determined using the entry-age normal method and actuarial assumptions, applied to all periods included in the measurement. Key assumptions used in the valuation of the total pension liability are as follows:

Actuarial Assumptions Used in Valuation of Total Pension Liability	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-Retirement	PubT-2010(A) Employee Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Healthy Retirees	PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.

The following changes in plan provisions and actuarial assumptions occurred in 2024:

1. GERF

CHANGES IN PLAN PROVISIONS

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

CHANGES IN ACTUARIAL ASSUMPTIONS

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

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

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15.00 percent to reflect the continued lower than expected observations.

G. Discount Rate

1. GERP

The discount rate used to measure the total pension liability in 2024 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 GERP 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 2024 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. 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.

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

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	\$ 24,346,357	\$ 11,146,778	\$ 288,920
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 110,996,893	\$ 63,028,510	\$ 23,549,392

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

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

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributed \$1,479,972 to finance these benefits in the current year. The District has not established a trust fund to finance these pension benefits.

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

C. Membership

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

Retirees and beneficiaries receiving benefits	65
Active plan members	<u>781</u>
Total members	<u><u>846</u></u>

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2024 and measurement date as of July 1, 2024. The entry-age method and the following actuarial assumptions were 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.

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

The following assumption changes were made since the previous valuation:

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

The following changes in plan provisions were made since the previous valuation:

- Actively working employees from the following contract groups are no longer eligible:
 - Superintendent’s Advisory Council,
 - Controller, Director of Buildings and Grounds, Assistant Director of Student Support Services,
 - Teachers hired after October 1, 2023,
 - Confidential/Supervisory/Technical employees hired after August 1, 2025, and
 - Edina Administrative Council employees except for six employees named in the contract.

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. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)**F. Changes in the Total Pension Liability**

	<u>Total Pension Liability</u>
Beginning balance	\$ 13,786,418
Changes for the year	
Service cost	784,976
Interest	539,181
Assumption changes	(190,750)
Plan changes	(201,995)
Differences between expected and actual experience	1,297,470
Benefit payments	<u>(1,506,877)</u>
Total net changes	<u>722,005</u>
Ending balance	<u>\$ 14,508,423</u>

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	\$ 15,459,767	\$ 14,508,423	\$ 13,597,887

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

The District recognized pension expense of \$1,199,257 in the current year, and at year-end reported the following deferred outflows and 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	\$ 1,634,871	\$ –
Changes in actuarial assumptions	399,651	1,530,885
District's contributions subsequent to the measurement date	<u>1,479,972</u>	<u>–</u>
Total	<u>\$ 3,514,494</u>	<u>\$ 1,530,885</u>

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

A total of \$1,479,972 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2026	\$ 77,095
2027	\$ 77,095
2028	\$ 77,095
2029	\$ 77,095
2030	\$ 77,107
Thereafter	\$ 118,150

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**A. Plan Description and Benefits Provided**

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

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

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributed \$1,827,027 to finance these benefits in the current year. The District has not established a trust fund to finance these OPEB benefits.

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

C. Membership

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

Retirees and beneficiaries receiving benefits	105
Active plan members	<u>1,203</u>
Total members	<u><u>1,308</u></u>

D. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2024 and measurement date as of July 1, 2024. The entry-age method and the following actuarial assumptions were 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
Medical trend rate	6.5% grading to 5.00% over 6 years, and 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.

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

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

The following assumption changes were made since the previous valuation:

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

The following changes in plan provisions were made since the previous valuation:

- Actively working employees from the following contract groups are no longer eligible:
 - Superintendent's Advisory Council,
 - Controller, Director of Buildings and Grounds, Assistant Director of Student Support Services,
 - Teachers hired after October 1, 2023,
 - Confidential/Supervisory/Technical employees hired after August 1, 2025, and
 - Edina Administrative Council employees except for six employees named in the contract.

E. Discount Rate

The discount rate used to measure the total OPEB 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. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate.

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

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 19,549,838
Changes for the year	
Service cost	1,083,071
Interest	769,916
Assumption changes	101,118
Plan changes	(23,835)
Differences between expected and actual experience	1,511,974
Benefit payments	(1,800,172)
Total net changes	<u>1,642,072</u>
Ending balance	<u>\$ 21,191,910</u>

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.10%	4.10%	5.10%
Total OPEB liability	\$ 22,397,004	\$ 21,191,910	\$ 20,018,003

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

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	\$ 19,814,357	\$ 21,191,910	\$ 22,764,342

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

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

The District recognized OPEB expense of \$1,665,127 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,343,976	\$ 799,098
Changes in actuarial assumptions	477,570	1,206,833
District's contributions subsequent to the measurement date	1,827,027	—
Total	<u>\$ 3,648,573</u>	<u>\$ 2,005,931</u>

A total of \$1,827,027 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Pension Expense
2026	\$ (164,025)
2027	\$ (164,023)
2028	\$ (1,271)
2029	\$ (54,639)
2030	\$ (55,950)
Thereafter	\$ 255,523

NOTE 9 – FLEXIBLE BENEFIT PLAN

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

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

B. Legal Claims

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

C. Contract Commitments

The District is committed to a number of contracts awarded for various construction and maintenance projects. The District's commitment for uncompleted work on these contracts at year-end was approximately \$8,310,661.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2025

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
06/30/2016	06/30/2015	0.2742%	\$ 14,210,468	\$ —	\$ 14,210,468	\$ 16,108,678	88.22%	78.20%
06/30/2017	06/30/2016	0.2774%	\$ 22,523,504	\$ 294,246	\$ 22,817,750	\$ 17,218,936	130.81%	68.90%
06/30/2018	06/30/2017	0.2894%	\$ 18,475,105	\$ 232,340	\$ 18,707,445	\$ 18,646,353	99.08%	75.90%
06/30/2019	06/30/2018	0.2896%	\$ 16,065,821	\$ 526,989	\$ 16,592,810	\$ 18,550,623	86.61%	79.50%
06/30/2020	06/30/2019	0.2832%	\$ 15,657,494	\$ 486,646	\$ 16,144,140	\$ 20,000,631	78.29%	80.20%
06/30/2021	06/30/2020	0.2860%	\$ 17,147,008	\$ 528,718	\$ 17,675,726	\$ 20,329,984	84.34%	79.10%
06/30/2022	06/30/2021	0.2740%	\$ 11,701,028	\$ 357,366	\$ 12,058,394	\$ 19,693,058	59.42%	87.00%
06/30/2023	06/30/2022	0.2899%	\$ 22,960,176	\$ 673,126	\$ 23,633,302	\$ 21,643,669	106.08%	76.70%
06/30/2024	06/30/2023	0.3065%	\$ 17,139,137	\$ 472,393	\$ 17,611,530	\$ 24,375,775	70.31%	83.10%
06/30/2025	06/30/2024	0.3015%	\$ 11,146,778	\$ 288,233	\$ 11,435,011	\$ 25,520,909	43.68%	89.08%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2025

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
06/30/2016	\$ 1,291,318	\$ 1,291,318	\$ —	\$ 17,218,936	7.50%
06/30/2017	\$ 1,398,478	\$ 1,398,478	\$ —	\$ 18,646,353	7.50%
06/30/2018	\$ 1,391,159	\$ 1,391,159	\$ —	\$ 18,550,623	7.50%
06/30/2019	\$ 1,492,966	\$ 1,492,966	\$ —	\$ 20,000,631	7.46%
06/30/2020	\$ 1,527,748	\$ 1,527,748	\$ —	\$ 20,329,984	7.51%
06/30/2021	\$ 1,476,311	\$ 1,476,311	\$ —	\$ 19,693,058	7.50%
06/30/2022	\$ 1,626,519	\$ 1,626,519	\$ —	\$ 21,643,669	7.51%
06/30/2023	\$ 1,825,561	\$ 1,825,561	\$ —	\$ 24,375,775	7.49%
06/30/2024	\$ 1,913,902	\$ 1,913,902	\$ —	\$ 25,520,909	7.50%
06/30/2025	\$ 2,029,669	\$ 2,029,669	\$ —	\$ 27,073,632	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 273

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2025

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
06/30/2016	06/30/2015	0.9238%	\$ 57,146,166	\$ 7,009,435	\$ 64,155,601	\$ 46,887,773	121.88%	76.80%
06/30/2017	06/30/2016	0.9434%	\$ 225,023,410	\$ 22,586,637	\$ 247,610,047	\$ 48,890,860	460.26%	44.88%
06/30/2018	06/30/2017	0.9473%	\$ 189,098,264	\$ 18,280,007	\$ 207,378,271	\$ 50,958,882	371.08%	51.57%
06/30/2019	06/30/2018	0.9661%	\$ 60,680,123	\$ 5,701,256	\$ 66,381,379	\$ 53,228,684	114.00%	78.07%
06/30/2020	06/30/2019	0.9711%	\$ 61,898,118	\$ 5,477,592	\$ 67,375,710	\$ 52,764,016	117.31%	78.21%
06/30/2021	06/30/2020	0.9701%	\$ 71,672,288	\$ 6,006,361	\$ 77,678,649	\$ 56,562,354	126.71%	75.48%
06/30/2022	06/30/2021	0.9765%	\$ 42,734,560	\$ 3,604,328	\$ 46,338,888	\$ 58,442,263	73.12%	86.63%
06/30/2023	06/30/2022	1.0024%	\$ 80,266,889	\$ 5,952,297	\$ 86,219,186	\$ 61,966,812	129.53%	76.17%
06/30/2024	06/30/2023	0.9810%	\$ 80,993,557	\$ 5,673,389	\$ 86,666,946	\$ 62,383,557	129.83%	76.42%
06/30/2025	06/30/2024	0.9919%	\$ 63,028,510	\$ 4,122,423	\$ 67,150,933	\$ 65,755,074	95.85%	82.07%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2025

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
06/30/2016	\$ 3,680,210	\$ 3,680,210	\$ —	\$ 48,890,860	7.53%
06/30/2017	\$ 3,820,933	\$ 3,820,933	\$ —	\$ 50,958,882	7.50%
06/30/2018	\$ 3,990,842	\$ 3,990,842	\$ —	\$ 53,228,684	7.50%
06/30/2019	\$ 4,071,634	\$ 4,071,634	\$ —	\$ 52,764,016	7.72%
06/30/2020	\$ 4,470,670	\$ 4,470,670	\$ —	\$ 56,562,354	7.90%
06/30/2021	\$ 4,751,341	\$ 4,751,341	\$ —	\$ 58,442,263	8.13%
06/30/2022	\$ 5,166,345	\$ 5,166,345	\$ —	\$ 61,966,812	8.34%
06/30/2023	\$ 5,332,716	\$ 5,332,716	\$ —	\$ 62,383,557	8.55%
06/30/2024	\$ 5,749,941	\$ 5,749,941	\$ —	\$ 65,755,074	8.74%
06/30/2025	\$ 6,019,326	\$ 6,019,326	\$ —	\$ 68,867,963	8.74%

INDEPENDENT SCHOOL DISTRICT NO. 273

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2025

	District Fiscal Year Ended June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability									
Service cost	\$ 706,737	\$ 669,633	\$ 712,907	\$ 784,741	\$ 987,492	\$ 1,064,687	\$ 851,523	\$ 863,558	\$ 784,976
Interest	326,649	332,966	390,691	448,042	431,916	360,618	325,575	531,985	539,181
Assumption changes	—	(370,946)	(121,816)	334,570	147,110	239,059	(1,519,823)	(73,905)	(190,750)
Plan changes	—	—	74,470	—	(3,674)	—	—	—	(201,995)
Differences between expected and actual experience	—	—	756,667	—	218,511	—	44,945	—	1,297,470
Benefit payments	(794,118)	(762,623)	(567,874)	(581,302)	(696,030)	(834,763)	(1,112,883)	(1,330,135)	(1,506,877)
Net change in total pension liability	239,268	(130,970)	1,245,045	986,051	1,085,325	829,601	(1,410,663)	(8,497)	722,005
Total pension liability									
Beginning of year	10,951,258	11,190,526	11,059,556	12,304,601	13,290,652	14,375,977	15,205,578	13,794,915	13,786,418
End of year	<u>\$ 11,190,526</u>	<u>\$ 11,059,556</u>	<u>\$ 12,304,601</u>	<u>\$ 13,290,652</u>	<u>\$ 14,375,977</u>	<u>\$ 15,205,578</u>	<u>\$ 13,794,915</u>	<u>\$ 13,786,418</u>	<u>\$ 14,508,423</u>
Covered-employee payroll	<u>\$ 48,516,585</u>	<u>\$ 49,972,083</u>	<u>\$ 57,844,851</u>	<u>\$ 59,580,197</u>	<u>\$ 57,275,903</u>	<u>\$ 58,997,180</u>	<u>\$ 60,503,318</u>	<u>\$ 62,318,418</u>	<u>\$ 66,740,696</u>
Total pension liability as a percentage of covered-employee payroll	<u>23.07%</u>	<u>22.13%</u>	<u>21.27%</u>	<u>22.31%</u>	<u>25.10%</u>	<u>25.77%</u>	<u>22.80%</u>	<u>22.12%</u>	<u>21.74%</u>

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2025

	District Fiscal Year Ended June 30,							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 1,168,447	\$ 1,082,683	\$ 1,187,453	\$ 1,316,083	\$ 1,416,201	\$ 1,042,382	\$ 1,057,846	\$ 1,083,071
Interest	670,515	697,232	697,658	662,415	531,817	470,833	753,066	769,916
Assumption changes	—	5,718	480,367	108,111	320,867	(1,691,244)	(102,005)	101,118
Plan changes	—	—	—	—	—	—	—	(23,835)
Differences between expected and actual experience	—	(1,470,574)	—	(96,313)	—	(644,262)	—	1,511,974
Benefit payments	(953,365)	(981,707)	(1,005,875)	(1,111,887)	(1,487,642)	(1,779,736)	(1,820,538)	(1,800,172)
Net change in total OPEB liability	885,597	(666,648)	1,359,603	878,409	781,243	(2,602,027)	(111,631)	1,642,072
Total OPEB liability								
Beginning of year	19,025,292	19,910,889	19,244,241	20,603,844	21,482,253	22,263,496	19,661,469	19,549,838
End of year	<u>\$ 19,910,889</u>	<u>\$ 19,244,241</u>	<u>\$ 20,603,844</u>	<u>\$ 21,482,253</u>	<u>\$ 22,263,496</u>	<u>\$ 19,661,469</u>	<u>\$ 19,549,838</u>	<u>\$ 21,191,910</u>
Covered-employee payroll	<u>\$ 62,990,740</u>	<u>\$ 69,887,838</u>	<u>\$ 71,984,473</u>	<u>\$ 67,776,263</u>	<u>\$ 69,809,551</u>	<u>\$ 70,329,978</u>	<u>\$ 72,439,877</u>	<u>\$ 85,437,316</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>31.61%</u>	<u>27.54%</u>	<u>28.62%</u>	<u>31.70%</u>	<u>31.89%</u>	<u>27.96%</u>	<u>26.99%</u>	<u>24.80%</u>

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 273

Notes to Required Supplementary Information
June 30, 2025

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 CHANGES IN PLAN PROVISIONS

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

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)

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family of tables.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15.00 percent to reflect the continued lower than expected observations.

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.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

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.
- 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 PLAN PROVISIONS

- Actively working employees from the following contract groups are no longer eligible:
 - Superintendent's Advisory Council,
 - Controller, Director of Buildings and Grounds, Assistant Director of Student Support Services,
 - Teachers hired after October 1, 2023,
 - Confidential/Supervisory/Technical employees hired after August 1, 2025, and
 - Edina Administrative Council employees except for six employees named in the contract.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN PLAN PROVISIONS

- Actively working employees from the following contract groups are no longer eligible:
 - Superintendent's Advisory Council,
 - Controller, Director of Buildings and Grounds, Assistant Director of Student Support Services,
 - Teachers hired after October 1, 2023,
 - Confidential/Supervisory/Technical employees hired after August 1, 2025, and
 - Edina Administrative Council employees except for six employees named in the contract.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2025

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 2,219,544	\$ 4,304,630	\$ 6,524,174
Receivables			
Current taxes	–	769,958	769,958
Delinquent taxes	–	5,765	5,765
Accounts and interest	205,573	43,725	249,298
Due from other governmental units	–	122,539	122,539
Inventory	98,439	–	98,439
Prepaid Items	–	9,824	9,824
Total assets	<u>\$ 2,523,556</u>	<u>\$ 5,256,441</u>	<u>\$ 7,779,997</u>
Liabilities			
Salaries and benefits payable	\$ 12,997	\$ 427,163	\$ 440,160
Accounts and contracts payable	28,289	199,205	227,494
Unearned revenue	180,972	1,102,230	1,283,202
Total liabilities	<u>222,258</u>	<u>1,728,598</u>	<u>1,950,856</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,536,816	1,536,816
Deferred revenue – delinquent taxes	–	5,713	5,713
Total deferred inflows of resources	<u>–</u>	<u>1,542,529</u>	<u>1,542,529</u>
Fund balances			
Nonspendable	98,439	9,824	108,263
Restricted	2,202,859	1,975,490	4,178,349
Total fund balances	<u>2,301,298</u>	<u>1,985,314</u>	<u>4,286,612</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,523,556</u>	<u>\$ 5,256,441</u>	<u>\$ 7,779,997</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2025

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,400,201	\$ 1,400,201
Investment earnings	137,058	142,461	279,519
Other	945,936	11,116,631	12,062,567
State sources	2,614,260	963,950	3,578,210
Federal sources	1,429,652	—	1,429,652
Total revenue	<u>5,126,906</u>	<u>13,623,243</u>	<u>18,750,149</u>
Expenditures			
Current			
Food service	4,811,731	—	4,811,731
Community service	—	13,681,596	13,681,596
Capital outlay	66,300	231,106	297,406
Total expenditures	<u>4,878,031</u>	<u>13,912,702</u>	<u>18,790,733</u>
Net change in fund balances	248,875	(289,459)	(40,584)
Fund balances			
Beginning of year	<u>2,052,423</u>	<u>2,274,773</u>	<u>4,327,196</u>
End of year	<u>\$ 2,301,298</u>	<u>\$ 1,985,314</u>	<u>\$ 4,286,612</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	2025	2024
Assets		
Cash and temporary investments	\$ 57,019,178	\$ 51,854,157
Receivables		
Current taxes	28,311,079	28,104,535
Delinquent taxes	230,186	284,267
Accounts and interest	669,055	346,744
Due from other governmental units	15,504,075	12,047,954
Inventory	23,064	23,064
Prepaid items	32,484	6,559
Total assets	\$ 101,789,121	\$ 92,667,280
Liabilities		
Salaries and benefits payable	\$ 9,955,320	\$ 10,077,773
Accounts and contracts payable	2,643,859	2,891,394
Unearned revenue	21,705	21,385
Total liabilities	12,620,884	12,990,552
Deferred inflows of resources		
Property taxes levied for subsequent year	52,465,603	52,883,672
Unavailable revenue – delinquent taxes	230,547	183,536
Total deferred inflows of resources	52,696,150	53,067,208
Fund balances		
Nonspendable for inventory	23,064	23,064
Nonspendable for prepaids	32,484	6,559
Restricted for student activities	34,534	34,583
Restricted for staff development	593,292	582,764
Restricted for capital projects levy	331,146	67,931
Restricted American Indian education aid	18,927	37,243
Restricted for operating capital	7,715,811	5,207,729
Restricted for literacy aid	297,781	–
Restricted for READ Act training	12,948	–
Restricted for Medical Assistance	571,327	318,462
Committed for cash flow	2,547,132	2,484,388
Assigned for donations carryover	1,414,378	1,872,667
Assigned for field trip carryover	111,416	–
Assigned for facility rental operations	971,272	–
Assigned for literacy and curriculum	1,613,824	863,824
Assigned for OPEB and severance	6,483,033	4,983,033
Assigned for underfunded state mandates	2,425,000	925,000
Unassigned	11,274,718	9,202,273
Total fund balances	36,472,087	26,609,520
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,789,121	\$ 92,667,280

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 56,342,166	\$ 56,996,149	\$ 653,983	\$ 53,561,813
Investment earnings	1,494,970	2,129,205	634,235	2,217,384
Other	2,400,455	5,497,822	3,097,367	5,111,698
State sources	101,061,195	102,424,224	1,363,029	97,586,832
Federal sources	2,084,618	2,601,182	516,564	2,413,802
Total revenue	163,383,404	169,648,582	6,265,178	160,891,529
Expenditures				
Current				
Administration	4,577,785	4,391,044	(186,741)	4,481,162
District support services	3,366,278	2,994,926	(371,352)	3,105,578
Elementary and secondary regular instruction	68,390,919	68,913,216	522,297	66,145,066
Vocational education instruction	532,634	832,413	299,779	772,098
Special education instruction	28,729,275	29,649,463	920,188	26,619,424
Instructional support services	16,061,813	14,421,651	(1,640,162)	14,491,843
Pupil support services	13,422,642	14,463,348	1,040,706	13,382,500
Sites and buildings	15,898,549	16,705,411	806,862	18,499,326
Fiscal and other fixed cost programs	1,008,480	1,070,701	62,221	769,105
Debt service				
Principal	1,051,408	1,051,408	–	844,693
Interest and fiscal charges	706,358	679,928	(26,430)	1,005,888
Total expenditures	153,746,141	155,173,509	1,427,368	150,116,683
Excess of revenue over expenditures	9,637,263	14,475,073	4,837,810	10,774,846
Other financing sources (uses)				
Insurance recoveries	–	13,261	13,261	17,638
Debt issued	1,365,000	1,365,000	–	–
Premium on debt issued	146,610	146,611	1	–
Transfers (out)	(7,604,875)	(6,137,378)	1,467,497	(4,774,549)
Total other financing sources (uses)	(6,093,265)	(4,612,506)	1,480,759	(4,756,911)
Net change in fund balances	\$ 3,543,998	9,862,567	\$ 6,318,569	6,017,935
Fund balances				
Beginning of year		26,609,520		20,591,585
End of year		\$ 36,472,087		\$ 26,609,520

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 2,219,544	\$ 2,101,771
Receivables		
Accounts and interest	205,573	11,323
Due from other governmental units	—	6,394
Inventory	<u>98,439</u>	<u>113,966</u>
Total assets	<u>\$ 2,523,556</u>	<u>\$ 2,233,454</u>
Liabilities		
Salaries and benefits payable	\$ 12,997	\$ —
Accounts and contracts payable	28,289	43,914
Unearned revenue	<u>180,972</u>	<u>137,117</u>
Total liabilities	222,258	181,031
Fund balances		
Nonspendable for inventory	98,439	113,966
Restricted for food service	<u>2,202,859</u>	<u>1,938,457</u>
Total fund balances	<u>2,301,298</u>	<u>2,052,423</u>
Total liabilities and fund balances	<u>\$ 2,523,556</u>	<u>\$ 2,233,454</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 73,950	\$ 137,058	\$ 63,108	\$ 65,213
Other – primarily meal sales	897,720	945,936	48,216	800,504
State sources	2,351,543	2,614,260	262,717	2,435,453
Federal sources	1,777,001	1,429,652	(347,349)	1,634,692
Total revenue	<u>5,100,214</u>	<u>5,126,906</u>	<u>26,692</u>	<u>4,935,862</u>
Expenditures				
Current				
Salaries	–	404,050	404,050	–
Employee benefits	–	98,769	98,769	–
Purchased services	4,421,973	3,966,255	(455,718)	3,363,398
Supplies and materials	350,000	334,368	(15,632)	636,157
Other expenditures	–	8,289	8,289	8,575
Capital outlay	100,000	66,300	(33,700)	41,328
Total expenditures	<u>4,871,973</u>	<u>4,878,031</u>	<u>6,058</u>	<u>4,049,458</u>
Net change in fund balances	<u>\$ 228,241</u>	<u>248,875</u>	<u>\$ 20,634</u>	<u>886,404</u>
Fund balances				
Beginning of year		<u>2,052,423</u>		<u>1,166,019</u>
End of year		<u>\$ 2,301,298</u>		<u>\$ 2,052,423</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 4,304,630	\$ 4,255,727
Receivables		
Current taxes	769,958	697,894
Delinquent taxes	5,765	6,762
Accounts and interest	43,725	40,623
Due from other governmental units	122,539	80,281
Prepaid items	<u>9,824</u>	<u>—</u>
Total assets	<u><u>\$ 5,256,441</u></u>	<u><u>\$ 5,081,287</u></u>
Liabilities		
Salaries and benefits payable	\$ 427,163	\$ 134,582
Accounts and contracts payable	199,205	192,197
Unearned revenue	<u>1,102,230</u>	<u>1,075,351</u>
Total liabilities	<u>1,728,598</u>	<u>1,402,130</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	1,536,816	1,399,204
Unavailable revenue – delinquent taxes	<u>5,713</u>	<u>5,180</u>
Total deferred inflows of resources	<u>1,542,529</u>	<u>1,404,384</u>
Fund balances		
Nonspendable for prepaids	9,824	—
Restricted for community education	1,539,119	1,736,480
Restricted for early childhood family education	294,672	300,629
Restricted for school readiness	84,646	93,538
Restricted for community service	<u>57,053</u>	<u>144,126</u>
Total fund balances	<u>1,985,314</u>	<u>2,274,773</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 5,256,441</u></u>	<u><u>\$ 5,081,287</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,397,326	\$ 1,400,201	\$ 2,875	\$ 1,236,358
Investment earnings	30,980	142,461	111,481	155,903
Other – primarily tuition and fees	11,077,810	11,116,631	38,821	10,138,135
State sources	789,963	963,950	173,987	772,283
Total revenue	13,296,079	13,623,243	327,164	12,302,679
Expenditures				
Current				
Salaries	7,866,376	8,288,329	421,953	7,003,701
Employee benefits	1,654,389	1,941,496	287,107	1,502,908
Purchased services	2,684,995	2,746,868	61,873	2,288,746
Supplies and materials	645,838	665,179	19,341	571,194
Other expenditures	40,300	39,724	(576)	150,898
Capital outlay	203,500	231,106	27,606	220,583
Total expenditures	13,095,398	13,912,702	817,304	11,738,030
Net change in fund balances	\$ 200,681	(289,459)	\$ (490,140)	564,649
Fund balances				
Beginning of year		2,274,773		1,710,124
End of year		\$ 1,985,314		\$ 2,274,773

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 9,523,310	\$ 5,517,242
Receivables		
Accounts and interest	<u>64,010</u>	<u>22,645</u>
Total assets	<u><u>\$ 9,587,320</u></u>	<u><u>\$ 5,539,887</u></u>
Liabilities		
Accounts and contracts payable	\$ 1,229,454	\$ 2,055,354
Due to other governmental units	<u>–</u>	<u>204,450</u>
Total liabilities	<u>1,229,454</u>	<u>2,259,804</u>
Fund balances		
Restricted for long-term facilities maintenance	7,397,346	2,347,798
Restricted for building construction	<u>960,520</u>	<u>932,285</u>
Total fund balances	<u><u>8,357,866</u></u>	<u><u>3,280,083</u></u>
Total liabilities and fund balances	<u><u>\$ 9,587,320</u></u>	<u><u>\$ 5,539,887</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 489,362	\$ 357,247	\$ (132,115)	\$ 333,055
Expenditures				
Capital outlay				
Salaries	–	4,709	4,709	3,486
Employee benefits	–	804	804	660
Purchased services	33,883	35,450	1,567	678,974
Capital expenditures	9,560,259	7,970,545	(1,589,714)	17,252,264
Debt service				
Interest and fiscal charges	–	33,883	33,883	204,450
Total expenditures	<u>9,594,142</u>	<u>8,045,391</u>	<u>(1,548,751)</u>	<u>18,139,834</u>
Excess (deficiency) of revenue over expenditures	(9,104,780)	(7,688,144)	1,416,636	(17,806,779)
Other financing sources				
Debt issued	5,886,678	5,886,678	–	–
Premium on debt issued	741,871	741,871	–	–
Transfers in	<u>7,604,875</u>	<u>6,137,378</u>	<u>(1,467,497)</u>	<u>4,774,549</u>
Total other financing sources	<u>14,233,424</u>	<u>12,765,927</u>	<u>(1,467,497)</u>	<u>4,774,549</u>
Net change in fund balances	<u>\$ 5,128,644</u>	<u>5,077,783</u>	<u>\$ (50,861)</u>	<u>(13,032,230)</u>
Fund balances				
Beginning of year		<u>3,280,083</u>		<u>16,312,313</u>
End of year		<u>\$ 8,357,866</u>		<u>\$ 3,280,083</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 12,543,606	\$ 10,618,356
Receivables		
Current taxes	8,973,279	7,322,376
Delinquent taxes	62,950	84,004
Accounts and interest	<u>64,010</u>	<u>—</u>
Total assets	<u><u>\$ 21,643,845</u></u>	<u><u>\$ 18,024,736</u></u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 17,910,158	\$ 14,680,302
Unavailable revenue – delinquent taxes	<u>62,397</u>	<u>67,214</u>
Total deferred inflows of resources	17,972,555	14,747,516
Fund balances		
Restricted for debt service	<u>3,671,290</u>	<u>3,277,220</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 21,643,845</u></u>	<u><u>\$ 18,024,736</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 14,677,524	\$ 14,701,356	\$ 23,832	\$ 14,327,938
Investment earnings	1,279,613	1,336,245	56,632	114,950
Total revenue	15,957,137	16,037,601	80,464	14,442,888
Expenditures				
Debt service				
Principal	7,797,906	7,895,000	97,094	7,625,000
Interest	6,631,771	6,658,742	26,971	6,982,785
Fiscal charges and other	742,728	618,663	(124,065)	11,788
Total expenditures	15,172,405	15,172,405	—	14,619,573
Excess (deficiency) of revenue over expenditures	784,732	865,196	80,464	(176,685)
Other financing sources (uses)				
Debt issued	43,322	43,322	—	—
Refunding debt issued	92,250,000	92,250,000	—	—
Premium on debt issued	6,760,552	6,760,552	—	—
Payment on refunded debt	(99,525,000)	(99,525,000)	—	—
Total other financing sources (uses)	(471,126)	(471,126)	—	—
Net change in fund balances	\$ 313,606	394,070	\$ 80,464	(176,685)
Fund balances				
Beginning of year		3,277,220		3,453,905
End of year		\$ 3,671,290		\$ 3,277,220

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STATISTICAL SECTION
(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 43,418,286	\$ 47,480,908	\$ 60,040,219	\$ 64,290,068
Restricted	7,970,131	14,242,051	16,131,196	14,352,180
Unrestricted	<u>(63,470,870)</u>	<u>(103,158,513)</u>	<u>(147,642,861)</u>	<u>(120,772,175)</u>
Total governmental activities net position	<u>\$ (12,082,453)</u>	<u>\$ (41,435,554)</u>	<u>\$ (71,471,446)</u>	<u>\$ (42,129,927)</u>

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

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

Note 3: The District implemented GASB Statement No. 101 in fiscal 2025. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately \$15.2 million. Prior year amounts have not been restated.

2020	2021	2022	2023	2024	2025
\$ 69,414,627	\$ 74,779,603	\$ 79,307,413	\$ 81,404,498	\$ 93,666,891	\$ 96,500,226
11,777,774	10,673,134	13,096,826	16,384,478	13,371,713	21,348,807
(127,097,824)	(130,386,504)	(126,319,070)	(105,198,186)	(94,392,453)	(99,417,492)
<u>\$ (45,905,423)</u>	<u>\$ (44,933,767)</u>	<u>\$ (33,914,831)</u>	<u>\$ (7,409,210)</u>	<u>\$ 12,646,151</u>	<u>\$ 18,431,541</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Expenses				
Administration	\$ 3,242,345	\$ 4,634,672	\$ 4,172,107	\$ 2,218,112
District support services	3,110,167	3,416,144	3,500,226	2,656,587
Elementary and secondary regular instruction	56,906,604	79,642,160	78,379,255	40,403,099
Vocational education instruction	402,701	296,086	387,560	238,186
Special education instruction	18,732,703	24,859,012	25,379,452	15,671,871
Instructional support services	5,460,656	7,553,915	7,652,292	4,044,870
Pupil support services	8,040,874	9,424,680	11,162,024	10,039,710
Sites and buildings	16,255,995	16,856,606	19,989,575	23,315,175
Fiscal and other fixed cost programs	248,613	319,454	306,141	252,778
Food service	2,727,737	2,770,229	3,289,385	2,922,698
Community service	7,280,463	8,010,769	7,720,547	7,444,575
Interest and fiscal charges	6,657,060	6,188,267	6,232,703	6,186,183
Total governmental activities expenses	129,065,918	163,971,994	168,171,267	115,393,844
Program revenues				
Charges for services				
Administration	48,426	61,368	58,777	33,512
Elementary and secondary regular instruction	904,973	826,065	1,903,654	1,819,367
Special education instruction	208,917	137,973	197,837	202,526
Instructional support services	—	—	—	—
Pupil support services	17,600	17,238	41,207	52,783
Sites and buildings	638,198	523,884	530,950	509,760
Food service	2,260,094	2,148,743	2,239,943	2,238,064
Community service	5,432,708	5,043,246	5,715,389	6,492,272
Operating grants and contributions	15,847,284	14,107,577	14,410,211	16,423,646
Total governmental activities program revenues	25,358,200	22,866,094	25,097,968	27,771,930
Net (expense) revenue	(103,707,718)	(141,105,900)	(143,073,299)	(87,621,914)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	23,599,692	30,913,347	30,129,873	33,151,451
Property taxes, levied for community service	1,153,321	1,182,392	1,119,670	1,074,332
Property taxes, levied for capital projects	11,509,597	5,061,998	5,344,774	5,300,000
Property taxes, levied for debt service	6,766,015	14,096,440	15,398,422	15,089,758
General grants and aids	59,099,180	63,759,959	62,441,248	59,507,776
Other general revenues	2,308,284	2,112,923	1,889,515	1,852,396
Investment earnings	735,308	838,354	1,071,750	987,720
Special item	—	—	4,696,546	—
Total general revenues and other changes in net position	105,171,397	117,965,413	122,091,798	116,963,433
Change in net position	\$ 1,463,679	\$ (23,140,487)	\$ (20,981,501)	\$ 29,341,519

	2020	2021	2022	2023	2024	2025
\$	3,355,426	\$ 3,545,896	\$ 3,497,178	\$ 2,983,756	\$ 4,068,950	\$ 4,471,216
	2,831,412	2,798,389	2,731,193	2,608,472	3,197,679	2,946,222
	64,939,467	64,417,805	59,903,266	51,043,329	65,018,895	71,380,460
	584,027	435,878	497,732	477,033	829,754	908,949
	24,253,131	23,809,800	23,329,243	22,207,149	25,302,918	29,406,692
	6,123,950	9,134,634	12,507,297	13,152,951	14,377,429	14,878,286
	11,019,797	10,075,079	12,786,642	11,875,451	12,611,573	12,720,640
	24,750,786	25,836,493	19,925,328	23,238,558	26,206,246	22,225,698
	305,513	451,186	504,272	562,301	769,105	1,070,701
	2,637,069	1,432,491	3,743,658	3,790,037	4,059,161	4,878,031
	8,103,181	5,239,236	7,784,122	10,621,001	11,852,659	13,764,518
	6,253,404	5,566,552	5,264,241	5,237,662	5,801,049	7,333,431
	155,157,163	152,743,439	152,474,172	147,797,700	174,095,418	185,984,844
	44,794	13,655	54,134	21,249	35,003	75,036
	1,430,084	1,039,250	1,469,646	1,767,832	1,857,742	1,981,898
	115,553	42,675	18,568	316,990	362,303	364,880
	—	646	1,506	2,686	9,217	13,077
	23,487	32,979	61,126	63,964	50,868	26,265
	569,743	349,991	584,826	550,283	620,407	623,542
	1,640,049	31,490	352,581	1,971,809	800,504	945,936
	5,776,927	3,310,816	7,199,115	8,920,871	10,138,135	11,116,631
	16,936,588	19,889,104	22,222,626	22,373,608	30,065,900	31,936,905
	26,537,225	24,710,606	31,964,128	35,989,292	43,940,079	47,084,170
	(128,619,938)	(128,032,833)	(120,510,044)	(111,808,408)	(130,155,339)	(138,900,674)
	33,408,171	38,700,828	44,940,869	46,462,287	53,420,175	57,043,160
	1,116,918	1,100,338	1,118,315	1,090,648	1,233,018	1,400,734
	5,914,554	4,920,118	—	—	—	—
	15,895,731	14,725,692	15,080,775	15,046,221	14,278,681	14,696,539
	64,777,362	68,134,313	68,403,930	71,201,456	75,154,203	80,165,375
	2,674,991	1,333,919	1,899,993	2,468,116	2,193,796	2,426,385
	1,031,666	89,281	85,098	2,045,301	2,942,688	4,114,241
	—	—	—	—	—	—
	124,819,393	129,004,489	131,528,980	138,314,029	149,222,561	159,846,434
\$	(3,800,545)	\$ 971,656	\$ 11,018,936	\$ 26,505,621	\$ 19,067,222	\$ 20,945,760

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 89,550	\$ 128,765	\$ 714,427	\$ 31,133
Restricted	1,789,869	3,107,162	3,289,820	2,814,296
Committed	1,976,507	2,838,407	927,819	1,037,614
Assigned	7,387,574	5,773,902	3,535,342	3,534,808
Unassigned	8,155,342	6,843,919	5,268,594	6,764,615
Total General Fund	<u>\$ 19,398,842</u>	<u>\$ 18,692,155</u>	<u>\$ 13,736,002</u>	<u>\$ 14,182,466</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ —	\$ 16,759	\$ 480	\$ —
Capital Projects –				
Building Construction Fund	15,502	10,853	12,739	—
Restricted				
Special revenue funds	2,018,959	1,670,808	1,746,245	2,032,459
Capital Projects –				
Building Construction Fund	114,816,902	60,595,861	19,791,866	25,077,215
Debt Service Fund	200,151	732,774	1,539,589	2,596,972
Unassigned				
Special revenue funds	—	(57,546)	—	—
Capital Projects –				
Building Construction Fund	—	—	—	—
Total all other governmental funds	<u>\$ 117,051,514</u>	<u>\$ 62,969,509</u>	<u>\$ 23,090,919</u>	<u>\$ 29,706,646</u>
Total all governmental funds	<u>\$ 136,450,356</u>	<u>\$ 81,661,664</u>	<u>\$ 36,826,921</u>	<u>\$ 43,889,112</u>

2020	2021	2022	2023	2024	2025
\$ —	\$ —	\$ 2,925	\$ 392,982	\$ 29,623	\$ 55,548
1,459,232	1,333,034	2,833,640	4,342,395	6,248,712	9,575,766
1,068,409	1,074,602	1,098,955	2,322,850	2,484,388	2,547,132
3,752,941	6,094,910	5,995,361	5,519,524	8,644,524	13,018,923
8,613,512	9,061,060	8,191,141	8,013,834	9,202,273	11,274,718
<u>\$ 14,894,094</u>	<u>\$ 17,563,606</u>	<u>\$ 18,122,022</u>	<u>\$ 20,591,585</u>	<u>\$ 26,609,520</u>	<u>\$ 36,472,087</u>
\$ —	\$ —	\$ 21,658	\$ 67,961	\$ 113,966	\$ 108,263
—	11,431	—	—	—	—
1,455,180	1,610,814	2,889,981	2,808,182	4,213,230	4,178,349
12,413,939	7,458,401	11,413,906	16,312,313	3,280,083	8,357,866
3,026,960	3,314,963	3,451,305	3,453,905	3,277,220	3,671,290
—	—	—	—	—	—
—	(77,189)	—	—	—	—
<u>\$ 16,896,079</u>	<u>\$ 12,318,420</u>	<u>\$ 17,776,850</u>	<u>\$ 22,642,361</u>	<u>\$ 10,884,499</u>	<u>\$ 16,315,768</u>
<u>\$ 31,790,173</u>	<u>\$ 29,882,026</u>	<u>\$ 35,898,872</u>	<u>\$ 43,233,946</u>	<u>\$ 37,494,019</u>	<u>\$ 52,787,855</u>

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local sources				
Taxes	\$ 43,034,354	\$ 51,045,152	\$ 52,129,918	\$ 54,484,845
Investment earnings	735,308	838,354	1,071,750	987,720
Other	11,819,200	10,871,440	12,577,272	13,200,680
State sources	72,452,309	72,575,056	74,418,915	77,151,756
Federal sources	2,494,155	2,437,217	2,462,536	3,059,848
Total revenues	130,535,326	137,767,219	142,660,391	148,884,849
Expenditures				
Current				
Administration	3,281,563	3,542,398	3,165,048	3,301,695
District support services	3,093,531	3,097,417	3,252,865	2,918,207
Elementary and secondary regular instruction	52,518,801	53,688,788	55,129,942	55,976,301
Vocational education instruction	402,746	280,680	437,560	371,717
Special education instruction	18,601,905	18,431,801	19,799,024	21,165,695
Instructional support services	5,508,758	5,382,317	5,826,639	5,720,643
Pupil support services	7,922,598	8,118,389	10,026,345	10,536,840
Sites and buildings	8,954,875	11,733,576	9,665,421	12,863,141
Fiscal and other fixed cost programs	248,613	319,454	306,141	252,778
Food service	2,693,974	2,748,269	3,172,591	2,934,016
Community service	7,201,847	7,211,986	7,135,225	7,885,155
Capital outlay	24,590,991	80,947,545	59,273,703	27,983,835
Debt service				
Principal	4,841,995	6,354,550	7,408,860	7,643,316
Interest and fiscal charges	5,916,089	7,513,874	7,616,783	7,552,759
Total expenditures	145,778,286	209,371,044	192,216,147	167,106,098
Excess of revenues over (under) expenditures	(15,242,960)	(71,603,825)	(49,555,756)	(18,221,249)
Other financing sources (uses)				
Sale of equipment	—	—	—	—
Sale of real property	—	—	4,721,013	—
Insurance recovery proceeds	—	—	—	—
Financed purchases	—	—	—	—
Bonds issued	113,385,000	16,350,000	—	24,075,000
Certificates of participation issued	—	—	—	—
Premium on debt issued	12,843,824	465,133	—	1,208,440
Payment to refunded bond escrow agent	—	—	—	—
Transfers in	—	4,102,593	7,866,783	3,213,503
Transfers out	—	(4,102,593)	(7,866,783)	(3,213,503)
Total other financing sources (uses)	126,228,824	16,815,133	4,721,013	25,283,440
Net change in fund balances	\$ 110,985,864	\$ (54,788,692)	\$ (44,834,743)	\$ 7,062,191
Debt service as a percentage of noncapital expenditures	8.5%	10.6%	10.7%	10.6%

2020	2021	2022	2023	2024	2025
\$ 56,429,303	\$ 59,466,560	\$ 61,138,083	\$ 62,526,584	\$ 69,126,109	\$ 73,097,706
1,031,666	88,447	85,098	2,045,301	2,886,505	4,102,216
12,275,628	6,136,020	11,500,106	16,083,800	16,050,337	17,560,389
79,168,635	81,366,601	83,091,253	88,591,340	100,794,568	106,002,434
2,515,385	6,481,911	7,992,699	4,495,635	4,048,494	4,030,834
151,420,617	153,539,539	163,807,239	173,742,660	192,906,013	204,793,579
3,009,563	3,342,784	3,873,432	3,445,138	4,481,162	4,391,044
2,800,341	2,714,576	2,853,562	2,510,347	3,105,578	2,994,926
56,626,943	56,763,928	58,812,519	60,623,730	65,923,266	68,913,216
417,775	347,713	418,857	456,282	772,098	832,413
22,535,544	22,568,276	24,570,499	26,170,884	26,619,424	29,649,463
5,600,116	8,891,998	12,959,940	12,120,115	10,621,395	14,421,651
10,138,725	9,321,573	12,947,747	11,869,856	13,332,092	14,463,348
15,903,909	13,571,083	15,164,467	15,770,264	12,168,818	16,705,411
305,513	451,186	504,272	562,301	769,105	1,070,701
2,371,549	1,321,720	3,732,088	3,797,416	4,008,130	4,811,731
7,805,415	5,202,701	8,021,126	10,684,338	11,517,447	13,681,596
20,021,117	27,541,508	6,365,318	25,727,730	28,670,459	8,308,914
8,382,929	7,461,830	8,002,883	8,517,998	8,469,693	8,946,408
7,681,704	7,915,046	7,593,862	7,290,326	8,204,911	7,991,216
163,601,143	167,415,922	165,820,572	189,546,724	198,663,578	197,182,038
(12,180,526)	(13,876,383)	(2,013,333)	(15,804,064)	(5,757,565)	7,611,541
—	5,185	—	—	—	—
—	—	—	—	—	—
—	14,216	141,389	—	17,638	13,261
—	317,611	531,737	209,820	—	—
19,890,000	19,670,000	7,000,000	7,035,000	—	99,545,000
—	—	—	14,200,000	—	—
2,061,538	2,391,224	357,053	1,694,318	—	7,649,034
(21,895,000)	(10,430,000)	—	—	—	(99,525,000)
—	—	3,051,806	1,584,127	4,774,549	6,137,378
—	—	(3,051,806)	(1,584,127)	(4,774,549)	(6,137,378)
56,538	11,968,236	8,030,179	23,139,138	17,638	7,682,295
\$ (12,123,988)	\$ (1,908,147)	\$ 6,016,846	\$ 7,335,074	\$ (5,739,927)	\$ 15,293,836
11.1%	10.7%	10.0%	9.6%	9.4%	9.3%

INDEPENDENT SCHOOL DISTRICT NO. 273

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2016	\$ 91,003,016	\$ 8,197,930,469	1.1 %
2017	96,086,686	8,655,567,325	1.1
2018	99,554,444	8,997,851,250	1.1
2019	106,330,012	9,520,250,340	1.1
2020	112,615,801	10,109,194,711	1.1
2021	116,453,509	10,476,131,305	1.1
2022	118,793,566	10,756,237,669	1.1
2023	125,283,792	11,116,486,387	1.1
2024	142,891,874	12,555,280,523	1.1
2025	154,831,318	13,576,494,392	1.1

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

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 273

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

Tax Levy Collectible	ISD No. 273	Edina	Bloomington	St. Louis Park	Hennepin County	Special Districts
2016	34.898%	N/A	N/A	N/A	N/A	N/A
2017	34.798%	N/A	N/A	N/A	N/A	N/A
2018	30.972%	27.751%	40.573%	46.383%	46.398%	9.071%
2019	30.589%	27.380%	40.045%	44.706%	45.356%	8.669%
2020	30.589%	27.945%	39.557%	43.398%	44.087%	8.356%
2021	31.474%	28.779%	39.743%	42.855%	42.808%	7.973%
2022	29.975%	28.936%	40.730%	44.681%	41.861%	8.001%
2023	28.093%	28.056%	38.013%	42.861%	41.084%	7.082%
2024	28.248%	28.412%	39.820%	44.181%	39.400%	8.197%
2025	29.110%	30.236%	43.939%	48.846%	37.081%	8.411%

County Auditor's Gross Spread Levies

2016	\$ 51,188,271	N/A	N/A	N/A	N/A	N/A
2017	51,991,396	N/A	N/A	N/A	N/A	N/A
2018	54,977,370	\$ 35,659,777	\$ 57,001,564	\$ 31,835,173	\$ 788,559,712	\$ 163,262,262
2019	56,459,789	37,271,021	59,405,698	32,471,521	829,555,042	165,554,394
2020	59,308,017	39,467,543	61,731,187	32,987,460	868,958,906	163,219,491
2021	60,925,445	41,787,871	62,366,022	33,371,999	868,958,906	165,964,336
2022	62,729,399	45,130,036	63,262,900	33,886,668	899,372,132	170,489,349
2023	68,800,246	49,610,600	67,151,511	43,104,094	930,849,945	175,478,697
2024	72,417,719	54,166,865	80,484,270	44,554,950	991,309,287	217,179,664
2025	75,948,166	58,750,854	87,876,211	48,785,532	1,045,829,900	206,768,003

N/A – Not Available

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

Source: Hennepin County Taxpayer Services Division

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INDEPENDENT SCHOOL DISTRICT NO. 273

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2025			2016		
		Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Galleria Shopping Center, LLC	Commercial	\$ 2,390,690	1	1.54 %	\$ 1,923,450	1	2.11 %
Southdale Office Partners, LLC	Commercial	1,009,858	2	0.65	775,872	3	0.85
WPT Land 2 LP	Commercial	901,830	3	0.58	—	—	—
One Southdale Place, LLC	Apartment	749,796	4	0.48	443,571	6	0.49
7700 France Avenue, LLC	Commercial	700,760	5	0.45	520,046	5	0.57
Edina Market Street, LLC	Apartment	662,090	6	0.43	—	—	—
Southdale Center, LLC	Commercial	581,000	7	0.38	541,934	4	0.60
CRP/TCC AA II, LLC	Commercial	521,250	8	0.34	—	—	—
6801 France DST	Commercial	463,860	9	0.30	—	—	—
DRF Edina Medical Building, LLC	Commercial	411,368	10	0.27	—	—	—
Liberty Property LTD Partnersips	Commercial	—	—	—	907,486	2	1.00
Galleria Hotel, LLC	Commercial	—	—	—	381,538	7	0.42
Target Corporation	Commercial	—	—	—	371,808	8	0.41
Midwest Portfolio Corporation	Commercial	—	—	—	362,026	9	0.40
Sun Life Assurance Co. of Canada	Commercial	—	—	—	333,410	10	0.37
Total		<u>\$ 8,392,502</u>		<u>5.42 %</u>	<u>\$ 6,561,141</u>		<u>7.21 %</u>

Sources: Fiscal year 2025 information obtained from the Official Statement associated with the District's General Obligation Capital Bonds, Series 2024A (prepared by Ehlers and Associates, Inc.).

Fiscal year 2016 information obtained from the Official Statement associated with the District's General Obligation Bonds, Series 2017A (prepared by Ehlers and Associates, Inc.).

INDEPENDENT SCHOOL DISTRICT NO. 273

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collections	
	Operating Tax Levy	Debt Tax Levy	Total	First Year Levy Recognized Amount	Percentage of Levy
2016	\$ 37,403,128	\$ 6,803,594	\$ 44,206,722	\$ 44,206,722	100.0 %
2017	37,025,344	14,162,927	51,188,271	51,188,271	100.0
2018	36,594,683	15,396,713	51,991,396	51,863,380	99.8
2019	39,888,090	15,089,280	54,977,370	54,817,949	99.7
2020	40,564,810	15,894,979	56,459,789	56,255,923	99.6
2021	44,583,034	14,724,983	59,308,017	59,037,223	99.5
2022	45,846,105	15,079,339	60,925,445	60,631,484	99.5
2023	47,684,911	15,044,488	62,729,399	62,258,879	99.2
2024	57,740,194	14,677,524	72,417,719	71,725,789	99.0
2025	58,039,000	17,909,166	75,948,166	37,893,850	49.9

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

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

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

Collections					
Received in Subsequent Years	Total to Date		Receivable		
	Amount	Percentage of Levy	Amount	Percent	
\$ —	\$ 44,206,722	100.0 %	\$ —	—	%
—	51,188,271	100.0	—	—	
108,430	51,971,810	100.0	—	—	
153,471	54,971,420	99.9	5,950	—	
189,397	56,445,320	99.9	14,469	—	
255,976	59,293,199	99.9	14,818	—	
273,235	60,904,719	99.9	20,726	—	
470,520	62,729,399	100.0	—	—	
448,992	72,174,781	99.6	242,938	0.3	
—	37,893,850	49.8	<u>38,054,316</u>	50.1	
			<u><u>\$ 38,353,217</u></u>		

INDEPENDENT SCHOOL DISTRICT NO. 273

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Notes and Bonds	Premium (Discount)	Certificates of Participation	Financed Purchases	Total Primary Government		
2016	\$ 172,010,000	\$ 17,785,150	\$ 1,255,000	\$ 2,001,786	\$ 193,051,936	5.9 %	\$ 3,727
2017	182,230,000	16,945,453	1,155,000	1,877,236	202,207,689	5.7	3,852
2018	175,050,000	15,615,362	1,055,000	1,748,376	193,468,738	5.6	3,683
2019	191,720,000	15,481,849	950,000	1,615,060	209,766,909	5.7	3,938
2020	181,575,000	13,282,191	845,000	1,477,131	197,179,322	4.8	3,686
2021	183,765,000	14,202,540	735,000	1,492,912	200,195,452	5.2	3,737
2022	183,225,000	12,955,532	625,000	1,671,766	198,477,298	4.7	3,672
2023	182,245,000	13,007,236	14,710,000	1,493,588	211,455,824	N/A	3,881
2024	174,620,000	11,489,776	14,170,000	1,188,895	201,468,671	N/A	3,698
2025	166,745,000	10,539,610	13,340,000	967,487	191,592,097	N/A	3,591

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2016	\$ 189,795,150	\$ 200,151	\$ 189,594,999	\$ 91,003,016	208.34 %	51,804	\$ 3,660
2017	199,175,453	732,774	198,442,679	96,086,686	206.52	52,497	3,780
2018	190,665,362	1,539,589	189,125,773	99,554,444	189.97	52,535	3,600
2019	207,201,849	2,596,972	204,604,877	106,330,012	192.42	53,268	3,841
2020	194,857,191	3,026,960	191,830,231	112,615,801	170.34	53,494	3,586
2021	197,967,540	3,314,963	194,652,577	116,453,509	167.15	53,572	3,633
2022	196,180,532	3,451,305	192,729,227	118,793,566	162.24	54,048	3,566
2023	195,252,236	3,453,905	191,798,331	125,283,792	153.09	54,480	3,521
2024	186,109,776	3,277,220	182,832,556	142,891,874	127.95	54,480	3,356
2025	177,284,610	3,671,290	173,613,320	154,831,318	112.13	53,348	3,254

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

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INDEPENDENT SCHOOL DISTRICT NO. 273

Direct and Overlapping Debt
as of June 30, 2025

Governmental Unit	Tax Collection Calendar Year – 2024 Taxable Net Tax Capacity	Net Bonded Debt	Debt Applicable to Tax Capacity in ISD No. 273 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 273	\$ 154,831,318	\$ 173,613,320	100.00 %	\$ 173,613,320
Overlapping debt (1)				
Hennepin County	154,753,124	1,192,537,479	5.94	70,836,726
Cities				
Bloomington	1,404,080	36,591,100	0.75	274,433
Edina	153,262,554	53,779,230	80.98	43,550,420
St. Louis Park	86,490	53,155,358	0.09	47,840
Other				
Metropolitan Council	154,753,124	40,609,929	2.69	1,092,407
Three Rivers Park District	154,753,124	48,916,041	8.02	3,923,066
Hennepin County Regional Railroad Authority	154,753,124	76,774,733	5.94	4,560,419
District share of total overlapping debt				<u>124,285,311</u>
Total direct and overlapping debt				<u><u>\$ 297,898,631</u></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. 273

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 1,229,689,570	\$ 1,298,335,099	\$ 1,349,677,688	\$ 1,428,037,551
Total net debt applicable to the limit	172,010,000	182,230,000	175,050,000	191,720,000
Legal debt margin	<u>\$ 1,057,679,570</u>	<u>\$ 1,116,105,099</u>	<u>\$ 1,174,627,688</u>	<u>\$ 1,236,317,551</u>
Total net debt applicable to the limit as a percentage of debt limit	13.99%	14.04%	12.97%	13.43%
Taxable market value	\$ 8,197,930,469	\$ 8,655,567,325	\$ 8,997,851,250	\$ 9,520,250,340

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 1,516,379,207	\$ 1,571,419,696	\$ 1,613,435,650	\$ 1,667,472,958	\$ 1,883,292,078	\$ 2,036,474,159
<u>181,575,000</u>	<u>183,765,000</u>	<u>183,225,000</u>	<u>182,245,000</u>	<u>174,620,000</u>	<u>166,745,000</u>
<u>\$ 1,334,804,207</u>	<u>\$ 1,387,654,696</u>	<u>\$ 1,430,210,650</u>	<u>\$ 1,485,227,958</u>	<u>\$ 1,708,672,078</u>	<u>\$ 1,869,729,159</u>
11.97%	11.69%	11.36%	10.93%	9.27%	8.19%
\$ 10,109,194,711	\$ 10,476,131,305	\$ 10,756,237,669	\$ 11,116,486,387	\$ 12,555,280,523	\$ 13,576,494,392

INDEPENDENT SCHOOL DISTRICT NO. 273

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2016	51,804	\$ 3,264,895,296	\$ 63,024	8,429	3.08 %
2017	52,497	3,567,906,108	67,964	8,479	2.83
2018	52,535	3,480,338,680	66,248	8,464	2.26
2019	53,268	3,711,714,240	69,680	8,412	2.63
2020	53,494	4,111,334,864	76,856	8,365	5.10
2021	53,572	3,873,041,312	72,296	8,242	2.50
2022	54,048	4,209,636,576	77,887	8,364	2.10
2023	54,480	4,578,989,520	84,049	8,582	2.10
2024	54,480	N/A	N/A	8,541	3.30
2025	53,348	N/A	N/A	8,711	4.20

N/A – Not Available

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

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

Enrollment information from district records.

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year			
	2025		2016	
	Employees	Rank	Employees	Rank
Edina Realty and Edina Realty Title	2,106	1	400	6
Coldwell Banker Realty	1,870	2	–	–
Independent School District (ISD) No. 273	1,681	3	1,245	2
Fairview Southdale Hospital	1,624	4	2,613	1
City of Edina	1,015	5	814	5
BI Worldwide	736	6	1,000	3
Western National Insurance Company	562	7	–	–
Lund Food Holdings, Inc.	500	8	–	–
Dow Water & Process Solutions	375	9	–	–
Target	375	10	–	–
Regis Corporation	–	–	900	4
International Dairy Queen, Inc.	–	–	400	7
FilmTec Corporation	–	–	375	8
Lund Food Holdings, Inc.	–	–	360	9
JC Penny Co.	–	–	276	10
Total	<u>10,844</u>		<u>8,383</u>	
Total ISD No. 273 population (see the Schedule of Demographic and Economic Statistics)	<u>53,348</u>		<u>51,804</u>	
Percent of principal employers to total ISD No. 273 population	<u>20.3%</u>		<u>16.2%</u>	

Sources: Fiscal year 2025 information obtained from the Official Statement associated with the District's General Obligation Bonds, Series 2024A (prepared by Ehlers and Associates, Inc.).

Fiscal year 2016 information obtained from the Official Statement associated with the District's General Obligation Bonds, Series 2017A (prepared by Ehlers and Associates, Inc.).

INDEPENDENT SCHOOL DISTRICT NO. 273

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year			
	2016	2017	2018	2019
Administration				
Principals	N/A	N/A	N/A	N/A
Assistant principals	N/A	N/A	N/A	N/A
Administrative Deans	N/A	N/A	N/A	N/A
Nonaffiliated	N/A	N/A	N/A	N/A
Total administration	–	–	–	–
Licensed classroom and instructional personnel				
High school classroom teachers	N/A	N/A	N/A	N/A
Middle school classroom teachers	N/A	N/A	N/A	N/A
Elementary classroom teachers	N/A	N/A	N/A	N/A
Special education	N/A	N/A	N/A	N/A
Media specialists	N/A	N/A	N/A	N/A
Specialists and intervention	N/A	N/A	N/A	N/A
Total licensed classroom and instructional personnel	–	–	–	–
Licensed support personnel				
Curriculum and instruction	N/A	N/A	N/A	N/A
Peer coaches	N/A	N/A	N/A	N/A
Counselors	N/A	N/A	N/A	N/A
Social workers	N/A	N/A	N/A	N/A
Licensed school nurses	N/A	N/A	N/A	N/A
School psychologists	N/A	N/A	N/A	N/A
Total licensed support personnel	–	–	–	–
Non-licensed support personnel				
Clerical	N/A	N/A	N/A	N/A
Custodial	N/A	N/A	N/A	N/A
Transportation	N/A	N/A	N/A	N/A
Paraprofessionals	N/A	N/A	N/A	N/A
Community education	N/A	N/A	N/A	N/A
Other administrative staff	N/A	N/A	N/A	N/A
Total support services	–	–	–	–
District-wide totals	–	–	–	–

N/A – Not Available

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

Source: The District's Human Resources Department

2020	2021	2022	2023	2024	2025
N/A	N/A	N/A	9.0	9.0	9.0
N/A	N/A	N/A	7.0	7.0	7.0
N/A	N/A	N/A	8.0	8.0	8.0
N/A	N/A	N/A	28.0	25.0	24.0
-	-	-	52.0	49.0	48.0
N/A	N/A	N/A	115.0	117.0	117.0
N/A	N/A	N/A	101.0	99.0	102.0
N/A	N/A	N/A	189.0	187.0	188.0
N/A	N/A	N/A	123.0	120.0	128.0
N/A	N/A	N/A	9.0	9.0	7.0
N/A	N/A	N/A	53.0	46.0	49.0
-	-	-	590.0	578.0	591.0
N/A	N/A	N/A	7.0	7.0	7.0
N/A	N/A	N/A	8.0	7.0	7.0
N/A	N/A	N/A	14.0	15.0	15.0
N/A	N/A	N/A	12.0	12.0	12.0
N/A	N/A	N/A	9.0	9.0	9.0
N/A	N/A	N/A	15.0	12.0	13.0
-	-	-	65.0	62.0	63.0
N/A	N/A	N/A	64.0	62.0	66.0
N/A	N/A	N/A	64.0	68.0	65.0
N/A	N/A	N/A	91.0	92.0	91.0
N/A	N/A	N/A	266.0	244.0	246.0
N/A	N/A	N/A	170.0	220.0	220.0
N/A	N/A	N/A	38.0	47.0	55.0
-	-	-	693.0	733.0	743.0
-	-	-	1,400.0	1,422.0	1,445.0

INDEPENDENT SCHOOL DISTRICT NO. 273

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2016	8,429	\$ 107,914,706	\$ 12,802	5.8 %	N/A	N/A	8.8 %
2017	8,479	111,361,851	13,133	2.6	N/A	N/A	8.6
2018	8,464	114,289,013	13,504	2.8	N/A	N/A	7.9
2019	8,412	117,494,595	13,967	3.4	N/A	N/A	8.9
2020	8,365	118,603,974	14,178	1.5	N/A	N/A	9.6
2021	8,242	116,756,222	14,166	(0.1)	N/A	N/A	8.6
2022	8,364	128,667,808	15,383	8.6	N/A	N/A	11.7
2023	8,582	136,733,574	15,932	3.6	405	21.2	18.6
2024	8,541	141,137,720	16,525	3.7	403	21.2	18.1
2025	8,711	144,044,616	16,536	0.1	407	21.4	16.7

N/A – Not Available

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

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

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 273

Instructional Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary Schools										
Concord (1950)										
Square feet	83,717	88,183	88,183	88,183	88,183	88,183	88,183	88,183	88,183	88,183
Capacity	790	790	790	790	790	790	790	790	790	765
Enrollment	720	732	742	730	736	698	720	723	721	741
Cornelia (1959)										
Square feet	71,055	79,687	79,687	79,687	79,687	79,687	79,687	79,687	79,687	79,687
Capacity	662	662	662	662	662	662	662	662	662	663
Enrollment	574	585	574	567	554	550	531	577	593	586
Countryside (1962)										
Square feet	71,055	73,011	73,011	73,011	73,011	73,011	73,011	73,011	91,661	91,661
Capacity	594	594	594	594	594	594	594	594	594	776
Enrollment	588	586	573	589	581	573	576	606	629	665
Creek Valley (1968)										
Square feet	77,118	77,118	78,458	78,458	78,458	78,458	78,458	78,458	78,458	78,458
Capacity	662	662	662	662	662	662	662	662	662	663
Enrollment	692	601	587	587	591	576	590	612	590	586
Highlands (1956)										
Square feet	68,538	68,538	73,202	73,202	73,202	73,202	73,202	73,202	73,202	73,202
Capacity	606	606	606	606	606	606	606	606	606	573
Enrollment	567	568	580	561	553	530	541	564	554	564
Normandale (1948)										
Square feet	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082	385,082
Capacity	714	714	714	714	714	714	714	714	714	687
Enrollment	648	642	647	644	645	651	664	657	652	652
Middle Schools										
South View (1954)										
Square feet	218,443	218,443	219,862	219,862	219,862	219,862	219,862	219,862	219,862	219,862
Capacity	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,268
Enrollment	1,334	1,326	1,007	970	965	968	973	987	979	1,021
Valley View (1964)										
Square feet	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573
Capacity	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,316
Enrollment	1,396	1,393	1,038	1,026	1,014	1,010	992	973	991	1,003
High Schools										
Edina High School (1972)										
Square feet	411,717	554,617	554,617	554,617	554,617	554,617	554,617	554,617	554,617	554,617
Capacity	2,320	3,126	3,126	3,126	3,126	3,126	3,126	3,126	3,126	3,226
Enrollment	2,001	2,047	2,732	2,718	2,687	2,683	2,679	2,719	2,688	2,712

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

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