

Mankato Area Public Schools Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2025



Submitted by Department of Business Services
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isd77.org



Excellence, Equity, Empowerment.
Every Student, Every Day.

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANKATO, MINNESOTA**

YEAR ENDED JUNE 30, 2025

**PREPARED BY:
DISTRICT BUSINESS OFFICE**

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INTRODUCTORY SECTION

BOARD OF EDUCATION AND ADMINISTRATION	1
ORGANIZATIONAL CHART	2
CERTIFICATE OF EXCELLENCE	3
TRANSMITTAL LETTER	6

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	13
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	17

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	29
STATEMENT OF ACTIVITIES	30
BALANCE SHEET – GOVERNMENTAL FUNDS	31
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	32
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	33
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	34
STATEMENT OF NET POSITION – PROPRIETARY FUND	35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	36
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	37
STATEMENT OF FIDUCIARY NET POSITION	38
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	39
NOTES TO FINANCIAL STATEMENTS	40

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	84
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FOOD SERVICE FUND	85

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND	86
SCHEDULE OF OPEB MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS	87
SCHEDULE OF CHANGES IN EMPLOYER NET OPEB LIABILITY AND RELATED RATIOS	88
SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	92
SCHEDULE OF THE DISTRICT’S PENSION CONTRIBUTIONS	93
NOTES TO PENSIONS REQUIRED SUPPLEMENTARY INFORMATION	94
SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN FUND EQUITIES	102
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	103
STATISTICAL SECTION	
STATISTICAL SECTION TABLE OF CONTENTS	
FINANCIAL TRENDS INFORMATION	
NET POSITION BY COMPONENT	105
GOVERNMENT-WIDE CHANGES IN NET POSITION	107
FUND BALANCES OF GOVERNMENTAL FUNDS	109
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	111
REVENUE CAPACITY INFORMATION	
GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE AND LEVY TYPE	113
TAX CAPACITIES AND MARKET VALUE	114
TAX CAPACITY RATES	115
PRINCIPAL PROPERTY TAXPAYERS	117
PROPERTY TAX LEVIES, COLLECTIONS, AND RECEIVABLES	118
DEBT CAPACITY INFORMATION	
OUTSTANDING DEBT BY TYPE	120
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA	121

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	122
LEGAL DEBT MARGIN INFORMATION	123
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHIC AND ECONOMIC STATISTICS	125
PRINCIPAL EMPLOYERS	126
OPERATING INFORMATION	
EMPLOYEES BY CLASSIFICATION	127
STANDARDIZED TESTING	128
SCHOOL LUNCH PROGRAM DATA	129
STUDENT ENROLLMENT	131
EXPENDITURES PER STUDENT	132
SCHOOL FACILITIES	133
SCHEDULE OF INSURANCE COVERAGE	134

INTRODUCTORY SECTION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2025**

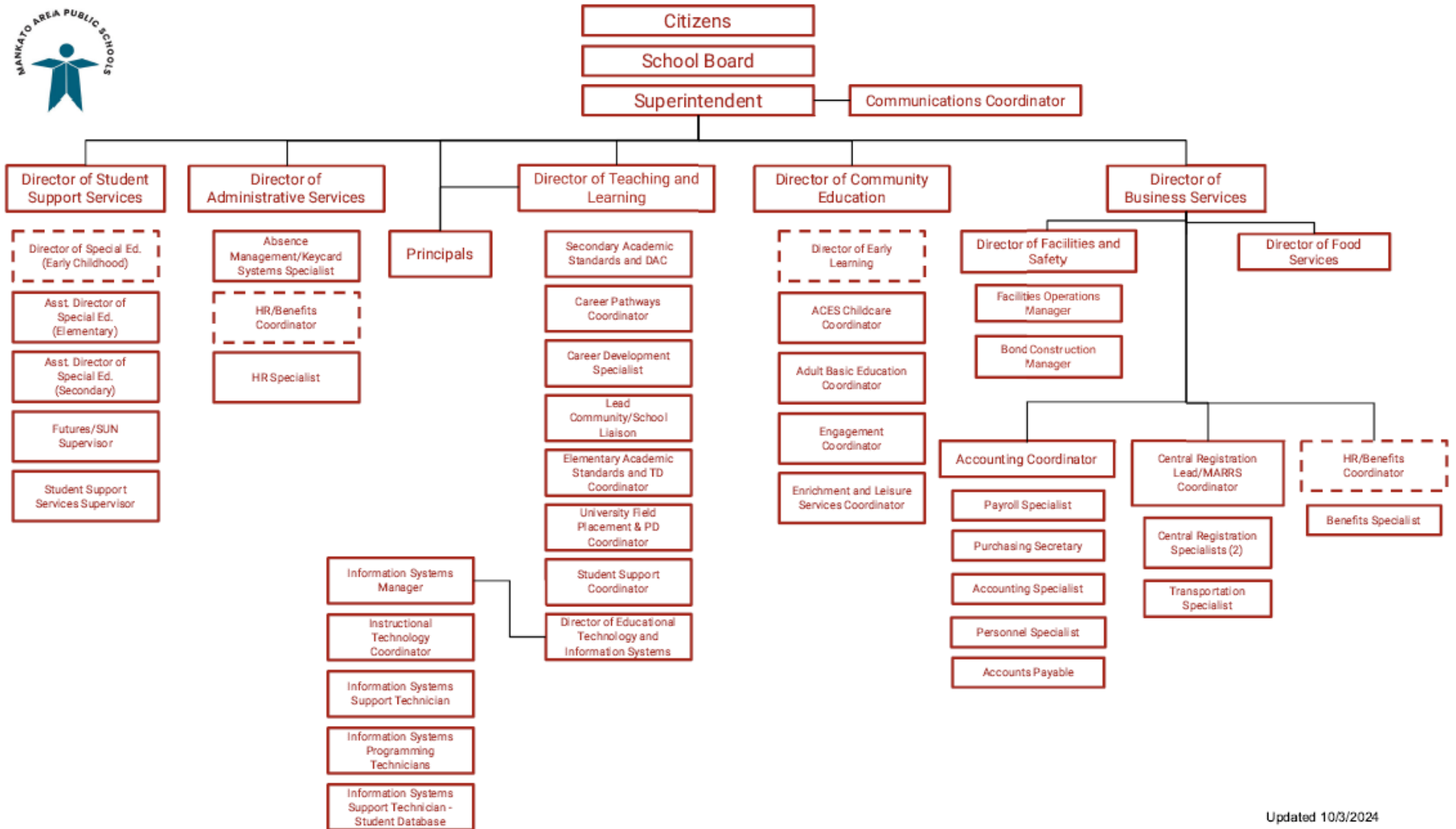
BOARD OF EDUCATION

Shannon Sinning	Chairperson
Kari Pratt	Vice Chairperson
Christopher Kind	Treasurer
Erin Roberts	Clerk
Elizabeth Hanke	Director
Liz Ratcliff	Director
Patrick Baker	Director

ADMINISTRATION

Paul Peterson	Superintendent
Amanda Heilman	Director of Business Services

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
ORGANIZATIONAL CHART
JUNE 30, 2025**



Updated 10/3/2024

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
CERTIFICATE OF EXCELLENCE
JUNE 30, 2025**



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Mankato Area Public Schools ISD 77
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

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



March 26, 2025

Amanda Heilman
Director of Business Services
Mankato Area Public Schools ISD77
10 Civic Center Pl
Mankato, MN 56001

Dear Amanda,

Congratulations! On behalf of the Association of School Business Officials International (ASBO), I am pleased to inform you that Mankato Area Public Schools ISD 77 has received ASBO's Certificate of Excellence in Financial Reporting for the fiscal year ended 2024. This award represents a significant achievement and reflects your commitment to transparency and high-quality financial reporting. We encourage you to use the [COE recipient's logo](#) to share your achievement in emails and marketing materials.

The Certificate of Excellence (COE) Review Team has provided their comments for the improvement of your Annual Comprehensive Financial Report. It is important to review the comments and address them before you prepare next year's report. Your district must include a copy of the original comments and the district's written responses to the comments in next year's application packet.

We hope you will use the attached press release to share this important achievement with your community. Your award certificate is also attached.

Congratulations to you and the members of your staff who worked so hard to earn the COE this year. We look forward to your continued participation in the COE program.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Rowan', is written over a light blue rectangular background.

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



School District Awarded for Outstanding Financial Reporting

Reston, VA – March 26, 2025 – The Association of School Business Officials International (ASBO) is pleased to award Mankato Area Public Schools ISD 77 the Certificate of Excellence in Financial Reporting (COE). ASBO International's COE recognizes districts that have met the program's high standards for financial reporting and transparency. The school district earned the Certificate of Excellence for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended 2024.

"For over half a century, ASBO International's Certificate of Excellence in Financial Reporting has been the gold standard for promoting and recognizing excellence in financial transparency," said Jim Rowan, CAE, SFO, Executive Director of ASBO International. "Clear and accurate financial reporting is crucial for engaging school communities and building their trust. Districts that earn the COE have demonstrated an extraordinary commitment to these principles."

Participation in the COE program highlights a school district's dedication to financial accountability. Submitted ACFRs are rigorously reviewed by a panel of experienced financial professionals, who provide constructive feedback to further enhance the quality of future reports. Districts that meet the program's stringent requirements are awarded the Certificate of Excellence, a distinction that also supports bond rating and continuing bond disclosure processes.

ASBO International's Certificate of Excellence is proudly sponsored by Strategic Partner, American Fidelity.

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About ASBO International

Established in 1910, the Association of School Business Officials International (ASBO) is a dynamic nonprofit organization that unites, through its members and affiliates, a global network of approximately 30,000 school business professionals. ASBO International empowers its members with cutting-edge programs, resources, and connections designed to set the standard for excellence in school business management. At the heart of ASBO's mission is a commitment to success—its members play a vital role in shaping education by expertly managing resources that directly impact school systems. Learn more at asbointl.org.

About American Fidelity

At American Fidelity, we know your needs because we're intimately familiar with the education community. This allows us to quickly become an extension of your HR department and provide administration for your entire benefits program. We help your employees understand the benefits you offer through in-person education and customized communications. Our enrollment platform allows us to seamlessly manage your entire benefits enrollment. And along the way, we help keep you and your program compliant.



OFFICE OF DIRECTOR OF BUSINESS SERVICES

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Date: December 1, 2025

To: Citizens of the Mankato Area Public
Schools Board of Education
Staff of the Mankato Area Public Schools

INTRODUCTION

This report is the Annual Comprehensive Financial Report (ACFR) of Independent School District 77, Mankato, Minnesota (District) for the fiscal year ended June 30, 2025. The ACFR fully discloses the financial position of the district, a summary of operations for FY 25, and relevant information pertaining to the Mankato Area community. The data contained within this report comes from many sources, with many professionals contributing to its accuracy and completeness. The district always welcomes any observations and feedback from the community and District staff.

REPORT FORMAT

There are three main sections to this report: Introduction, financial, and finally, statistical. The introduction section includes the district's organizational chart, and a list of the district's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), financial statements, notes to financial statements, and a detailed report combining individual statements and schedules. This information is also included in the district's annual independent audit report. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Standard accounting principles require District management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements as part of the audit process in a separate Management's Discussion and Analysis (MD&A) section of the report. This letter of transmittal will complement the MD&A and should be read in conjunction with it. The MD&A of the District is located following the report of the independent auditors.

DISTRICT ORGANIZATION

The Mankato Area Public Schools, Independent School District 77 is a nonprofit organization and is a local unit of government with elected school board officials. The district is a political subdivision and is recognized by the IRS as a 170C status. The district serves the communities of Mankato, North Mankato, Eagle Lake, Madison Lake, and Skyline. The district is located in Blue Earth, Nicollet, Le Sueur Counties. All operations within the district are guided by its Mission and Vision:

Mission Statement

Excellence, Equity, Empowerment. Every Student, Every Day.

Vision Statement

MAPS inspires students to thrive through future focused learning experiences by:

- Pursuing their individual pathway
- Ensuring safe and secure schools
- Fostering inclusivity by understanding and appreciating diversity
- Engaging with families and caregivers
- Partnering with and contributing to our community with high quality, dedicated, and exceptionally trained staff.

The District will reach its mission and vision when:

- A. Improving our professional practices so that each learner achieves at high levels in an inclusive educational model that is relevant and flexible.
- B. Enhancing our student support structures to meet academic, social, behavioral, and mental health needs.
- C. Recruiting, developing, and retaining staff to ensure positive learning experiences for students.
- D. Strengthening our parent/caregiver partnerships and connections.
- E. Ensuring safe, efficient, and effective operations.

In FY 25, the district served a total of 7,890 E-12 students from a population of 72,183 citizens residing in a 140 square mile area. During this fiscal year, the district operated in 23 buildings: two high schools, one alternative high school, two middle school schools, ten elementary schools, four special services buildings, one Community Education and Recreation building, and two districtwide buildings. The average age of our school buildings in the district is 52.26. The district is organized by grade level with elementary schools serving students in pre-kindergarten through grade 5, middle schools serving grades 6-8, and the high schools serving Grades 9-12. The district provides general, special education and vocational instruction for Prek-12, a transitional program for students beyond grade 12, and robust Community Education and Recreation programs that serve residents from birth to senior citizens.

REPORTING ENTITY

The district's financial statements include 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 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.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the district as of June 30, 2025, and the financial operations for FY 25. The district's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2024-25 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified ("clean") opinion on the district's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the district is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The district is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. Verification of the adherence to these requirements are contained within the districts independent audit report.

ACCOUNTING AND BUDGETING

A major function of the district's accounting system is to provide adequate internal accounting controls. These practices and controls are designed to provide reasonable safeguarding of assets against loss from unauthorized use, and the credibility of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable safeguarding establishes that the cost of internal controls should not exceed the benefits likely to be derived. In addition, the assessment of the cost and benefits requires estimates and judgments by District leadership. All internal control evaluations occur in this framework. The district believes that its internal accounting controls sufficiently safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds in accordance with state statutes and School Board policy. The adopted budget is the authorizing document for all expenditures. The School Board also approves all checks and wire payments issued each month. The superintendent and the director of business services are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained in the business office and in accordance with state statutes. For example, the district cannot incur a negative unassigned balance in the General Fund in excess of 2.50% of the prior year's expenditures. The budget is published annually in several forms to inform the public of the district's financial position and operating plan for the fiscal year. The School Board Finance Committee receives reports on a quarterly basis, with the full board receiving such updates in June, November, and February. Board work sessions are also used throughout the year on an as-needed basis to discuss such topics as budgeting planning, facility planning, and referendum planning. This information is also routinely shared with the district wide Leadership Team (DLT.) Principals and program leaders are provided annual allocations for staffing, supplies, equipment purchases, and other ancillary budgets such as use of compensatory aid, staff development, and Title I. Principals and program leaders have viewing access to the district's finance system, which allows for frequent and flexible access to monitoring budget performance in real time. District purchase requests must first be reviewed and approved by a supervisor and inputted into the district's finance system or establish a payment voucher. These requests are then routed to the business office for review to ensure the availability of budgeted funds and appropriate use. Then final approval is made by either the district's director of business services or district accountant. Frequent monitoring and communication of revenues and expenditures by District leadership to the School Board, along with ongoing monitoring by principals and program leaders help provide budget integrity and an opportunity to detect abhorrent budget variances that require correction.

The budget is adopted by the School Board in June of each year for the fiscal year beginning July 1. In the January/February timeframe, the budget is revised based on fall enrollment updates, impact of employee contracts, audit results from the previous fiscal year, or other new information impacting revenues or expenditures, such as legislative updates or access to federal funds such as Corona Relief Funds. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on program and site-based accounting, the district relies heavily on the Minnesota Department of Education's Uniform Financial Accounting Reporting System (UFARS).

SIGNIFICANT EVENTS

In addition to state and federal funding formulas, the district's financial stability continues to be closely tied to student enrollment. Over the past fifteen years, the district experienced steady enrollment growth, culminating in FY17 with a 4.1% increase over FY16. Following that peak, the rate of growth slowed, and in FY21, largely due to the impacts of COVID-19, the district saw a 2.9% enrollment decline from FY20. Enrollment decreased again by an additional 2.5% between FY21 and FY23.

During the pandemic and the first post-pandemic year, the district experienced significant shifts in student enrollment patterns. More families opted for homeschool and nonpublic school options, open enrolled into nearby districts, or relocated out of the community due to changing employment and economic conditions. In the fall of 2020, the district realized approximately 350 fewer students than projected, followed by another loss of more than 100 students in fall 2021. These combined enrollment decreases created a substantial revenue shortfall, prompting mid-year expense containment measures in FY21. While these measures were moderately effective, the district ultimately identified \$7.56 million in reductions for the 2021–22 school year, approximately 6.5% of the general fund operating budget. Despite these reductions, the district maintained relatively low class sizes, particularly in the elementary grades.

After the board approved a balanced FY22 budget in June 2021, enrollment continued to be closely monitored. By October 2021, further declines were evident. To stabilize district operations and support students and staff during the transition out of the pandemic, the district strategically utilized its ESSER III allocation of \$8.1 million to offset revenue losses caused by declining enrollment. This approach allowed the district to grow its general fund balance by \$6.7 million, reaching \$14 million, or 12.2% of expenditures (equivalent to 45 days of operation).

Enrollment declines continued into fall 2022, when the district registered approximately 261 fewer students than anticipated. As the district entered the 2023-24 and 2024-25 school years, enrollment has generally stabilized, though slight annual decreases persist due primarily to lower birth rates, part of a broader statewide and national demographic trend resulting in smaller kindergarten cohorts.

In spring 2022, the district entered the FY23 budget cycle planning to intentionally deficit spend, using the fund balance gains from FY22 to support students and staff as they transitioned back to post-pandemic learning. However, this planned deficit, combined with continued enrollment declines, created the need for approximately \$9 million in reductions for the FY24 budget. The 2023 legislative session brought significant new investments in public education, allowing the district to use increased basic formula funding and special education cross-subsidy reduction aid to help stabilize finances in FY24 and future years. The district continues to closely monitor and adjust staffing levels to ensure they remain aligned with current enrollment and operational needs.

DISTRICT FINANCIAL PLANS FOR THE FUTURE

Financial Planning

As we look into 2026, the district is navigating a mixed fiscal outlook shaped by both the recent Minnesota legislative session and ongoing enrollment pressures. The 2025 special session produced a new K-12 omnibus education finance law that will directly influence our strategic planning. During the 2025 legislative session, there were modest increases to the basic formula but there were also significant cuts to certain budgets. There was a reduction in special education transportation reimbursement to 95% reimbursement in FY 26 and 90% reimbursement in FY 27. Library aid was cut significantly as well. In addition, the implementation of summer unemployment, paid family leave, and ESST create additional unfunded mandates that will continue to put pressure on districts across the state to meet a balanced budget into the future.

Upcoming Referendums: The District passed a renewal and increase to its local operating levy in November 2017. The total amount per pupil of generated revenue is currently at \$1,317 per pupil unit. This includes the \$424 per pupil in Local Operating Revenue and \$300 per pupil in the “board approved” levy. This generates approximately \$10 million for the district’s general fund. This is a 10-year levy, and the district will need to renew no later than November 2028. It is likely in the next five years that the district will need to ask the taxpayers to support an increase in its operating levy. While the investment by the legislature in 2023 was significant, the basic formula aid is still not keeping pace with inflationary increases.

Financial Management: Every spring, revenue and expense projections comprise the financial forecast for the following fiscal year. This forecast determines allocation for all program budgets which include staffing, supplies, capital allocations, and any special programs or initiatives. These allocations are reviewed by the Superintendent, Executive Cabinet members, principals, and other members of the District leadership team before it is reviewed by the school board finance committee and community advisory committee. The budget plan is then brought to the full school board in June for review and approval by June 30.

Program Innovation: The District provides many opportunities for student growth and development well beyond the traditional “3 R’s.” To this end, the district engages students in many ways and at many levels to fully develop their potential academically, socially, emotionally, and creatively. For example, the District’s Career Pathways program provides students with real life experiences and mentorships in areas such as healthcare, agribusiness, and trades. The District’s one-to-one laptop initiative ensures that all students in grade 6 through 12 have equal and equitable access to technology and the resources available to them in the global learning space. The District also places a priority emphasis (especially during the pandemic) on developing students’ social and emotional learning. This is done through a robust deployment of using and teaching Positive Behavior Intervention Strategies (PBIS) and restorative practices. Students also stay engaged in their learning through the District’s commitment to Achievement and Integration programming, as well as Alternative Delivery of Specialists Instructional Services (ADSIS). Because of the District’s commitment to innovation, students in MAPS 77 have consistently out-paced their state-wide peer groups in areas of standardized test scores, high school graduation rates, and the percentage of students going onto college.

ECONOMIC FACTORS

The District is located in Blue Earth, Nicollet, and Le Sueur Counties, at the confluence of the Blue Earth and Minnesota Rivers, and part of the Minnesota River Valley. The Greater Mankato Area is a regional hub for manufacturing, agribusiness, health care, and education. According to the most recent data at the Minnesota Department of Employment and Economic Development, the Great Mankato Area has experienced an average of a .57 percent per year growth in employment during the past fifteen years. Moreover, another indicator of a vibrant and growing Mankato community can be seen in the growth of the district's total market value on all properties. Property valuation has increased steadily over the past 10 years, averaging a 7.8 percent increase per year during this period. Total market valuation in 2024 was \$7.8 billion. A strong and diverse tax base is very important when the District is trying to pass either voter approved operation or bond referendums.

State funding comprises the majority of financial resources for E-12 public schools in Minnesota. In addition, in MAPS 77 roughly 15.9 percent (\$20.1 million) of the general fund revenues comes from local property taxes. Of this amount, roughly 32 percent comes from the previously referenced voter approved operating levy.

All E-12 public school districts in Minnesota are dependent on state funding for ongoing operations. Almost 40 percent of the state's general fund budget is dedicated to E-12 public schools. As such, the state-wide economic conditions, which promote tax revenue to fund schools, will remain a key driver of the school district's financial health now and into the future.

CERTIFICATE OF EXCELLENCE

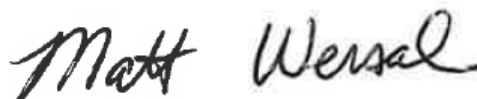
This report will be submitted to the Association of School Business Officials International for consideration for the Certificate of Excellence in Financial Reporting. This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting. The district has received this distinction every year since 2021, when it first began submitting its report to ASBO.

ACKNOWLEDGMENTS

Preparing and submitting a ACFR requires the dedicated teamwork of many people. Special thank you goes to the Business Office staff and the District's auditors at CliftonLarsonAllen for their dedication, and to Superintendent Dr. Paul Peterson for his leadership and support.



Amanda Heilman
Director of Business Services



Matt Wersal
District Accountant

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Mankato Public Schools
Independent School District No. 77
Mankato, 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 the Mankato Public Schools Independent School District No. 77, 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 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the district's total OPEB liability and related ratios, the schedule of the District's proportionate share of the net pension liability and the schedule of District pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 schedule of changes in fund equities and the uniform financial accounting and reporting standards compliance table 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 GAAS. In our opinion, the schedule of changes in fund equities and the uniform financial accounting and reporting standards compliance table 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 section and statistical section but does not include the basic financial statements and our auditors' 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.

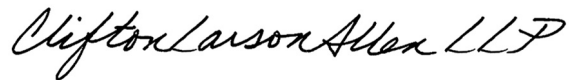
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.

Report on Summarized Comparative Information

We have previously audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024 and we have expressed unmodified audit opinions on those audited financial statements in our report dated November 18, 2024. In our opinion the summarized 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 is has been derived.

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, and 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.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
December 1, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Independent School District No. 77's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- Net Position of governmental activities increased a total of \$19,537,095. Most of the increase in net position was primarily due to the net effect of the large changes in District's proportionate share of the net pension liability, pension related deferred inflows, and pension related deferred outflows.
- The Unassigned General Fund Balance increased from \$13,730,396 on June 30, 2024 to \$17,508,168 on June 30, 2025. The ending fund balance within the general fund represents 13.7% of annual expenditures. This represents 50 days of operations.
- Total K-12 Average Daily Membership decreased 122 students, down 1.52% from 2023-2024.
- The Community Service Fund Balance experienced an increase in fund balance totaling \$228,959 to \$3,137,232 as of June 30, 2025.

This increase in fund balance occurred in the Unrestricted Fund Balance:

- Enrichment & Leisure Services (courses, classes, camps, experiences for youth and adults): Our current fund balance reflects the hard work and efficiency of our team. By accomplishing more with fewer employees and exceeding our projected enrollment numbers, we were able to generate additional revenue without increasing costs. This approach allowed us to maintain high-quality services while operating within our means.
- ACES: By stabilizing our hiring practices and solidifying enrollment, we established a consistent stream of revenue and expenditures. This balance enabled the budget to generate revenue over expenditures, contributing to a more stable fund balance. These efforts position us to reinvest in other areas of programming and budgeting, ensuring long-term sustainability and growth.
- Restricted Fund Balances saw a decrease and are anticipated to continue this trend in the coming years, which will require support from the general fund balance.
- The Capital Projects/Construction Fund Balance decreased from \$106,747,775 as of June 30, 2024 to \$78,202,148 as of June 30, 2025. The decrease is due to the completion of projects that were part of the \$105 million bond funding approved by MAPS residents to improve safety and security at all schools; address early learning access needs at MAPS Center for Learning; and provide enhanced learning and wellness spaces at Mankato West High School and Dakota Meadows Middle School.
- The Debt Service Fund Balance increased from \$2,126,027 as of June 30, 2024 to \$2,879,680 as of June 30, 2025. The increase is due to additional principal and interest payments due for the 2023 bond issuance. With the requirement of the district to levy 105% of the total debt service payments this fund balance was expected to increase.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operates like businesses.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position from Governmental activities was \$7,993,099 on June 30, 2025 (see Table A-1). This positive position is due to GASB 68, GASB 75 and GASB 101, that require the District to place its share of net pension liabilities and net OPEB liabilities, in their financial statements.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2025	2024	
Current and Other Assets	\$ 167,579,751	\$ 189,037,017	(11.35)%
Capital Assets	194,585,299	166,325,990	16.99
Total Assets	362,165,050	355,363,007	1.91
Deferred Outflows of Resources	17,483,006	19,255,679	(9.21)
Current Liabilities	20,407,621	19,768,418	3.23
Long-Term Liabilities	220,329,396	229,751,361	(4.10)
Net Pension Liability	59,184,254	83,044,537	(28.73)
Net OPEB Liability	9,189,640	6,824,503	34.66
Total Liabilities	309,110,911	339,388,819	(8.92)
Deferred Inflows of Resources	62,544,046	46,773,863	33.72
Net Position:			
Net Investment in Capital Assets	55,256,169	49,666,968	11.25
Restricted	20,335,199	14,991,692	35.64
Unrestricted	(67,598,269)	(76,202,656)	(11.29)
Total Net Position	\$ 7,993,099	\$ (11,543,996)	(169.24)

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$167,805,107 for the year ended June 30, 2025. Unrestricted state aid accounted for 37%, property taxes accounted for 22%, operating and capital grants accounted for 32%, and charges for services accounted for 5% (see Figure A-1).

**Table A-2
Change in Net Position**

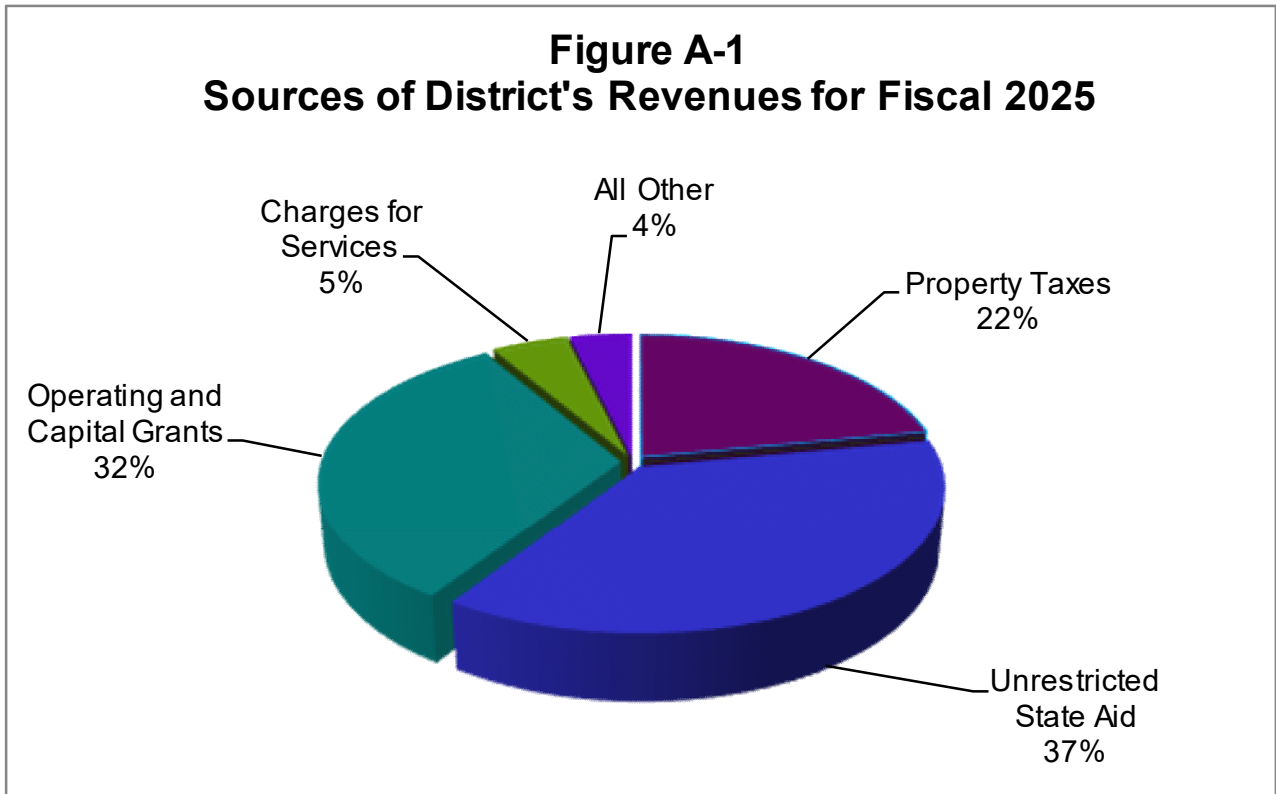
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2025	2024	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 7,953,622	\$ 5,627,156	41.34 %
Operating Grants and Contributions	53,059,495	49,186,198	7.87
Capital Grants and Contributions	979,528	1,160,486	(15.59)
<u>General Revenues</u>			
Property Taxes	36,936,303	30,855,594	19.71
Unrestricted State Aid	62,450,521	63,235,664	(1.24)
Investment Earnings	5,059,130	2,874,936	75.97
Other	1,366,508	826,038	65.43
Total Revenues	<u>167,805,107</u>	<u>153,766,072</u>	9.13
Expenses			
Administration	4,892,198	4,151,984	17.83
District Support Services	2,927,049	3,902,955	(25.00)
Regular Instruction	59,040,082	54,120,576	9.09
Vocational Education Instruction	2,297,956	1,945,187	18.14
Special Education Instruction	28,287,176	24,160,577	17.08
Instructional Support Services	6,260,437	5,876,544	6.53
Pupil Support Services	11,558,427	11,886,289	(2.76)
Sites and Buildings	17,370,591	14,130,881	22.93
Fiscal and Other Fixed Cost Programs	698,695	552,930	26.36
Food Service	6,363,679	6,348,507	0.24
Community Service	2,119,595	4,761,178	(55.48)
Interest and Fiscal Charges on Long-Term Liabilities	6,452,127	4,875,028	32.35
Total Expenses	<u>148,268,012</u>	<u>136,712,636</u>	8.45
Change in Net Position	19,537,095	17,053,436	
Beginning Net Position	<u>(11,543,996)</u>	<u>(28,597,432)</u>	
Ending Net Position	<u>\$ 7,993,099</u>	<u>\$ (11,543,996)</u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

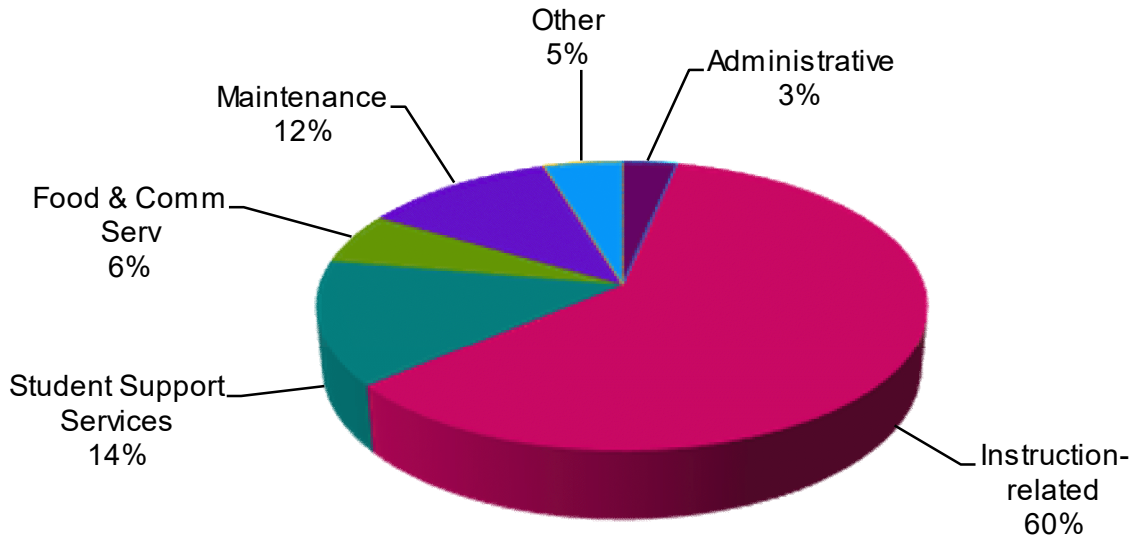
The total cost of all programs and services was \$148,268,012. Direct instruction related costs accounted for 60%, student support services accounted for 14%, buildings and equipment costs accounted for 12%, community education services and food service accounted for 6%, administration 3%, and other expenses accounted for 5% of the total (see Figure A-2).

In summary, the District has a stable overall financial position with which to continue operations.



MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Figure A-2
District Expenses for Fiscal 2025



**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Typically, the District does not include in an analysis of all governmental funds a breakout of expenditures as depicted in Figure A-2 above. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds include not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the Food Service and Community Education Funds, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The previous graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2025	2024		2025	2024	
Administration	\$ 4,892,198	\$ 4,151,984	17.83 %	\$ 4,232,564	\$ 3,185,102	32.89 %
District Support Services	2,927,049	3,902,955	(25.00)	2,872,393	3,898,835	(26.33)
Regular Instruction	59,040,082	54,120,576	9.09	39,767,413	38,456,467	3.41
Vocational Education Instruction	2,297,956	1,945,187	18.14	2,200,448	1,941,785	13.32
Special Education Instruction	28,287,176	24,160,577	17.08	1,921,617	(234,554)	(919.26)
Instructional Support Services	6,260,437	5,876,544	6.53	4,559,937	4,331,308	5.28
Pupil Support Services	11,558,427	11,886,289	(2.76)	11,166,406	11,599,968	(3.74)
Sites and Buildings	17,370,591	14,130,881	22.93	15,880,317	13,023,686	21.93
Fiscal and Other Fixed Cost Programs	698,695	552,930	26.36	698,695	552,930	26.36
Food Service	6,363,679	6,348,507	0.24	401,342	222,248	80.58
Community Service	2,119,595	4,761,178	(55.48)	(3,877,892)	(1,114,007)	248.10
Interest and Fiscal Charges on Long-Term Liabilities	6,452,127	4,875,028	32.35	6,452,127	4,875,028	32.35
Total	<u>\$ 148,268,012</u>	<u>\$ 136,712,636</u>	8.45	<u>\$ 86,275,367</u>	<u>\$ 80,738,796</u>	6.86

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's financial position is the product of many factors. The District continues to budget revenues conservatively and implements tight expenditure controls. Board of Education Policy establishes an unassigned fund balance level that equals a one-month operating reserve.

Overall, the District's total governmental fund balances decreased by \$22,950,026 for the year ended June 30, 2025. This is primarily the result of the district spending down bond proceeds for the completion of projects that were part of the \$105 million bond funding approved by MAPS residents to improve safety and security at all schools; address early learning access needs at MAPS Center for Learning; and provide enhanced learning and wellness spaces at Mankato West High School and Dakota Meadows Middle School.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12, including pupil transportation activities and capital outlay projects.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local Board of Education having no meaningful authority to determine the level of resources. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

Enrollment is a critical factor in determining revenue, with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows that the number of students in each of the last five years.

**Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)**

Grade	2021	2022	2023	2024	2025
EC	122	125	148	149	155
HK	100	99	97	-	-
Kdgt.	510	517	476	535	515
1-3	1,908	1,783	1,797	1,770	1,723
4-6	1,971	1,923	1,787	1,792	1,755
7-12	3,891	3,932	3,872	3,766	3,742
Total E-12 ADM	8,502	8,379	8,177	8,012	7,890
ADM Change	(310)	(123)	(202)	(165)	(122)
Percent Change	-3.52%	-1.45%	-2.41%	-2.02%	-1.52%

As depicted in Table A-4, average daily membership has decreased steadily in previous years. Fiscal year 2021 experienced a 3.52% decrease in average daily membership primarily due to the COVID-19 pandemic and the related changes in the environment school districts had to operate and continued to impact in enrollment in fiscal year 2023. Students continued to opt into non-public schools, on-line schools, homeschooling, and open enrolling into other school districts around the District's perimeter. Heading into the 25-26 school year, enrollment remains steady. The district continues to work closely with community business and government partners to monitor local economic growth and its impact on student enrollment recovery after the pandemic. The Greater Mankato Area continues to be a growing and thriving community, and is one of four Metropolitan Statistical Areas (Duluth, Rochester, and Saint Cloud being the others) in greater Minnesota.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 21,146,904	\$ 20,083,648	\$ 1,063,256	5.3 %
Earnings on Investments	1,036,598	815,423	221,175	27.1
Other	5,662,534	5,765,662	(103,128)	(1.8)
State Sources	98,595,950	96,913,796	1,682,154	1.7
Federal Sources	4,603,452	5,075,696	(472,244)	(9.3)
Total General Fund Revenues	<u>\$ 131,045,438</u>	<u>\$ 128,654,225</u>	<u>\$ 2,391,213</u>	1.9

Total General Fund Revenue increased by \$2,391,213 or 1.9% from the previous year, due to the District receiving additional compensatory and special education funding. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change on total revenue.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Salaries	\$ 70,689,922	\$ 67,431,254	\$ 3,258,668	4.8 %
Employee Benefits	28,468,483	28,237,857	230,626	0.8
Purchased Services	16,957,383	14,857,366	2,100,017	14.1
Supplies and Materials	4,626,681	4,850,181	(223,500)	(4.6)
Capital Expenditures	3,962,277	5,407,569	(1,445,292)	(26.7)
Other Expenditures	2,147,214	2,359,127	(211,913)	(9.0)
Total Expenditures	<u>\$ 126,851,960</u>	<u>\$ 123,143,354</u>	<u>\$ 3,708,606</u>	3.0

Total General Fund Expenditures increased \$3,708,606 or 3.0% from the previous year.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The total fund balance at June 30, 2025 is \$25,709,443. Of this amount \$7,345,545 is restricted for specific purposes by state requirements; \$690,000 is assigned for severance.

In our analysis of significant variances between original and final budget amounts and between final budget amounts and actual results in the General Fund, there are no variances in revenues or expenditures that will have a significant effect on future services or liquidity. The positive budgetary fluctuation in revenues is due to the District receiving significant increases in state aid, compensatory and special education funding. The expenditures ended the year over budget. This was driven by higher expenditures for elementary and secondary instruction, special education, and sites and buildings.

Food Service Fund

The Food Service Fund accounts for the activities related to providing child nutrition services to support the K-12 academic program. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment at all school kitchen locations. By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance at June 30, 2025 is \$3,100,905, a decrease of \$513,830 from June 30, 2024.

Food Service Fund Revenues for the year ended June 30, 2025 totaled \$6,086,476. This was a decrease of \$190,577 or 3.00% from the year ended June 30, 2024. State sources from meal reimbursements were down slightly from the prior year due to all students qualifying for free meals for all fiscal year 2025.

Food Service Fund Expenditures for the year ended June 30, 2025 totaled \$6,637,846. This was an increase of \$67,241 or .01% from the year ended June 30, 2024.

Community Service Fund

The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that it does not rely upon resources from K-12 instructional programs other than for use of school facilities.

The Community Service Fund Balance at June 30, 2025 is \$3,137,232, an increase of \$228,959 from June 30, 2024.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

Community Service Fund (Continued)

Community Service Fund Revenues and Other Financing Sources for the year ended June 30, 2025 totaled \$7,132,252. This was an increase of \$109,084 or 1.50% from the year ended June 30, 2024. This increase is largely due to seeing an increase in tuition, fees, and state aid.

Community Service Fund Expenditures for the year ended June 30, 2025 totaled \$6,903,293. This was an increase of \$323,131 or 4.90% from the year ended June 30, 2024. This increase is directly the result of an increase in programming.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2025, the District had invested \$298,409,194 in a broad range of capital assets, including school buildings, athletic facilities, computer, and audio-visual equipment (see Table A-7). Total depreciation expense for the year was \$8,044,195. The District has \$4,598,539 of capital assets leased. These are referred to as Right-to Use assets. The leases are for a broad range of items, including buildings, computers, and audio-visual equipment. Total amortization expense for the year was \$141,810. (More detailed information about capital assets can be found in Note 3 to the financial statements.)

**Table A-7
Capital Assets**

	2025	2024	Percentage Change
Land	\$ 7,668,461	\$ 7,668,461	- %
Construction in Progress	35,241,928	16,586,366	112.5
Land Improvements	14,646,217	14,104,989	3.8
Buildings and Improvements	212,850,919	198,938,274	7.0
Equipment	23,403,130	20,616,991	13.5
Less: Accumulated Depreciation	(102,472,250)	(94,428,055)	8.5
Right-to-Use Buildings	4,397,322	3,919,849	12.2
Right-to-Use Building Improvements	-	290,138	(100.0)
Right-to-Use Equipment	201,217	-	N/A
Less: Accumulated Amortization	(1,351,645)	(1,371,023)	(1.4)
Total District Capital Assets	<u>\$ 194,585,299</u>	<u>\$ 166,325,990</u>	17.0

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Service Fund

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

The fund balance of \$2,879,680 as of June 30, 2025 was an increase of \$753,653 from fund balance as of June 30, 2024. The increase is due to additional principal and interest payments due for the 2023 bond issuance. With the requirement of the district to levy 105% of the total debt service payments this fund balance was expected to increase. The fund balance amount along with the payable 2024 levy and state aid is sufficient to make pending principal and interest payments.

Bond Rating

The District's general obligation bonds carry ratings of A1.

Long-Term Liabilities

At year-end, the District had \$215,038,670 in general obligation bonds, bond premium/discount and lease purchase agreements, and leases payable under GASB 87. The District's long-term liabilities also include severance and wellness benefits payable, compensated absences payable, the District's net pension liability, and the District's net OPEB liability. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

**Table A-8
The District's Long-Term Liabilities**

	<u>2025</u>	<u>2024</u>	Percentage Change
General Obligation Bonds	\$ 198,045,000	\$ 206,690,000	(4.2)%
Direct-Borrowing Payable	405,000	809,000	(49.9)
Net Bond Premium and Discount	12,020,421	13,132,839	(8.5)
Financed Purchase Payable	1,289,846	1,847,181	(30.2)
Leases Payable	3,278,403	3,138,385	4.5
Compensated Absences Payable	5,290,726	4,133,956	28.0
Net Pension Liability	59,184,254	83,044,537	(28.7)
Net OPEB Liability	9,189,640	6,824,503	34.7
Total Long-Term Liabilities	<u>\$ 288,703,290</u>	<u>\$ 319,620,401</u>	(9.7)
Long-Term Liabilities:			
Due Within One Year	\$ 16,652,094	\$ 11,964,319	
Due in More Than One Year	203,677,302	217,787,042	
Net Pension Liability	59,184,254	83,044,537	
Net OPEB Liability	9,189,640	6,824,503	
Total	<u>\$ 288,703,290</u>	<u>\$ 319,620,401</u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved excess operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The state of Minnesota increased the general funding formula by 4.0% for FY 24 and another 2.74% for FY 25. This will help stabilize school district budgets, but will not remain sufficient to off-set the many years of compounded funding gap created by formula increases not keeping pace with basic inflation and the general operating expense of managing a school district.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The influx of federal funds has been quite beneficial in helping off-set expenses.

However, the most significant impact on the District's finances is the revenue lost due to lost enrollment. This lost revenue has lagging effects on the District's budgeting and planning process.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 77, 10 Civic Center Plaza, Suite One, Mankato, Minnesota 56001.

BASIC FINANCIAL STATEMENTS

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF NET POSITION
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Governmental Activities	
	2025	2024
ASSETS		
Cash and Investments	\$ 133,831,227	\$ 156,525,389
Receivables:		
Property Taxes	17,963,741	18,375,665
Other Governments	13,183,134	13,202,051
Other	1,454,343	770,316
Prepaid Items	996,873	48,982
Inventories	150,433	114,614
Capital Assets:		
Land and Construction in Progress	42,910,389	24,254,827
Other Capital Assets, Net of Depreciation	148,428,016	139,232,199
Other Capital Assets, Net of Amortization	3,246,894	2,838,964
Total Assets	<u>362,165,050</u>	<u>355,363,007</u>
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	111,648	123,611
Pension Related	14,899,179	18,094,187
Other Postemployment Benefits Related	2,472,179	1,037,881
Total Deferred Outflows	<u>17,483,006</u>	<u>19,255,679</u>
LIABILITIES		
Salaries Payable	5,472,609	7,614,886
Accounts and Contracts Payable	11,192,973	8,307,804
Accrued Interest	3,034,105	2,971,052
Due to Other Governmental Units	371,517	481,709
Unearned Revenue	336,417	392,967
Long-Term Liabilities:		
Other Long-Term Liabilities Due Within One Year	16,652,094	11,964,319
Other Long-Term Liabilities Due in More Than One Year	203,677,302	217,787,042
Net Pension Liability	59,184,254	83,044,537
Net OPEB Liability	9,189,640	6,824,503
Total Liabilities	<u>309,110,911</u>	<u>339,388,819</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	35,283,019	35,636,765
Leases	166,195	177,657
Gains on Debt Refunding	29,703	43,374
OPEB Related	2,644,300	3,244,962
Pension Related	24,420,829	7,671,105
Total Deferred Inflows of Resources	<u>62,544,046</u>	<u>46,773,863</u>
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	55,256,169	49,666,968
Restricted for:		
State-Mandated Reserves	7,510,800	6,115,377
Food Service	3,100,905	3,614,735
Community Service	3,144,776	2,914,235
Capital Projects	6,578,718	2,347,345
Unrestricted	<u>(67,598,269)</u>	<u>(76,202,656)</u>
Total Net Position	<u>\$ 7,993,099</u>	<u>\$ (11,543,996)</u>

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
					2025	2024
GOVERNMENTAL ACTIVITIES						
Administration	\$ 4,892,198	\$ 492,347	\$ 72,207	\$ 95,080	\$ (4,232,564)	\$ (3,185,102)
District Support Services	2,927,049	20,951	28,894	4,811	(2,872,393)	(3,898,835)
Regular Instruction	59,040,082	3,280,308	15,733,239	259,122	(39,767,413)	(38,456,467)
Vocational Education Instruction	2,297,956	26,760	70,748	-	(2,200,448)	(1,941,785)
Special Education Instruction	28,287,176	303,793	26,061,766	-	(1,921,617)	234,554
Instructional Support Services	6,260,437	113,727	1,337,091	249,682	(4,559,937)	(4,331,308)
Pupil Support Services	11,558,427	100,938	291,083	-	(11,166,406)	(11,599,968)
Sites and Buildings	17,370,591	179,770	939,671	370,833	(15,880,317)	(13,023,686)
Fiscal and Other Fixed Cost Programs	698,695	-	-	-	(698,695)	(552,930)
Food Service	6,363,679	317,855	5,644,482	-	(401,342)	(222,248)
Community Service	2,119,595	3,117,173	2,880,314	-	3,877,892	1,114,007
Interest and Fiscal Charges on Long-Term Liabilities	6,452,127	-	-	-	(6,452,127)	(4,875,028)
Total School District	<u>\$ 148,268,012</u>	<u>\$ 7,953,622</u>	<u>\$ 53,059,495</u>	<u>\$ 979,528</u>	<u>(86,275,367)</u>	<u>(80,738,796)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					21,194,094	20,039,776
Community Service					844,515	955,332
Debt Service					14,897,694	9,860,486
State Aid Not Restricted to Specific Purposes					62,450,521	63,235,664
Earnings on Investments					5,059,130	2,874,936
Miscellaneous					1,366,508	826,038
Total General Revenues					<u>105,812,462</u>	<u>97,792,232</u>
CHANGE IN NET POSITION					19,537,095	17,053,436
Net Position - Beginning					<u>(11,543,996)</u>	<u>(28,597,432)</u>
NET POSITION - ENDING					<u>\$ 7,993,099</u>	<u>\$ (11,543,996)</u>

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025
(IWITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
ASSETS							
Cash and Investments	\$ 30,556,365	\$ 2,305,217	\$ 3,565,432	\$ 81,138,048	\$ 10,772,176	\$ 128,337,238	\$ 156,073,504
Receivables:							
Current Property Taxes	9,522,917	-	401,257	-	7,757,034	17,681,208	18,184,322
Delinquent Property Taxes	170,351	-	7,544	-	104,638	282,533	191,343
Accounts and Interest Receivable	512,165	61,832	60,078	635,954	-	1,270,029	578,237
Lease Receivable	184,314	-	-	-	-	184,314	192,079
Due from Minnesota Department of Education	9,129,609	293,268	232,543	-	123,107	9,778,527	9,907,211
Due from Federal through Minnesota Department of Education	2,825,215	466,952	112,440	-	-	3,404,607	3,294,840
Due from Other Governmental Units	-	-	-	-	-	-	-
Inventory	-	150,433	-	-	-	150,433	114,614
Prepays	165,730	-	780	830,363	-	996,873	48,982
Total Assets	\$ 53,066,666	\$ 3,277,702	\$ 4,380,074	\$ 82,604,365	\$ 18,756,955	\$ 162,085,762	\$ 188,585,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 2,986,367	\$ 27,398	\$ 171,307	\$ -	\$ -	\$ 3,185,072	\$ 3,031,435
Payroll Deductions and Employer Contributions Payable	2,287,537	-	-	-	-	2,287,537	4,583,451
Accounts and Contracts Payable	2,633,826	38,686	67,335	4,402,217	2,000	7,144,064	8,110,368
Due to Other Governmental Units	371,517	-	-	-	-	371,517	481,709
Unearned Revenue	68,015	110,713	157,689	-	-	336,417	392,967
Total Liabilities	8,347,262	176,797	396,331	4,402,217	2,000	13,324,607	16,599,930
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	18,673,415	-	838,967	-	15,770,637	35,283,019	35,636,765
Unavailable Revenue - Delinquent Property Taxes	170,351	-	7,544	-	104,638	282,533	191,343
Unavailable Revenue - Leases	166,195	-	-	-	-	166,195	177,657
Total Deferred Inflows of Resources	19,009,961	-	846,511	-	15,875,275	35,731,747	36,005,765
Fund Balances:							
Nonspendable:							
Inventory	-	150,433	-	-	-	150,433	114,614
Prepays	165,730	-	780	830,363	-	996,873	48,982
Restricted for:							
Student Activities	581,904	-	-	-	-	581,904	540,854
Scholarships	82,008	-	-	-	-	82,008	74,895
Staff Development	522,386	-	-	-	-	522,386	390,751
Literacy Incentive Aid	587,611	-	-	-	-	587,611	188,021
Projects Funded by Certificates of Participation	-	-	-	90,097	-	90,097	190,195
American Indian Education Aid	27,980	-	-	-	-	27,980	19,787
Operating Capital	-	-	-	-	-	-	114,901
Community Education	-	-	2,350,478	-	-	2,350,478	2,154,184
Early Childhood and Family Education	-	-	159,400	-	-	159,400	205,160
Literacy Aid	330,543	-	-	-	-	330,543	-
Gifted and Talented	103,328	-	-	-	-	103,328	34,378
Basic Skills Programs	2,783,870	-	-	-	-	2,783,870	1,693,337
School Library Aid	-	-	-	-	-	-	597
School Readiness	-	-	283,015	-	-	283,015	361,606
Adult Basic Education	-	-	202,204	-	-	202,204	105,043
LTFM	1,198,925	-	-	-	-	1,198,925	1,511,033
Student Support Personnel Aid	15,769	-	-	-	-	15,769	6,340
Medical Assistance	1,276,476	-	-	-	-	1,276,476	1,540,483
Restricted for Other Purposes:							
Food Service	-	2,950,472	-	-	-	2,950,472	3,499,267
Community Service	-	-	141,355	-	-	141,355	81,006
Capital Projects	-	-	-	77,281,688	-	77,281,688	106,557,580
Debt Service	-	-	-	-	2,879,680	2,879,680	1,805,165
OPEB Debt Service	-	-	-	-	-	-	199,208
Assigned for:							
Separation/Retirement Benefits	690,000	-	-	-	-	690,000	690,000
Unassigned	17,342,913	-	-	-	-	17,342,913	13,852,050
Total Fund Balances	25,709,443	3,100,905	3,137,232	78,202,148	2,879,680	113,029,408	135,979,437
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 53,066,666	\$ 3,277,702	\$ 4,380,074	\$ 82,604,365	\$ 18,756,955	\$ 162,085,762	\$ 188,585,132

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	2025	2024
Total Fund Balance for Governmental Funds	\$ 113,029,408	\$ 135,979,437
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	7,668,461	7,668,461
Construction in Progress	35,241,928	16,586,366
Land Improvements, Net of Accumulated Depreciation	7,375,476	7,492,889
Buildings and Improvements, Net of Accumulated Depreciation	133,665,081	125,778,451
Equipment, Net of Accumulated Depreciation	7,387,459	5,960,859
Right-to-Use Lease, Net of Accumulated Amortization	3,246,894	2,838,964
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.	282,533	191,343
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.		
Losses on Debt Refunding	111,648	123,611
Gains on Debt Refunding	(29,703)	(43,374)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(3,034,105)	(2,971,052)
The District's OPEB liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net OPEB Liability	(9,189,640)	(6,824,503)
Deferred Inflows of Resources - Other Post Employment Benefits	(2,644,300)	(3,244,962)
Deferred Outflows of Resources - Other Post Employment Benefits	2,472,179	1,037,881
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(59,184,254)	(83,044,537)
Deferred Inflows of Resources - Pensions	(24,420,829)	(7,671,105)
Deferred Outflows of Resources - Pensions	14,899,179	18,094,187
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(198,045,000)	(206,690,000)
Direct-Borrowing Payable	(405,000)	(809,000)
Unamortized Premiums	(12,020,421)	(13,132,839)
Leases Payable	(3,278,403)	(3,138,385)
Financed Purchase Payable	(1,289,846)	(1,847,181)
Compensated Absences Payable	(5,290,726)	(4,133,956)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	1,445,080	254,449
Total Net Position of Governmental Activities	\$ 7,993,099	\$ (11,543,996)

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
REVENUES							
Local Sources:							
Property Taxes	\$ 21,146,904	\$ -	\$ 842,933	\$ -	\$ 14,855,276	\$ 36,845,113	\$ 30,940,656
Investment Income	1,036,598	78,861	118,053	3,595,419	230,185	5,059,116	2,874,919
Other	5,662,534	378,839	3,687,038	635,954	-	10,364,365	9,889,759
State Sources	98,595,950	2,045,332	2,205,230	-	1,231,073	104,077,585	102,109,786
Federal Sources	4,603,452	3,583,444	278,998	-	-	8,465,894	8,711,294
Total Revenues	131,045,438	6,086,476	7,132,252	4,231,373	16,316,534	164,812,073	154,526,414
EXPENDITURES							
Current:							
Administration	4,709,426	-	-	-	-	4,709,426	4,353,602
District Support Services	2,827,710	-	-	-	-	2,827,710	2,553,436
Elementary and Secondary Regular Instruction	52,487,732	-	-	-	-	52,487,732	52,254,279
Vocational Education Instruction	2,326,329	-	-	-	-	2,326,329	2,118,724
Special Education Instruction	28,718,524	-	-	-	-	28,718,524	26,532,412
Instructional Support Services	5,841,488	-	-	-	-	5,841,488	5,724,363
Pupil Support Services	12,092,800	-	-	-	-	12,092,800	12,033,340
Sites and Buildings	11,254,847	-	-	-	-	11,254,847	9,499,206
Fiscal and Other Fixed Cost Programs	698,695	-	-	-	-	698,695	552,930
Food Service	-	5,923,424	-	-	-	5,923,424	5,551,801
Community Service	-	-	6,829,341	-	-	6,829,341	6,504,383
Transportation	-	-	-	-	-	-	-
Capital Outlay	3,962,277	714,422	63,821	32,777,000	-	37,517,520	21,567,097
Debt Service:							
Principal	1,377,813	-	10,131	-	8,614,000	10,001,944	8,585,944
Interest and Fiscal Charges	554,319	-	-	-	6,948,881	7,503,200	4,138,282
Total Expenditures	126,851,960	6,637,846	6,903,293	32,777,000	15,562,881	188,732,980	161,969,799
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,193,478	(551,370)	228,959	(28,545,627)	753,653	(23,920,907)	(7,443,385)
OTHER FINANCING SOURCES (USES)							
Sale of Real Property	-	-	-	-	-	-	-
Sale of Equipment	6,338	-	-	-	-	6,338	-
Insurance Recovery	285,850	-	-	-	-	285,850	113,907
Judgments for the School District	-	-	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-	-	114,415,643
Issuance of Lease Payable	678,690	-	-	-	-	678,690	1,315,400
Transfers In	-	37,540	-	-	-	37,540	228,361
Transfers Out	(37,540)	-	-	-	-	(37,540)	(228,361)
Total Other Financing Sources (Uses)	933,338	37,540	-	-	-	970,878	115,844,950
NET CHANGE IN FUND BALANCE	5,126,816	(513,830)	228,959	(28,545,627)	753,653	(22,950,029)	108,401,565
FUND BALANCE							
Beginning of Year	20,582,627	3,614,735	2,908,273	106,747,775	2,126,027	135,979,437	27,577,872
Restatement - Implementation of New Standard	-	-	-	-	-	-	-
Fund Balance - Beginning, as Restated	<u>20,582,627</u>	<u>3,614,735</u>	<u>2,908,273</u>	<u>106,747,775</u>	<u>2,126,027</u>	<u>135,979,437</u>	<u>27,577,872</u>
END OF YEAR	\$ 25,709,443	\$ 3,100,905	\$ 3,137,232	\$ 78,202,148	\$ 2,879,680	\$ 113,029,408	\$ 135,979,437

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	2025	2024
Net Change in Fund Balance - Total Governmental Funds	\$ (22,950,029)	\$ 108,401,565
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.		
Capital Outlays	36,574,264	18,673,068
Loss on Disposal of Capital Assets	(128,950)	-
Depreciation and Amortization Expense	(8,186,005)	(7,795,911)
Some capital asset additions are financed through finance purchase obligations. In governmental funds, a finance purchase obligation arrangement is considered a source of financing, but in the statement of net position, the finance purchase obligation is reported as a liability. Repayment of finance purchase obligation principal is an expenditure in the governmental funds, but repayment reduces the finance purchase obligation in the statement of net position.		
Other Financing Source - Financed Purchase	-	(1,315,400)
Change in Accrued Interest Expense - Financed Purchase Lease	(3,044)	6,671
Principal Payments - Financed Purchases	557,335	719,543
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	91,190	(85,062)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	3,915,551	5,978,989
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(1,156,770)	(267,404)
In the statement of activities, OPEB expenses are measured by the change in the net OPEB asset or liability. In the governmental funds, however, expenditures for this obligation are measured by the amount of financial resources paid to the District's irrevocable OPEB trust.	(330,177)	(15,041)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bond Proceeds	-	(105,000,000)
Bond Premium	-	(9,415,643)
Issuance of Lease Payable	(678,690)	-
Repayment of Bond Principal	9,049,000	7,465,000
Early Payoff of Leases	143,063	-
Principal Payments - Leases	395,609	401,401
Change in Accrued Interest - General Obligation Bonds	(60,009)	(1,329,374)
Amortization of Bond Premium	1,112,418	589,110
Amortization of Deferred Charges on Refunding Bonds	1,708	(3,153)
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	1,190,631	45,077
Total	\$ 19,537,095	\$ 17,053,436

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Governmental Activities - Internal Service Funds	
	2025	2024
ASSETS		
Cash and Investments	\$ 5,493,989	\$ 451,885
LIABILITIES		
Claims Payable for Insurance Benefits	4,048,909	197,436
NET POSITION		
Unrestricted	\$ 1,445,080	\$ 254,449

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Governmental Activities - Internal Service Funds	
	2025	2024
OPERATING REVENUES		
Charges for Services:		
Insurance Premiums	\$ 22,174,874	\$ 782,833
OPERATING EXPENSES		
Insurance Claim Payments	18,068,434	685,118
General Administration Fees	2,915,823	52,654
Total Operating Expenses	20,984,257	737,772
OPERATING INCOME	1,190,617	45,061
NONOPERATING INCOME		
Earnings on Investments	14	16
CHANGE IN NET POSITION	1,190,631	45,077
Net Position - Beginning	254,449	209,372
NET POSITION - ENDING	\$ 1,445,080	\$ 254,449

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Governmental Activities - Internal Service Funds	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 22,174,874	\$ 782,833
Payments for Administrative Costs	(2,915,823)	(52,654)
Payments for Retirement Benefits	(14,216,961)	(760,364)
Net Cash Provided (Used) by Operating Activities	5,042,090	(30,185)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	14	16
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,042,104	(30,169)
Cash and Cash Equivalents - Beginning of Year	451,885	482,054
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,493,989	\$ 451,885
Displayed on the Statement of Net Position as:		
Cash and Cash Equivalents	\$ 5,493,989	\$ 451,885
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 1,190,617	\$ 45,061
Adjustments to Reconcile Operating Income to Net Cash		
Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Claims Payable	3,851,473	(75,246)
Net Cash Provided (Used) by Operating Activities	\$ 5,042,090	\$ (30,185)

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	OPEB Trust	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 73,372	\$ 14,164
Investments:		
Mutual Funds - Equity	3,347,857	-
Mutual Funds - Fixed Income	7,637,720	-
Accounts Receivable	101	-
Total Assets	11,059,050	14,164
NET POSITION		
Restricted for Payment of OPEB Benefits	11,059,050	-
Restricted for Scholarships	-	14,164
Total Net Position	\$ 11,059,050	\$ 14,164

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025**

	OPEB Trust	Custodial Funds
ADDITIONS		
Gifts and Donations	\$ -	\$ 3,428
Employer Contributions	480,771	-
Earnings on Investments	929,922	-
Total Additions	1,410,693	3,428
DEDUCTIONS		
Scholarships Awarded	-	3,002
Retirement Benefits	1,373,519	-
Administrative Costs	3,076	-
Total Deductions	1,376,595	3,002
CHANGE IN NET POSITION	34,098	426
Net Position - Beginning of Year	11,024,952	13,738
NET POSITION - END OF YEAR	\$ 11,059,050	\$ 14,164

See accompanying Notes to the Basic Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 77 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Independent School District No. 77 (the District) is an instrumentality of the state of Minnesota established to function as an education institution. The elected Board of Education (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The Board of Education does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. Therefore, in accordance with Minnesota State Statutes, the student activity accounts are included in the General Fund.

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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 items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Depreciation expenses that can be specifically identified by function are included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

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

Fiduciary funds are presented in the fiduciary fund financial statements by type; private-purpose trust, OPEB trust, and Custodial funds. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the District-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 and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges to customers for service. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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:

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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and the accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of each fund included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects.

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes, state credits, and federal reimbursements.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of, bond and loan principal, interest, and related costs.

Proprietary Fund

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund accounts for the District's medical and dental self-insurance program.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

OPEB Trust Fund – The Other Post Employment Benefit (OPEB) Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement to pay Other Postemployment Benefits. District contributions to this fund must be expensed to an operating fund.

Custodial Fund – The Custodial Fund is established to account for resources held for others in a custodial capacity. The District's Custodial Fund is used to account for the resources of All Season's Arena and nontrusted scholarships.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budgeted amounts represent the amended budget as adopted by the Board of Education. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board of Education prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board of Education action. Revisions to budgeted amounts must be approved by the Board of Education.

Total fund expenditures in excess of the budget require approval of the Board of Education. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line-item levels.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash and investments consist of interest-bearing accounts, money market funds, mutual funds, municipal bonds, MN Trust, and MSDLAF fund investments. Cash balances from all funds, except the construction, fiduciary funds, are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivable not expected to be collected within one year are current property taxes receivable.

H. Inventories

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

I. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1.

Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy, which is frozen at \$751,973, for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2025, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District capitalizes all at a threshold level of \$4,000 for individual purchases and \$175,000 for bulk purchases. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Right-to-use lease are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of building or other improvable property.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting as this element. The first relates to losses on refunding of certain bond issuances of the District which will be recognized over the shorter of the remaining years to maturity of the old bonds or the years to maturity of the related refunding bonds. The second relates to pension related deferred outflows of resources will be recognized as expenditures in subsequent years. The third relates to other postemployment benefits related deferred outflows of resources will be recognized as expenditures in subsequent years.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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 received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions

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 Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and 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.

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions (Continued)

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERS in fiscal year 2015.

N. Accrued Employee Benefits

Compensated Absences

The liability for compensated absences reported in the government-wide statement consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Severance and Wellness Benefits Payable

Upon leaving the employment of the District, employees meeting years of service and age requirements receive reimbursement for unused wellness credits, sick days, or vacation days. Employees are compensated for each unused credit or day at a set reimbursement rate, with the maximum severance benefit specified in the employment contract. A liability is recorded for all eligible employees.

O. Net Other Postemployment Benefits Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by OPEB Trust Fund. For this purpose, OPEB Trust Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. See Note 9 for further information.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to inventories and prepaid items. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Services to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum unassigned or restricted for other purposes fund balance of one month's expenditures in each of its funds.

The District's liabilities for compensated absences, severance and wellness benefits, pension, and OPEB are generally liquidated by the General Funds.

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of deferred inflows of resources. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred outflow is pension related as discussed in Note 7. The fourth relates to gains on refunding of certain bond issuances of the District which will be recognized over the shorter of the remaining years to maturity of the old bonds or the years to maturity of the related refunding bonds. The fifth relates to other postemployment benefits related deferred inflows of resources will be recognized as expenditures in subsequent years. The sixth relates to leasing activity where the District is a lessor.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The General Fund reported unearned revenue for grant revenues. In the Food Service Fund, fees collected for student meals not used are classified as unearned. In the Community Service Fund, the District reported unearned revenues related to prepaid student and community courses.

S. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all demand accounts and savings accounts related to the Internal Service Fund to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

T. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the District-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

U. Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

V. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all governmental and proprietary funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash and Investments”. In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District’s Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District’s deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- 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 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations of a state or local government with taxing powers 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, 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

In addition, investments held in the OPEB Trust Fund may be invested as authorized by Minnesota State Statute section 356A.06, Subdivision 7.

At June 30, 2025, the District had the following investments:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>
Municipal Bonds	\$ 13,000,000
Mutual Funds - OPEB Trust	11,028,592
Total	<u>\$ 24,028,592</u>
<u>Investments Measured at Amortized Cost</u>	<u>Amortized Cost</u>
Minnesota School District Liquid Asset	
Fund Max Series (MSDMAX)	\$ 249,458
Minnesota School District Liquid Asset	
Fund Plus (MSDLAF+)	25,210,069
MN Trust Certificates of Deposit	31,009,700
MN Trust Investment Shares	28,369,580
MN Trust SDA Account	6,451,068
MN Trust Securities	13,184,677
MN Trust Term Series Money Market	4,241,980
Money Market Funds	199,077
OPEB TRUST	
Money Market Funds	30,357
Total Investments at Amortized Cost	<u>\$ 108,945,966</u>

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC). The Plus Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemption prior to 14 days may be subject to penalty.

The MN Trust Investment Shares Portfolio, MN Trust Term Series Money Market, and MN Trust Limited Term Duration Series are external investment pools, and their investments are valued at amortized cost.

The remaining investments are held by PMA Financial Network as temporary investments of the District's cash.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk (Continued)

Credit risk related to the District's investments is as follows:

	<u>Credit Risk</u>
Mutual Funds	Not Rated
MSDMAX	AAAm
MSDLAF+	AAAm
MN Trust Investment Shares	AAAm
MN Trust Term Series Money Market	Not Rated
Municipal Bonds	AA+

Interest Rate Risk

The District has a formal investment policy that addresses permissible investments, portfolio diversification, and instrument maturities. Investment maturities are scheduled to coincide with projected school district cash flow needs. Within these parameters, it is the District's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the distribution of the District's investments by maturity.

As of June 30, 2025, the District's investments have the following maturities:

Type	Total	Maturity Duration in Years		
		Less Than 1	1 to 2	2 to 5
Term Series	\$ -	\$ -	\$ -	\$ -
MSDMAX	249,458	249,458	-	-
MSDLAF+	25,210,069	25,210,069	-	-
MN Trust Certificates of Deposit	31,009,700	27,310,500	3,699,200	-
MN Trust Investment Shares	28,369,580	28,369,580	-	-
MN Trust SDA Account	6,451,068	6,451,068	-	-
MN Trust Securities	13,184,677	499,570	12,685,107	-
MN Trust Term Series Money Market	4,241,980	4,241,980	-	-
Municipal Bonds	13,000,000	13,000,000	-	-
Money Markets	199,077	199,077	-	-
OPEB TRUST				
Mutual Funds	11,028,591	11,028,591	-	-
Money Markets	30,357	30,357	-	-
Total	<u>\$ 132,974,557</u>	<u>\$ 116,590,250</u>	<u>\$ 16,384,307</u>	<u>\$ -</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025, all investments and collateral were listed in the name of the District.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

The District does not have a formal policy limiting the amount of the total portfolio that may be invested with any one depository. The Investment Committee is responsible for investment decisions and activities under the direction of the Board of Education.

C. Balance Sheet Presentation

The deposits and investments are presented in the financial statements as follows:

Deposits	\$ 11,919,792
Cash on Hand	9,990
Minnesota School District Liquid Asset Fund	
Max Series (MSDMA)	249,458
Minnesota School District Liquid Asset	
Plus (MSDLAF+)	25,210,069
MN Trust Certificates of Deposit	31,009,700
MN Trust Investment Shares	28,369,580
MN Trust SDA Account	6,451,068
MN Trust Securities	13,184,677
MN Trust Term Series Money Market	4,241,980
Money Markets	199,077
Municipal Bonds	13,000,000
OPEB TRUST	
Mutual Funds	11,028,592
Money Markets	30,357
Total	<u>\$ 144,904,340</u>
Cash and Investments - Statement of Net Position	\$ 133,831,227
Cash and Investments - Statement of Fiduciary	
Net Position	11,073,113
Total Cash and Investments	<u>\$ 144,904,340</u>

D. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ -	\$ 11,028,592	\$ -	\$ 11,028,592
Municipal Bonds	-	13,000,000	-	13,000,000
Total	<u>\$ -</u>	<u>\$ 24,028,592</u>	<u>\$ -</u>	<u>\$ 24,028,592</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 7,668,461	\$ -	\$ -	\$ -	\$ 7,668,461
Construction in Progress	16,586,366	35,530,397	-	(16,874,835)	35,241,928
Total Capital Assets, Not Being Depreciated	24,254,827	35,530,397	-	(16,874,835)	42,910,389
Capital Assets, Being Depreciated					
Land Improvements	14,104,989	541,228	-	-	14,646,217
Buildings and Improvements	198,938,274	13,912,645	-	-	212,850,919
Equipment	20,616,991	2,786,139	-	-	23,403,130
Total Capital Assets, Being Depreciated	233,660,254	17,240,012	-	-	250,900,266

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Accumulated Depreciation for:					
Land Improvements	(6,612,100)	(658,641)	-	-	(7,270,741)
Buildings and Improvements	(73,159,823)	(6,026,015)	-	-	(79,185,838)
Equipment	(14,656,132)	(1,359,539)	-	-	(16,015,671)
Total Accumulated Depreciation	<u>(94,428,055)</u>	<u>(8,044,195)</u>	<u>-</u>	<u>-</u>	<u>(102,472,250)</u>
Total Capital Assets, Being Depreciated, Net	139,232,199	9,195,817	-	-	148,428,016
Capital Assets, Being Amortized					
Right-to-Use Buildings	3,919,849	477,473	-	-	4,397,322
Right-to-Use Building Improvements	290,138	-	(290,138)	-	-
Right-to-Use Equipment	-	201,217	-	-	201,217
Right-to-Use Software	-	-	-	-	-
Total Capital Assets, Being Amortized	4,209,987	678,690	(290,138)	-	4,598,539
Accumulated Amortization for:					
Right-to-Use Buildings	(1,225,954)	(79,579)	-	-	(1,305,533)
Right-to-Use Building Improvements	(145,069)	(16,119)	161,188	-	-
Right-to-Use Equipment	-	(46,112)	-	-	(46,112)
Right-to-Use Software	-	-	-	-	-
Total Accumulated Amortization	<u>(1,371,023)</u>	<u>(141,810)</u>	<u>161,188</u>	<u>-</u>	<u>(1,351,645)</u>
Total Capital Assets, Being Amortized, Net	2,838,964	536,880	(128,950)	-	3,246,894
Governmental Activities Capital Assets, Net	<u>\$ 166,325,990</u>	<u>\$ 45,263,094</u>	<u>\$ (128,950)</u>	<u>\$ (16,874,835)</u>	<u>\$ 194,585,299</u>

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities

Administration	\$ 32,202
District Support Services	472
Regular Instruction	6,444,521
Vocational Education Instruction	148
Special Education Instruction	32,901
Instructional Support Services	2,927
Pupil Support Services	39,455
Sites and Buildings	205,112
Food Service	220,340
Community Service	1,207,927
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 8,186,005</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LEASE RECEIVABLES

The District, acting as a lessor, leases space to a company for their antenna placement under a long-term, noncancelable lease agreement. The lease is set to expire in fiscal year 2040. During the year ended June 30, 2025, the District recognized \$7,765 and \$6,095 in lease revenue and interest revenue, respectively, pursuant to this contract.

Total future minimum payments to be received under the lease agreement are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,698	\$ 5,822
2027	8,985	5,535
2028	9,281	5,239
2029	9,587	4,933
2030	10,637	4,609
2031 - 2035	63,468	17,190
2036 - 2040	73,658	5,403
Total	<u>\$ 184,314</u>	<u>\$ 48,731</u>

Changes in lease receivable for the year is as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Antenna Lease	<u>\$ 192,079</u>	<u>\$ -</u>	<u>\$ (7,765)</u>	<u>\$ 184,314</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction and betterment of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Net Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
11/5/2015	2.0% - 2.75%	2015B	6,140,000	2020-2029	\$ 45,000	\$ 5,885,000
3/29/2016	2.0%	2016A	9,700,000	2020-2027	1,645,000	2,775,000
10/22/2020	2.0% - 5.0%	2020A	20,130,000	2022-2041	800,000	17,485,000
10/22/2020	0.70% - 1.95%	2020B	43,650,000	2025-2034	3,700,000	39,960,000
11/18/2021	0.49%	2021A	1,598,000	2022-2026	405,000	405,000
3/8/2022	3.00-5.00%	2022A	11,620,000	2022-2042	450,000	10,310,000
5/31/2022	3.00-4.00%	2022B	18,730,000	2022-2037	805,000	17,965,000
2/15/2024	4.00-5.00%	2024A	105,000,000	2025-2044	1,400,000	103,665,000
Total General Obligation Bonds and Direct Borrowings					9,250,000	198,450,000
Bond Premiums					1,111,670	12,020,421
Financed Purchase Payable					569,163	1,289,846
Leases Payable					430,535	3,278,403
Compensated Absences Payable					5,290,726	5,290,726
Total					<u>\$ 16,652,094</u>	<u>\$ 220,329,396</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire General Obligation Bonds payable, Financed Purchase Lease Payable, and GASB 87 Lease Payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2026	\$ 8,845,000	\$ 7,267,871	\$ 405,000	\$ 1,985
2027	9,655,000	7,032,454	-	-
2028	10,090,000	6,761,692	-	-
2029	10,550,000	6,471,629	-	-
2030	11,040,000	6,153,112	-	-
2031-2035	57,745,000	24,953,535	-	-
2036-2040	45,850,000	15,098,482	-	-
2041-2044	44,270,000	4,489,700	-	-
Total	<u>\$ 198,045,000</u>	<u>\$ 78,228,475</u>	<u>\$ 405,000</u>	<u>\$ 1,985</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments (Continued)

Year Ending June 30,	Financed Purchase		Lease Payable	
	Payable			
	Principal	Interest	Principal	Interest
2026	\$ 569,163	\$ 37,743	\$ 430,535	\$ 118,974
2027	541,364	17,960	461,089	101,197
2028	179,319	2,710	489,064	82,888
2029	-	-	471,897	64,295
2030	-	-	394,611	47,626
2031-2035	-	-	1,031,207	81,878
2036-2040	-	-	-	-
2041-2044	-	-	-	-
Total	\$ 1,289,846	\$ 58,413	\$ 3,278,403	\$ 496,858

Year Ending June 30,	Total	
	Principal	Interest
2026	\$ 10,249,698	\$ 7,426,573
2027	10,657,453	7,151,611
2028	10,758,383	6,847,290
2029	11,021,897	6,535,924
2030	11,434,611	6,200,738
2031-2035	58,776,207	25,035,413
2036-2040	45,850,000	15,098,482
2041-2044	44,270,000	4,489,700
Total	\$ 203,018,249	\$ 78,785,731

C. Description of Long-Term Liabilities

General Obligation Crossover Refunding Bonds, Series 2015B

On November 5, 2015, the District issued \$6,140,000 of General Obligation Crossover Refunding Bonds, Series 2015B. The proceeds of the issue will be used to refund a portion of the General Obligation School Building Bonds, Series 2008A, which were callable in February 2019. The new issue was issued at a premium of \$75,686. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Crossover Refunding Bonds, Series 2016A

On March 29, 2016, the District issued \$9,700,000 of General Obligation Crossover Refunding Bonds, Series 2016A. The proceeds of the issue will be used to refund the General Obligation School Building Bonds, Series 2008A, which were callable in February 2019. The new issue was issued at a premium of \$325,494. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Facilities Maintenance Bonds, Series 2020A

On October 22, 2020, the District issued \$20,130,000 of General Obligation Facilities Maintenance Bonds, Series 2020A. The proceeds of the issue were used for various long term facilities maintenance projects as described in the District's 10-year facility plan and to pay certain costs associated with the issuance of the bonds. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Crossover Refunding Bonds, Series 2020B

On October 22, 2020, the District issued \$43,650,000 of Taxable General Obligation Crossover Refunding Bonds, Series 2020B. The proceeds of the issue were used to refund the 2025 through 2034 maturities, aggregating to \$41,390,000 in principal amount, of the General Obligation School Building Bonds, Series 2014A. The noted maturities of the 2014A bonds are to be called in February of 2024, but the issuance met the requirements of an in-substance defeasance. Therefore, \$41,390,000 of bonds payable related to the 2014A was removed from the District's financial statements in fiscal year 2021. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Refunding Bonds, Series 2021A

On November 18, 2021, the District issued \$1,598,000 of General Obligation Refunding Bonds, Series 2021A. The proceeds of the issue were used to refund the General Obligation Crossover Refunding Bonds, Series 2015A. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete this refunding will total a gross savings of \$52,534. The present value of the net economic gain resulting from this transaction is \$51,070.

Certificates of Participation, Series 2022A

On March 8, 2022, the District issued \$11,620,000 of Certificates of Participations, Series 2022A. The proceeds of the issue were used for the acquisition and remodel of a facility for early childhood programming and additional storage space and to pay certain costs associated with the issuance of the bonds. Assets of the General fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Facilities Maintenance Bonds, Series 2022B

On May 31, 2022, the District issued \$18,730,000 of General Obligation Facilities Maintenance Bonds, Series 2022B. The proceeds of the issue were used for various long-term facilities maintenance projects as described in the District's 10-year facility plan and to pay certain costs associated with the issuance of the bonds. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation School Building Bonds, Series 2024A

On February 15, 2024, the District issued \$105,000,000 of General Obligation School Building Bonds, Series 2024A. The proceeds of the issue were used to provide funds for the acquisition and betterment of school sites and facilities and to pay certain costs associated with the issuance of the bonds. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

Leases/Finance Purchase Payable

The District entered into leases/finance purchase agreements for the use of copy machines, iPads, networking equipment, the ECFE building, a tractor and mower, and custodial equipment.

D. Changes in Long-Term Debt

Changes in long-term debt during the year are summarized as follows:

	June 30, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 206,690,000	\$ -	\$ 8,645,000	\$ 198,045,000
Direct Borrowings Payable	809,000	-	404,000	405,000
Bond Premiums	13,132,839	-	1,112,418	12,020,421
Leases Payable	2,995,322	678,690	395,609	3,278,403
Early Termination of Leases Payable	143,063	-	143,063	-
Financed Purchase Payable	1,847,181	-	557,335	1,289,846
Compensated Absences Payable	4,133,956 *	1,156,770	-	5,290,726
Total	<u>\$ 229,751,361</u>	<u>\$ 1,835,460</u>	<u>\$ 11,257,425</u>	<u>\$ 220,329,396</u>

* The change in the compensated absences balance is presented as a net change.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCES

Fund Balances

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. In addition, certain portions of fund balance have been assigned by the District for use for specific purposes.

The following is a summary of the restricted and assigned fund balances for the governmental funds.

A. Restricted for Student Activities

This is the amount of funds at year-end that relates to student activity funds that are restricted to be utilized by the student activity group that the funds were raised to benefit.

B. Restricted for Scholarships

This is the amount of cash that is restricted for scholarship funds that are only be utilized for that purpose.

C. Restricted for Staff Development

In accordance with State Statute, this fund balance restriction represents available resources dedicated exclusively for staff development.

D. Restricted for Literacy Incentive Aid

The fund balance restriction represents accumulated resources available to provide literacy incentive programming.

E. Restricted for American Indian Education Aid

The fund balance restriction represents accumulated resources available to provide American Indian education programming.

F. Restricted for Literacy Aid

The fund balance restriction represents available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

G. Restricted for Community Education

The fund balance restriction represents accumulated resources available to provide general community education programming.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCES (CONTINUED)

Fund Balances (Continued)

H. Restricted for Early Childhood and Family Education

This fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

I. Restricted for Gifted and Talented

This fund balance restriction represents accumulated resources available to provide services for gifted and talented programming.

J. Restricted for Basic Skills

This fund balance restriction represents accumulated resources available to provide services for basic skills programming.

K. Restricted for School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

L. Restricted for Adult Basic Education

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

M. Restricted for Medical Assistance

Represents resources to be used for Medical Assistance expenditures.

N. Restricted for Projects Funded by Certificates of Participation

Represents resources from certificates of participation to be used for the acquisition and remodel of a facility for early childhood programming and additional storage space.

O. Restricted for Long-Term Facilities Maintenance

Represents unspent State aid to finance facilities plans approved by its board and the commissioner.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCES (CONTINUED)

Fund Balances (Continued)

P. Restricted for Student Support Personnel

Represents resources available for student support personnel expenditures.

Q. Restricted for Other Purposes

Represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

R. Assigned for Separation/Retirement Benefits

This assignment represents resources segregated by the District for the payment of retirement benefits.

NOTE 7 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the District are required by state law to belong to multiemployer pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA)

Educators employed in Minnesota's public elementary and secondary school, 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 schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

1. General Employee Retirement Plan Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute 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.

Benefit 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% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of 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 .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Retirement Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. 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. 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 prorated increase.

2. TRA Benefits

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 Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

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

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

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) 3.0% 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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits)

Members For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% 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.

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

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

C. Contributions

1. General Employee Retirement Plan Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$1,361,247. The District's contributions were equal to the required contributions as set by State Statute.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$4,975,608. The District's contributions were equal to the required contributions for each year as set by State Statute.

D. Pension Costs

1. General Employee Retirement Plan Pension Costs

At June 30, 2025, the District reported a liability of \$7,593,522 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 \$196,353, for a total net pension liability of \$7,735,875 associated with the District.

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 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 PERA's participating employers. The District's proportionate share was 0.2054% at the end of the measurement period and 0.2078% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$328,606 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$2,433 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2025, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer 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 \$349,372 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employee Retirement Plan Pension Costs (Continued)

At June 30, 2025, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 713,990	\$ -
Changes in Actuarial Assumptions	37,074	2,874,023
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	2,205,096
Changes in Proportion	-	390,822
District Contributions Subsequent to the Measurement Date	1,361,247	-
Total	<u>\$ 2,112,311</u>	<u>\$ 5,469,941</u>

The \$1,361,247 related to pensions resulting from the District's 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 General Employee Retirement Plan pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (2,641,067)
2027	(527,750)
2028	(968,061)
2029	(581,999)

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$51,590,732 for its proportionate share of 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 that date. The District's proportion of the net pension liability was based on the District's contributions to 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 0.8119% at the end of the measurement period and 0.8651% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 51,590,732
State's Proportionate Share of the Net Pension Liability Associated with the District	3,374,239
Total	<u>\$ 54,964,971</u>

For the year ended June 30, 2025, the District recognized pension expense of \$3,878,720. It also recognized \$(41,277) as pension expense and grant revenue for the on-behalf support provided by direct aid.

At June 30, 2025, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,459,512	\$ 668,593
Changes in Actuarial Assumptions	5,202,916	6,152,335
Net Difference Between Projected and Actual Earnings on Plan Investments	-	7,302,039
Changes in Proportion	148,832	4,827,921
District Contributions Subsequent to the Measurement Date	4,975,608	-
Total	<u>\$ 12,786,868</u>	<u>\$ 18,950,888</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of \$4,975,608 reported as deferred outflows of resources related to pensions resulting from District contributions to 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 amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (4,309,505)
2027	3,439,518
2028	(4,966,310)
2029	(3,836,251)
2030	(1,467,080)

3. Aggregate Pension Costs and Balances

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 51,590,732	\$ 7,593,522	\$ 59,184,254
Deferred Outflows of Resources	12,786,868	2,112,311	14,899,179
Deferred Inflows of Resources	18,950,888	5,469,941	24,420,829
Pension Costs	3,837,443	672,862	4,510,305

E. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>PERA Target Allocation</u>	<u>TRA Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	33.5 %	5.10%
International Equity	16.5	16.5	5.30%
Private Markets	25.0	25.0	5.90%
Fixed Income	25.0	25.0	0.75%
Totals	<u>100.0 %</u>	<u>100.0 %</u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment (Continued)

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	PERA Target Allocation	TRA Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	33.5 %	5.10%
International Equity	16.5	16.5	5.30%
Private Markets	25.0	25.0	5.90%
Fixed Income	25.0	25.0	0.75%
Totals	<u>100.0 %</u>	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans 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 7.0%. The 7.0% 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 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

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

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

TRA pre-retirement mortality rates were based on the 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 mortality rates were based on the PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Beneficiaries mortality rates were based on the 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 mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale.

Inflation is assumed to be 2.5% for TRA. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

The following changes in actuarial assumptions and plan provisions for PERA occurred in 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.

Changes in Plan Provisions:

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

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

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% to reflect the continued lower than expected observations.

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability was 7.0%. 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 General Employees Fund 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.

The discount rate used to measure the TRA pension liability was 7.00%. 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 contribution 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
<u>GERF Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	\$ 16,585,473	\$ 7,593,522	\$ 196,821
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 90,854,297	\$ 51,590,732	\$ 19,275,886

I. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 8 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The amount of pension expense recognized by the employer in the reporting period ended June 30, 2025 was \$1,025,223.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health insurance, dental insurance, and postretirement life insurance to eligible employees and their spouses through the District's insurance and self-insured dental plans. There are 714 active participants and 67 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period.

B. Funding Policy and Contributions

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow State Statutes as listed in Note 2. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust.

Contribution requirements are also negotiated between the District and union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. The District also contributes an implicit rate subsidy for retired plan members. This is due to the actual cost for retirees being higher than the average per-person premium for the entire group. For fiscal year 2025, total contributions to the plan were \$480,771.

C. Investment Policy

The Trust does not have a formal investment policy. The entire portfolio of investments of the Trust is invested in mutual funds.

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the District

The components of the net OPEB liability (asset) of the District at June 30, 2025 were as follows:

Total OPEB Liability	\$ 20,248,690
Plan Fiduciary Net Position	11,059,050
District's Net OPEB Liability	<u>\$ 9,189,640</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.62%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

Van Iwaarden Associates has conducted the actuarial valuation of the District's postretirement benefit plans. The most recent report, dated June 30, 2025, documents the Plan's fiscal year 2025 net OPEB liability based on GASB Statement No. 75.

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method

Entry age normal

Investment Gains and Losses: Each year's gain or loss is straight-line amortized over 5 years.

Amortization Method

Effects of Assumption Changes and Experience Gains and Losses: Each change is straight-line amortized over a period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan.

Inflation

2.50%

Salary Increases

3.00%

Investment Rate of Return

5.75%

20-Year Municipal Bond Yield

5.20%

Health Care Trend Rates

14.9% grading to 3.90% in 2076

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

Mortality rates for teacher were based on the Pub-2010 Teacher mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments. Mortality rates for nonteachers were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2024 to June 30, 2025.

Health care cost trend rates used 14.9% for fiscal year 2025, gradually decreasing over several decades to an ultimate rate of 3.90% in fiscal year 2076 and later years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return.

The assumed asset weighting is based on target allocations in the plan's investment policy statement.

Expected future asset class returns were published in the 2025 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	20.00%	4.60%	7.10 %
International Equity	10.00%	4.95%	7.45
Fixed Income	70.00%	2.70%	5.20
Real Estate and Alternatives	0.00%	3.98%	6.48
Cash and Equivalents	0.00%	1.19%	3.69
Total			6.09
Reduced for Assumed Investment Expense			(0.30)
Net Assumed Investment Return (Weighted Avg Rounded to 1/4%)			5.75

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 5.36%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate of 5.20% was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using a capital market assumption model.

Since the most recent GASB 75 valuation, the following changes have been made:

- The discount rate was changed from 4.47% to 5.36%.

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	\$ 17,849,455	\$ 11,024,952	\$ 6,824,503
Changes for the Year:			
Service Cost	695,478	-	695,478
Interest on the Total OPEB Liability	798,260	-	798,260
Changes in Assumptions	1,979,634	-	1,979,634
Changes of Benefit Terms	9,602	-	9,602
Differences Between Expected and Actual Experience	289,780	-	289,780
Contributions-Employer	-	480,771	(480,771)
Net Investment Income	-	929,922	(929,922)
Benefit Payments	(1,373,519)	(1,373,519)	-
Administrative Expense	-	(3,076)	3,076
Net Changes	<u>2,399,235</u>	<u>34,098</u>	<u>2,365,137</u>
Balances at June 30, 2025	<u>\$ 20,248,690</u>	<u>\$ 11,059,050</u>	<u>\$ 9,189,640</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is a one percentage point lower (4.36%) or one percentage point higher (6.36) than the current discount rate:

	1% Decrease (4.36%)	Current Rate (5.36%)	1% Increase (6.36%)
Net OPEB Liability (Asset)	\$ 10,455,411	\$ 9,189,640	\$ 7,993,383

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower (5.80% decreasing to 2.90%) or one percentage point higher (7.80% decreasing to 4.90%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.80% grading to 2.90%)	Current Trend (6.80% grading to 3.90%)	1% Increase (7.80% grading to 4.90%)
Net OPEB Liability (Asset)	\$ 7,814,614	\$ 9,189,640	\$ 10,739,299

For the year ended June 30, 2025, the District recognized OPEB expense of \$810,949. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 498,788	\$ 938,479
Change of Assumptions	1,936,883	1,705,821
Net Difference Between Projected and Actual Investment Earnings	36,508	-
Total	\$ 2,472,179	\$ 2,644,300

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

<u>Year Ending June 30.</u>	<u>Future Recognition</u>
2026	\$ 137,557
2027	(317,209)
2028	(326,079)
2029	(274,119)
2030	(52,126)
Thereafter	659,855
Total	\$ (172,121)

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. Changes in the Net OPEB Liability (Continued)

Trust Funds

The condensed financial statements of the District's trust funds are as follows:

	OPEB Benefit Trust
ASSETS	
Cash and Investments	\$ 11,058,949
Other Assets	101
Total Assets	11,059,050
NET POSITION	
Held in Trust for Payment of OPEB Benefits	\$ 11,059,050
ADDITIONS	
Employer Contributions	\$ 480,771
Earnings on Investments	929,922
Total Additions	1,410,693
DEDUCTIONS	
Retirement Benefits	1,373,519
Administrative Costs	3,076
Total Deductions	1,376,595
Change in Net Position	34,098
Net Position - Beginning of Year	11,024,952
Net Position - End of Year	\$ 11,059,050

NOTE 10 SELF-INSURED PLANS

The District has also elected to self-insure its employee health insurance program. The District has entered into an agreement with an insurance company to provide claims processing and other administrative duties. The District established an internal service fund to account for contributions, including employee withholding, for health insurance and to establish a reserve for catastrophic losses. Contributions during the year were based on the insurance premium determined by the insurance company estimate of monthly claims for each coverage class, plus stop loss insurance premium costs and administrative charges. Stop-loss coverage is in effect for individual claims exceeding \$200,000. This amount has not been exceeded.

The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid at year-end. The District recorded expenses of \$20,088,285 for the year ended June 30, 2025.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 SELF-INSURED PLANS (CONTINUED)

The liability for unpaid claims included in the Internal Service Fund as claims payable for 2025 were:

	2025	2024
Beginning of Fiscal Year Liability - July 1	\$ 197,436	\$ 272,682
Incurred Claims	18,068,434	685,118
Claims Payments	(14,216,961)	(760,364)
End of Fiscal Year Liability - June 30	\$ 4,048,909	\$ 197,436

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District has joined together with other School Districts in southcentral Minnesota in the Southcentral Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to this plan for its health and insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote. The District self-insures for dental insurance offered to its employees. The District purchases commercial insurance coverage for all other risks of loss.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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. The financial assistance received is subject to audits by the grantor agency.

Construction Projects

The District had remaining commitments on construction projects of \$51,878,275 at June 30, 2025.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 INTERFUND TRANSACTIONS

The District transferred money from the General Fund to the Food Service Fund to reimburse funds that were spent from the Food Service Fund, as noted below:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 37,540
Special Revenue Funds:		
Food Service Fund	37,540	-
Total	\$ 37,540	\$ 37,540

NOTE 14 SUBSEQUENT EVENT

The District issued General Obligation Facilities Maintenance Bonds, Series 2025A on November 20, 2025 in the amount of \$35,455,000.

REQUIRED SUPPLEMENTARY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 20,936,027	\$ 20,947,742	\$ 21,146,904	\$ 199,162
Investment Income	500,000	500,000	1,036,598	536,598
Other	3,096,657	3,493,834	5,662,534	2,168,700
State Sources	98,610,771	98,821,624	98,595,950	(225,674)
Federal Sources	4,310,730	4,627,917	4,603,452	(24,465)
Total Revenues	<u>127,454,185</u>	<u>128,391,117</u>	<u>131,045,438</u>	<u>2,654,321</u>
EXPENDITURES				
Current:				
Administration	4,504,770	4,639,819	4,709,426	69,607
District Support Services	2,550,226	2,727,090	2,827,710	100,620
Elementary and Secondary Regular Instruction	52,077,727	51,231,889	52,487,732	1,255,843
Vocational Education Instruction	1,966,037	2,145,869	2,326,329	180,460
Special Education Instruction	27,154,938	27,843,439	28,718,524	875,085
Instructional Support Services	5,124,811	5,091,656	5,841,488	749,832
Pupil Support Services	11,748,692	11,774,392	12,092,800	318,408
Sites and Buildings	10,278,302	10,229,520	11,254,847	1,025,327
Fiscal and Other Fixed Cost Programs	1,195,737	715,471	698,695	(16,776)
Capital Outlay	5,174,876	5,223,716	3,962,277	(1,261,439)
Debt Service:				
Principal	435,000	435,000	1,377,813	942,813
Interest and Fiscal Charges	360,400	360,400	554,319	193,919
Total Expenditures	<u>122,571,516</u>	<u>122,418,261</u>	<u>126,851,960</u>	<u>4,433,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,882,669	5,972,856	4,193,478	(1,779,378)
OTHER FINANCING USES				
Sale of Equipment	-	-	6,338	6,338
Insurance Recovery	-	-	285,850	285,850
Issuance of Lease Payable	-	-	678,690	678,690
Transfers Out	-	-	(37,540)	(37,540)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>933,338</u>	<u>927,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,882,669</u>	<u>\$ 5,972,856</u>	5,126,816	<u>\$ (852,378)</u>
FUND BALANCE				
Beginning of Year			<u>20,582,627</u>	
END OF YEAR			<u><u>\$ 25,709,443</u></u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Investment Income	\$ -	\$ -	\$ 78,861	\$ 78,861
Other - Primarily Meal Sales	699,000	269,600	378,839	109,239
State Sources	2,425,000	2,283,000	2,045,332	(237,668)
Federal Sources	3,175,590	3,759,100	3,583,444	(175,656)
Total Revenues	<u>6,299,590</u>	<u>6,311,700</u>	<u>6,086,476</u>	<u>(225,224)</u>
EXPENDITURES				
Current:				
Food Service	6,043,071	6,288,381	5,923,424	(364,957)
Capital Outlay	793,000	940,000	714,422	(225,578)
Total Expenditures	<u>6,836,071</u>	<u>7,228,381</u>	<u>6,637,846</u>	<u>(590,535)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(536,481)	(916,681)	(551,370)	365,311
OTHER FINANCING SOURCES				
Transfers In	-	-	37,540	37,540
NET CHANGE IN FUND BALANCE	<u>\$ (536,481)</u>	<u>\$ (916,681)</u>	<u>(513,830)</u>	<u>\$ 402,851</u>
FUND BALANCE				
Beginning of Year			<u>3,614,735</u>	
END OF YEAR			<u>\$ 3,100,905</u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 847,488	\$ 844,757	\$ 842,933	\$ (1,824)
Investment Income	-	-	118,053	118,053
Other - Primarily Tuition and Fees	4,329,738	4,281,135	3,687,038	(594,097)
State Sources	2,004,818	2,346,008	2,205,230	(140,778)
Federal Sources	261,566	264,378	278,998	14,620
Total Revenues	<u>7,443,610</u>	<u>7,736,278</u>	<u>7,132,252</u>	<u>(604,026)</u>
EXPENDITURES				
Current:				
Community Service	7,350,108	7,738,368	6,829,341	(909,027)
Capital Outlay	15,600	64,812	63,821	(991)
Debt Service	-	10,325	10,131	(194)
Total Expenditures	<u>7,365,708</u>	<u>7,813,505</u>	<u>6,903,293</u>	<u>(910,212)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 77,902</u>	<u>\$ (77,227)</u>	228,959	<u>\$ 306,186</u>
FUND BALANCE				
Beginning of Year			<u>2,908,273</u>	
END OF YEAR			<u>\$ 3,137,232</u>	

**MANKATO PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 77
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
 JUNE 30, 2025**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.45%
2018	3.49%
2019	6.88%
2020	6.12%
2021	14.21%
2022	(11.48%)
2023	3.67
2024	8.05%
2025	8.47%

*The District implemented GASB Statement No. 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$ 695,478	\$ 683,394	\$ 812,880	\$ 972,434	\$ 1,156,816	\$ 1,028,583	\$ 1,110,497	\$ 943,846	\$ 943,134
Interest	798,260	784,713	698,369	515,829	679,364	775,587	869,569	977,787	898,557
Changes in Benefit Terms	9,602	-	-	-	-	-	68,759	-	-
Differences Between Expected and Actual Experience	289,780	42,749	(32,204)	63,587	(1,961,089)	-	678,311	-	-
Changes of Assumptions	1,979,634	(76,163)	(306,249)	(1,505,938)	(633,859)	306,053	(1,109,814)	388,373	(481,998)
Benefit Payments	(1,373,519)	(1,472,466)	(1,413,741)	(1,417,763)	(1,426,997)	(1,406,358)	(1,057,969)	(1,077,050)	(1,184,802)
Net Change in Total OPEB Liability	2,399,235	(37,773)	(240,945)	(1,371,851)	(2,185,765)	703,865	559,353	1,232,956	174,891
Total OPEB Liability - Beginning	17,849,455	17,887,228	18,128,173	19,500,024	21,685,789	20,981,924	20,422,571	19,189,615	19,014,724
Total OPEB Liability - Ending (a)	\$ 20,248,690	\$ 17,849,455	\$ 17,887,228	\$ 18,128,173	\$ 19,500,024	\$ 21,685,789	\$ 20,981,924	\$ 20,422,571	\$ 19,189,615
Plan Fiduciary Net Position									
Contributions - Employer	\$ 480,771	\$ 551,222	\$ 560,422	\$ 513,723	\$ 825,224	\$ 666,470	\$ 342,922	\$ 299,412	\$ 320,614
Net Investment Income	929,922	888,078	421,139	(1,603,470)	1,815,830	779,130	865,373	450,521	711,440
Benefit Payments	(1,373,519)	(1,472,466)	(1,413,741)	(1,417,763)	(1,426,997)	(1,406,358)	(1,057,969)	(1,077,050)	(1,184,802)
Administrative Expenses	(3,076)	(3,067)	(3,177)	(3,823)	(3,942)	(3,739)	-	-	-
Net Change in Plan Fiduciary Net Position	34,098	(36,233)	(435,357)	(2,511,333)	1,210,115	35,503	150,326	(327,117)	(152,748)
Plan Fiduciary Net Position - Beginning	11,024,952	11,061,185	11,496,542	14,007,875	12,797,760	12,762,257	12,611,931	12,939,048	13,091,796
Plan Fiduciary Net Position - Ending (b)	\$ 11,059,050	\$ 11,024,952	\$ 11,061,185	\$ 11,496,542	\$ 14,007,875	\$ 12,797,760	\$ 12,762,257	\$ 12,611,931	\$ 12,939,048
District's Net OPEB Liability (Asset)									
- Ending (a) - (b)	\$ 9,189,640	\$ 6,824,503	\$ 6,826,043	\$ 6,631,631	\$ 5,492,149	\$ 8,888,029	\$ 8,219,667	\$ 7,810,640	\$ 6,250,567
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.62%	61.77%	61.84%	63.42%	71.84%	59.01%	60.83%	61.75%	67.43%
Covered-Employee Payroll for Measurement Period	\$ 64,307,881	\$ 60,321,059	\$ 61,678,146	\$ 59,039,935	\$ 61,821,113	\$ 57,497,660	\$ 55,950,935	\$ 59,407,039	\$ 59,764,196
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	14.29%	11.31%	11.07%	11.23%	8.88%	15.46%	14.69%	13.15%	10.46%

The District implemented GASB Statement No. 74 in fiscal year 2017 and the above table will be expanded to 10 years of information as the information becomes available.

Notes to Schedule:

2025

Benefit Changes: None

Changes of Assumptions during fiscal year 2024:

- The discount rate was changed from 4.47% to 5.36% based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term investment return assumption was changed from 5.50% to 5.75% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

Notes to Schedule (Continued):

2024

Benefit Changes: None

Changes of Assumptions during fiscal year 2024:

- The discount rate was changed from 4.40% to 4.47%
- The index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination was changed from 3.86% to 3.97%.
- Retiree premiums and medical insurance explicit subsidies were updated to current levels.
- Life Insurance coverage for Paraeducators, Food Service, and Maintenance + Custodial groups was added.

2023

Benefit Changes: None

Changes of Assumptions during fiscal year 2023:

- The discount rate was changed from 3.83% to 4.40%
- The long-term expected rate of return on OPEB plan investments was changed from 4.25% to 5.50% based on updated capital market assumptions.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2020 PERA General Employees Retirement Plan to the rates used in the 7/1/2022 valuations.
- The inflation assumption was changed from 2.25% to 2.50%.

2022

Benefit Changes: None

Changes of Assumptions during fiscal year 2022:

- The discount rate was changed from 2.61% to 3.83%
- The index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination was changed from 1.92% to 3.69%.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

Notes to Schedule (Continued):

2021

Benefit Changes: None

Changes of Assumptions during fiscal year 2021:

- The discount rate was changed from 3.07% to 2.61%.
- The Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 2.45% to 1.92%.
- The long-term expected rate of return on OPEB plan investments was changed from 5.25% to 4.25% based on updated capital market assumptions.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The percent of future non-Medicare eligible retiree electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changes from 3.50% to 3.00% based on the 7/1/2020 Teachers Retirement Association valuation.

2020

Benefit Changes: None

Changes of Assumptions during fiscal year 2020:

- The discount rate was changed from 3.65% to 3.07%.
- The Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 3.13% to 2.45%
- The healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on High-cost health insurance plan due to its repeal.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

Notes to Schedule (Continued):

2019

Benefit Changes: None

Changes of Assumptions during Fiscal Year 2019:

- The discount rate was changed from 4.14% to 3.64% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The percent of future retirees eligible for a medical direct subsidy assumed to elect medical coverage at retirement changed from 90% to 80% to reflect recent plan experience.

Discount Rate:

- The percent of future retirees not eligible for a medical direct subsidy assumed to elect medical coverage at retirement changed from 15% to 10% to reflect recent plan experience.
- The percent of future retirees eligible to continue life insurance assumed to elect coverage at retirement changed from 40% to 50% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- June 30, 2023 4.40%
- June 30, 2022 3.83%
- June 30, 2021 2.61%
- June 30, 2020 3.07%
- June 30, 2019 3.64%
- June 30, 2018 4.14%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

GERF Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2054%	0.2078%	0.2129%	0.2218%	0.2286%	0.2232%	0.2266%	0.2241%	0.2064%	0.2120%
District's Proportionate Share of the Net Pension Liability	\$ 7,593,522	\$ 11,619,943	\$ 16,861,750	\$ -	\$ 13,705,615	\$ 12,340,228	\$ 12,570,839	\$ 14,306,396	\$ 16,758,656	\$ 10,997,305
State's Proportionate Share of the Net Pension Liability Associated with District	196,353	320,279	494,242	289,158	422,544	383,650	412,464	179,883	218,879	-
Total	\$ 7,789,875	\$ 11,940,222	\$ 17,355,992	\$ 289,158	\$ 14,128,159	\$ 12,723,878	\$ 12,983,303	\$ 14,486,279	\$ 16,977,535	\$ 10,997,305
District's Covered Payroll	17,363,720	16,535,480	15,936,013	15,928,813	16,065,440	15,722,333	15,211,053	12,736,718	12,455,641	12,254,986
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	43.73%	70.27%	105.81%	0.00%	85.31%	78.49%	82.64%	112.32%	134.55%	89.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%

TRA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.8119%	0.8651%	0.8684%	0.8933%	0.8958%	0.8870%	0.8555%	0.8329%	0.7877%	0.7650%
District's Proportionate Share of the Net Pension Liability	\$ 51,590,732	\$ 71,424,594	\$ 69,536,878	\$ 39,093,479	\$ 66,182,904	\$ 56,537,566	\$ 53,735,988	\$ 166,261,949	\$ 187,885,245	\$ 47,341,374
State's Proportionate Share of the Net Pension Liability Associated with District	3,374,239	5,003,192	5,156,775	3,297,095	5,546,486	5,003,420	5,048,528	16,071,767	18,859,548	5,807,065
Total	\$ 54,964,971	\$ 76,427,786	\$ 74,693,653	\$ 42,390,574	\$ 71,729,390	\$ 61,540,986	\$ 58,784,516	\$ 182,333,716	\$ 206,744,793	\$ 53,148,439
District's Covered Payroll	\$ 53,805,017	\$ 55,239,988	\$ 53,830,192	\$ 53,900,664	\$ 52,897,866	\$ 50,426,381	\$ 47,955,867	\$ 45,049,254	\$ 40,975,053	\$ 38,844,387
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.88%	129.30%	129.18%	72.53%	125.11%	112.12%	112.05%	369.07%	458.54%	121.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

GERF Schedule of District Contributions

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 1,361,247	\$ 1,302,279	\$ 1,240,161	\$ 1,195,201	\$ 1,194,661	\$ 1,204,908	\$ 1,179,175	\$ 1,140,829	\$ 1,086,458	\$ 955,191
Contributions in Relation to the Statutorily Required Contribution	(1,361,247)	(1,302,279)	(1,240,161)	(1,195,201)	(1,194,661)	(1,204,908)	(1,179,175)	(1,140,829)	(1,086,458)	(955,191)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,149,960	\$ 17,363,720	\$ 16,535,480	\$ 15,936,013	\$ 15,928,813	\$ 16,065,440	\$ 15,722,333	\$ 15,211,053	\$ 14,486,107	\$ 12,942,967
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 4,975,608	\$ 4,707,939	\$ 4,723,019	\$ 4,489,438	\$ 4,382,124	\$ 4,189,511	\$ 3,887,874	\$ 3,596,690	\$ 3,378,207	\$ 3,105,175
Contributions in Relation to the Statutorily Required Contribution	(4,975,608)	(4,707,939)	(4,723,019)	(4,489,438)	(4,382,124)	(4,189,511)	(3,887,874)	(3,596,690)	(3,378,207)	(3,105,175)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 56,864,091	\$ 53,805,017	\$ 55,239,988	\$ 53,830,192	\$ 53,900,664	\$ 52,897,866	\$ 50,426,381	\$ 47,955,867	\$ 45,049,254	\$ 41,396,320
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

General Employee Retirement Plan

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.

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.5% to 7.00%, for financial reporting purposes.

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 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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% 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 Scale MP-2018 to Scale 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% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased 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.

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the years ended June 30:

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.
- 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% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in 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 2.5% if the funded ratio was at least 90% 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 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 5 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- Changes in Plan Provisions.
- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

SUPPLEMENTARY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN FUND EQUITIES
YEAR ENDED JUNE 30, 2025**

	Fund Equities		Other Financing		Fund Equities	
	June 30, 2024	Revenues	Expenditures	Sources (Uses)	Transfers	June 30, 2025
GOVERNMENTAL FUNDS						
General Fund:						
Nonspendable	\$ 46,854	\$ -	\$ -	\$ -	\$ 118,876	\$ 165,730
Restricted for Student Activities	540,854	483,129	(439,153)	-	(2,926)	581,904
Restricted for Scholarships	74,895	13,621	(6,508)	-	-	82,008
Restricted for Staff Development	390,751	1,257,239	(1,125,604)	-	-	522,386
Restricted for Literacy Incentive Aid	188,021	399,590	-	-	-	587,611
Restricted for American Indian Grant	19,787	73,253	(65,060)	-	-	27,980
Restricted for Operating Capital	114,901	2,918,232	(3,882,996)	-	849,863	-
Restricted for Learning and Development	-	1,750,450	(1,750,450)	-	-	-
Restricted for Gifted and Talented	34,378	112,297	(43,347)	-	-	103,328
Restricted for ALC	-	684,251	(1,793,395)	-	1,109,144	-
Restricted for Basic Skills	1,693,337	6,763,585	(4,615,622)	-	(1,057,430)	2,783,870
Restricted for School Library Aid	597	140,517	(141,114)	-	-	-
Restricted for Achievement and Integration	-	934,314	(934,314)	-	-	-
Restricted for Safe Schools	(188,915)	296,494	(272,834)	-	-	(165,255)
Restricted for Long-Term Facilities Maintenance	1,511,033	3,396,061	(3,708,169)	-	-	1,198,925
Restricted for English Learners	-	658,995	(1,716,425)	-	1,057,430	-
Restricted for Literacy Aid	-	330,543	-	-	-	330,543
Restricted for Teacher Comp for Read Act	-	298,433	(298,433)	-	-	-
Restricted for Student Support	6,340	149,372	(139,943)	-	-	15,769
Restricted for Medical Assistance	1,540,483	2,384,206	(2,648,213)	-	-	1,276,476
Restricted for Other Purposes	-	-	-	-	-	-
Assigned for Separation/Retirement Benefits	690,000	-	-	-	-	690,000
Unassigned	13,919,311	108,000,856	(103,270,380)	933,338	(2,074,957)	17,508,168
Total General Fund	20,582,627	131,045,438	(126,851,960)	933,338	-	25,709,443
Food Service Fund:						
Nonspendable	115,468	-	-	-	34,965	150,433
Restricted for Food Service	3,499,267	6,086,474	(6,637,844)	37,540	(34,965)	2,950,472
Total Food Service	3,614,735	6,086,474	(6,637,844)	37,540	-	3,100,905
Community Service Fund:						
Nonspendable	1,274	-	-	-	(494)	780
Restricted for Community Education	2,154,184	4,093,433	(3,898,413)	-	1,274	2,350,478
Restricted for E.C.F.E.	205,160	529,212	(574,972)	-	-	159,400
Restricted for School Readiness	361,606	766,149	(844,740)	-	-	283,015
Restricted for Adult Basic Education	105,043	1,443,843	(1,346,682)	-	-	202,204
Restricted for Community Service	81,006	287,565	(226,436)	-	(780)	141,355
Total Community Service Fund	2,908,273	7,120,202	(6,891,243)	-	-	3,137,232
Capital Projects Fund:						
Restricted for Capital Projects	106,747,775	4,231,373	(32,777,000)	-	-	78,202,148
Debt Service Fund:						
Restricted for Debt Service	2,126,027	16,316,534	(15,562,881)	-	-	2,879,680
TOTAL GOVERNMENTAL FUNDS	135,979,437	164,800,021	(188,720,928)	970,878	-	113,029,408
FIDUCIARY FUNDS						
OPEB Trust Fund:						
Restricted for Payment of OPEB Benefits	11,024,952	1,410,693	(1,376,595)	-	-	11,059,050
Custodial Fund						
Restricted for Scholarships	13,738	3,428	(3,002)	-	-	14,164
TOTAL FIDUCIARY FUNDS	11,038,690	1,414,121	(1,379,597)	-	-	11,073,214
PROPRIETARY FUNDS						
Internal Service Fund						
Unrestricted	254,449	22,174,888	(20,984,257)	-	-	1,445,080
TOTAL ALL FUNDS	\$ 147,272,576	\$ 188,389,030	\$ (211,084,782)	\$ 970,878	\$ -	\$ 125,547,702

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 131,045,438	\$ 131,045,438	\$ -	Total Revenue	\$ 4,231,373	\$ 4,231,373	\$ -
Total Expenditures	126,851,960	126,851,966	(6)	Total Expenditures	32,777,000	32,776,998	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	165,730	165,730	-	460 Nonspendable Fund Balance	830,363	830,363	-
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	581,904	581,904	-	407 Capital Projects Levy	-	-	-
402 Scholarships	82,008	82,008	-	409 Alternative Facility Program	-	-	-
403 Staff Development	522,386	522,386	-	413 Projects Funded by COP	90,097	90,097	-
405 Deferred Maintenance	-	-	-	464 Restricted Fund Balance	77,281,688	77,281,691	(3)
406 Health and Safety	-	-	-	<i>Unassigned:</i>			
407 Capital Project Levy	-	-	-	463 Unassigned Fund Balance	-	-	-
408 Cooperative Programs	-	-	-				
412 Literacy Incentive Aid	587,611	587,611	-	07 DEBT SERVICE			
414 Operating Debt	-	-	-	Total Revenue	16,316,534	16,316,534	-
416 Levy Reduction	-	-	-	Total Expenditures	15,562,881	15,562,882	(1)
420 American Indian Education Aid	27,980	27,980	-	<i>Nonspendable:</i>			
424 Operating Capital	-	-	-	460 Nonspendable Fund Balance	-	-	-
426 \$25 Taconite	-	-	-	<i>Restricted:</i>			
427 Disabled Accessibility	-	-	-	425 Bond Refunding	-	-	-
428 Learning and Development	-	-	-	451 QZAB and QSCB Payments	-	-	-
434 Area Learning Center	-	-	-	464 Restricted Fund Balance	2,879,680	2,879,680	-
435 Contracted Alternative Programs	-	-	-	<i>Unassigned:</i>			
436 State-Approved Alternative Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
438 Gifted and Talented	103,328	103,328	-				
440 Teacher Development and Evaluations	-	-	-	08 TRUST			
441 Basic Skills Programs	2,783,870	2,783,870	-	Total Revenue	-	-	-
443 School Library Aid	-	-	-	Total Expenditures	-	-	-
448 Achievement and Integration	-	-	-	<i>Net Position:</i>			
449 Safe Schools Crime Levy	(165,255)	(165,255)	-	422 Net Position	-	-	-
451 QZAB Payments	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-	18 CUSTODIAL FUND			
456 Literacy Aid	330,543	330,543	-	Total Revenue	3,428	3,428	-
457 Teacher Comp Read Act	-	-	-	Total Expenditures	3,002	3,002	-
467 LTFM	1,198,925	1,198,925	-	<i>Net Position:</i>			
471 Student Support Personnel Aid	15,769	15,769	-	401 Student Activities	-	-	-
472 Medical Assistance	1,276,476	1,276,476	-	402 Scholarships	14,164	14,165	(1)
<i>Committed:</i>				448 Achievement & Integration	-	-	-
418 Committed for Separation	-	-	-	464 Restricted Fund Balance	-	-	-
461 Committed Fund Balance	-	-	-				
<i>Assigned:</i>				20 INTERNAL SERVICE			
462 Assigned Fund Balance	690,000	690,000	-	Total Revenue	22,174,888	22,174,888	-
<i>Unassigned:</i>				Total Expenditures	20,984,257	20,984,256	1
422 Unassigned Fund Balance	17,508,168	17,508,163	5	<i>Net Position:</i>			
				422 Net Position	1,445,080	1,445,080	-
02 FOOD SERVICE							
Total Revenue	6,086,476	6,086,474	2	25 OPEB REVOCABLE TRUST			
Total Expenditures	6,637,846	6,637,844	2	Total Revenue	-	-	-
<i>Nonspendable:</i>				Total Expenditures	-	-	-
460 Nonspendable Fund Balance	150,433	150,433	-	<i>Net Position:</i>			
<i>Restricted:</i>				422 Net Position	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-				
464 Restricted Fund Balance	2,950,472	2,950,473	(1)	45 OPEB IRREVOCABLE TRUST			
<i>Unassigned:</i>				Total Revenue	1,410,693	1,410,692	1
463 Unassigned Fund Balance	-	-	-	Total Expenditures	1,376,595	1,376,595	-
				<i>Net Position:</i>			
04 COMMUNITY SERVICE				422 Net Position	11,059,050	11,059,049	1
Total Revenue	7,132,252	7,132,251	1	47 OPEB DEBT SERVICE			
Total Expenditures	6,903,293	6,903,293	-	Total Revenue	-	-	-
<i>Nonspendable:</i>				Total Expenditures	-	-	-
460 Nonspendable Fund Balance	780	780	-	<i>Nonspendable:</i>			
<i>Restricted:</i>				460 Nonspendable Fund Balance	-	-	-
426 \$25 Taconite	-	-	-	<i>Restricted:</i>			
431 Community Education	2,350,478	2,350,478	-	425 Bond Refunding	-	-	-
432 E.C.F.E.	159,400	159,400	-	464 Restricted Fund Balance	-	-	-
440 Teacher Development and Evaluations	-	-	-	<i>Unassigned:</i>			
444 School Readiness	283,015	283,015	-	463 Unassigned Fund Balance	-	-	-
447 Adult Basic Education	202,204	202,204	-				
452 OPEB Liability Not Held in Trust	-	-	-				
464 Restricted Fund Balance	141,355	141,354	1				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATISTICAL SECTION TABLE OF CONTENTS**

STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends Information These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	105-112
Revenue Capacity Information These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	113-119
Debt Capacity Information These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120-124
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.	125-126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	127-134

Sources: Unless otherwise noted, the information in these schedules is derived from the Independent Auditors' Report for the relevant year.

FINANCIAL TRENDS INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net Investment in Capital Assets	\$ 30,236,385	\$ 30,837,819	\$ 33,451,580	\$ 34,373,008
Restricted	12,351,027	10,455,827	5,516,273	7,116,426
Unrestricted	<u>(60,951,682)</u>	<u>(84,610,218)</u>	<u>(119,983,882)</u>	<u>(99,190,776)</u>
Total Governmental Activities Net Position	<u>\$ (18,364,270)</u>	<u>\$ (43,316,572)</u>	<u>\$ (81,016,029)</u>	<u>\$ (57,701,342)</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Governmental Activities	Fiscal Year					
	2020	2021	2022	2023	2024	2025
Net Investment in Capital Assets						
Restricted	\$ 37,803,945	\$ 42,028,614	\$ 44,330,084	\$ 44,219,758	\$ 49,666,968	\$ 55,256,169
Unrestricted	6,919,907	7,863,300	12,172,790	15,383,566	14,991,692	20,335,199
	<u>(107,443,589)</u>	<u>(113,074,123)</u>	<u>(105,116,867)</u>	<u>(88,200,756)</u>	<u>(76,202,656)</u>	<u>(67,598,269)</u>
Total Governmental Activities Net Position	<u>\$ (62,719,737)</u>	<u>\$ (63,182,209)</u>	<u>\$ (48,613,993)</u>	<u>\$ (28,597,432)</u>	<u>\$ (11,543,996)</u>	<u>\$ 7,993,099</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental Activities:				
Administration	\$ 3,116,085	\$ 4,292,064	\$ 4,344,682	\$ 2,754,657
District Support Services	1,731,101	2,567,674	2,187,635	1,939,143
Regular Instruction	45,701,043	66,026,691	69,910,937	41,257,541
Vocational Education Instruction	1,072,323	1,770,777	1,969,214	1,103,878
Special Education Instruction	17,835,618	25,461,246	26,220,888	16,009,407
Instructional Support Services	7,144,062	7,741,605	7,986,044	5,232,628
Pupil Support Services	6,105,919	7,908,517	8,298,726	7,365,680
Sites and Buildings	8,073,354	9,906,317	9,513,196	10,036,066
Fiscal and Other Fixed Cost Programs	228,524	213,205	345,496	273,087
Food Service	4,103,864	4,723,550	4,821,928	4,539,108
Community Service	5,852,574	7,130,139	7,296,333	6,108,949
Interest and Fiscal Charges on Debt	4,452,668	4,187,184	3,874,992	3,226,854
Total Governmental Activities Expenses	<u>105,417,135</u>	<u>141,928,969</u>	<u>146,770,071</u>	<u>99,846,998</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	-	-	-	1,025
District Support Services	-	-	-	-
Regular Instruction	620,295	658,366	617,787	683,653
Vocational Education Instruction	524	-	-	-
Special Education Instruction	-	948	-	-
Instructional Support Services	30,650	49,121	56,687	56,752
Pupil Support Services	-	-	700	-
Sites and Buildings	129,223	46,277	52,060	43,136
Food Service	1,623,710	1,733,213	1,769,766	1,775,874
Community Service	3,425,376	3,579,235	3,472,304	3,428,634
Operating Grants and Contributions	26,669,100	31,219,876	-	28,793,631
Capital Grants and Contributions	1,118,684	1,231,054	-	1,504,786
Total Governmental Activities Program Revenue	<u>33,617,562</u>	<u>38,518,090</u>	<u>5,969,304</u>	<u>36,287,491</u>
Net Expense				
Governmental Activities	(71,799,573)	(103,410,879)	(140,800,767)	(63,559,507)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
Property Taxes, Levied for				
General Purposes	11,532,442	12,107,301	13,198,428	16,748,719
Community Service	839,492	779,414	776,314	814,024
Debt Service	8,104,007	9,449,383	9,044,710	9,420,039
State Aid Not Restricted to Specific Purposes	52,227,686	55,771,740	57,037,989	59,297,496
Other General Revenues	136,332	254,373	75,834	95,655
Investment Earnings	264,263	96,366	507,498	630,553
Total Governmental Activities	<u>73,104,222</u>	<u>78,458,577</u>	<u>80,640,773</u>	<u>87,006,486</u>
Change in Net Position	<u>\$ 1,304,649</u>	<u>\$ (24,952,302)</u>	<u>\$ (60,159,994)</u>	<u>\$ 23,446,979</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GOVERNMENT-WIDE CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
Expenses						
Governmental Activities:						
Administration	\$ 4,200,180	\$ 4,376,881	\$ 3,981,771	\$ 3,638,057	\$ 4,151,984	\$ 4,892,198
District Support Services	2,245,996	2,252,433	2,602,162	2,528,090	3,893,890	2,927,049
Regular Instruction	61,847,842	62,942,162	49,329,008	48,754,277	54,120,576	48,608,240
Vocational Education Instruction	1,953,579	2,200,654	2,300,356	1,736,101	1,945,187	2,297,956
Special Education Instruction	24,799,391	25,199,562	23,490,271	21,382,736	24,109,905	28,287,176
Instructional Support Services	10,037,687	7,119,124	7,031,163	6,398,344	5,876,544	6,260,437
Pupil Support Services	9,202,496	9,671,015	10,241,187	10,684,738	11,886,289	11,558,427
Sites and Buildings	10,410,023	10,123,137	20,333,234	11,716,664	14,284,966	27,802,433
Fiscal and Other Fixed Cost Programs	307,685	329,037	326,252	455,743	552,930	698,695
Food Service	4,606,376	4,351,721	5,220,167	5,336,456	6,330,905	6,363,679
Community Service	6,021,646	5,781,192	2,412,168	6,101,665	4,684,432	2,119,595
Interest and Fiscal Charges on Debt	2,609,229	2,984,358	3,741,786	3,577,951	4,875,028	6,452,127
Total Governmental Activities Expenses	<u>138,242,130</u>	<u>137,331,276</u>	<u>131,009,525</u>	<u>122,310,822</u>	<u>136,712,636</u>	<u>148,268,012</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
Administration	48,428	34,364	76,526	113,002	404,493	492,347
District Support Services	3,512	-	238	147	704	20,951
Regular Instruction	1,321,873	592,097	1,304,707	1,327,849	1,363,730	3,280,308
Vocational Education Instruction	6,307	-	469	229	1,035	26,760
Special Education Instruction	57,362	-	3,925	2,182	10,180	303,793
Instructional Support Services	63,065	43,686	69,509	74,466	88,937	113,727
Pupil Support Services	10,861	-	821	443	2,186	100,938
Sites and Buildings	55,555	14,838	127,132	44,395	79,983	179,770
Food Service	1,469,076	52,952	-	1,702,266	359,803	317,855
Community Service	2,717,398	2,351,703	3,463,354	3,101,021	3,316,105	3,117,173
Operating Grants and Contributions	34,486,699	42,372,488	46,648,534	40,516,025	49,186,198	53,059,495
Capital Grants and Contributions	1,482,898	1,385,982	1,314,929	1,211,612	1,160,486	979,528
Total Governmental Activities Program Revenue	<u>41,723,034</u>	<u>46,848,110</u>	<u>53,010,144</u>	<u>48,093,637</u>	<u>55,973,840</u>	<u>61,992,645</u>
Net Expense						
Governmental Activities	(96,519,096)	(90,483,166)	(77,999,381)	(74,217,185)	(80,738,796)	(86,275,367)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Property Taxes:						
Property Taxes, Levied for						
General Purposes	17,908,889	18,486,803	19,475,440	19,669,309	20,039,776	21,194,094
Community Service	821,998	832,765	896,579	942,255	955,332	844,515
Debt Service	9,101,399	8,771,158	9,056,531	9,162,962	9,860,486	14,897,694
State Aid Not Restricted to						
Specific Purposes	62,541,259	61,605,764	62,671,046	62,459,407	63,235,664	62,450,521
Other General Revenues	349,386	311,016	423,052	1,532,863	2,874,936	5,059,130
Investment Earnings	262,622	13,188	44,949	466,950	826,038	1,366,508
Total Governmental Activities	<u>90,985,553</u>	<u>90,020,694</u>	<u>92,567,597</u>	<u>94,233,746</u>	<u>97,792,232</u>	<u>105,812,462</u>
Change in Net Position	<u>\$ (5,533,543)</u>	<u>\$ (462,472)</u>	<u>\$ 14,568,216</u>	<u>\$ 20,016,561</u>	<u>\$ 17,053,436</u>	<u>\$ 19,537,095</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 11,605	\$ 43,001	\$ 55,463	\$ -
Restricted	3,894,781	3,392,091	2,843,491	4,245,684
Assigned	690,000	690,000	690,000	690,000
Unassigned	11,576,567	9,943,573	6,265,023	4,088,199
Total General Fund	<u>\$ 16,172,953</u>	<u>\$ 14,068,665</u>	<u>\$ 9,853,977</u>	<u>\$ 9,023,883</u>
All Other Governmental Funds				
Nonspendable	\$ 116,375	\$ 47,126	\$ 63,921	\$ 80,132
Restricted, Reported in:				
Food Service Fund	1,125,159	1,172,676	1,083,612	1,607,225
Community Service Fund	1,575,790	1,674,038	1,630,385	1,589,074
Capital Projects Fund	18,981,272	4,266,765	-	-
Debt Service Funds	16,636,243	16,647,672	16,428,828	1,434,449
OPEB Debt Service Fund	5,313,929	5,222,659	250,403	243,309
Unassigned, Reported in:				
Community Service Fund	-	-	(114,602)	(415,860)
Capital Projects Fund	-	-	-	-
All Other Governmental Funds	<u>\$ 43,748,768</u>	<u>\$ 29,030,936</u>	<u>\$ 19,342,547</u>	<u>\$ 4,538,329</u>
Total All Funds	<u>\$ 59,921,721</u>	<u>\$ 43,099,601</u>	<u>\$ 29,196,524</u>	<u>\$ 13,562,212</u>

Source: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
General Fund						
Nonspendable	\$ 30,918	\$ 26,636	\$ 14,070	\$ 40,473	\$ 46,854	\$ 165,730
Restricted	4,084,160	4,117,475	6,379,952	6,032,727	6,115,377	7,345,545
Assigned	690,000	690,000	690,000	690,000	690,000	690,000
Unassigned	2,165,551	3,601,522	9,441,199	6,879,249	13,730,396	17,508,168
Total General Fund	<u>\$ 6,970,629</u>	<u>\$ 8,435,633</u>	<u>\$ 16,525,221</u>	<u>\$ 13,642,449</u>	<u>\$ 20,582,627</u>	<u>\$ 25,709,443</u>
All Other Governmental Funds						
Nonspendable	\$ 218,167	\$ 144,919	\$ 103,696	\$ 138,196	\$ 116,742	\$ 981,576
Restricted, Reported in:						
Food Service Fund	1,607,735	2,221,006	3,647,682	3,741,291	3,499,267	2,950,472
Community Service Fund	1,139,537	1,373,126	1,373,126	2,464,067	2,906,999	3,136,452
Capital Projects Fund	-	17,252,753	37,372,443	5,898,231	106,747,775	77,371,785
Debt Service Funds	1,802,744	1,785,247	1,805,165	1,485,946	2,126,027	2,879,680
OPEB Debt Service Fund	227,385	219,984	199,208	207,692	-	-
Unassigned, Reported in:						
Community Service Fund	(139,910)	-	659,830	-	-	-
Capital Projects Fund	-	-	(6,907,926)	-	-	-
All Other Governmental Funds	<u>\$ 4,855,658</u>	<u>\$ 22,997,035</u>	<u>\$ 38,253,224</u>	<u>\$ 13,935,423</u>	<u>\$ 115,396,810</u>	<u>\$ 87,319,965</u>
Total All Funds	<u>\$ 11,826,287</u>	<u>\$ 31,432,668</u>	<u>\$ 54,778,445</u>	<u>\$ 27,577,872</u>	<u>\$ 135,979,437</u>	<u>\$ 113,029,408</u>

Source: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Local Sources:					
Property Taxes	\$ 20,578,717	\$ 22,324,265	\$ 23,049,056	\$ 26,934,495	\$ 27,815,228
Earnings on Investments	450,909	254,284	507,375	630,426	262,562
Other	6,997,999	7,948,440	8,180,996	8,419,022	7,865,824
State Sources	73,165,760	77,738,139	81,245,740	84,643,137	88,388,865
Federal Sources	5,631,023	6,001,036	6,337,625	6,386,645	8,026,287
Total Revenues	<u>106,824,408</u>	<u>114,266,164</u>	<u>119,320,792</u>	<u>127,013,725</u>	<u>132,358,766</u>
Expenditures					
Current:					
Administration	3,034,928	3,216,599	3,324,300	3,625,972	3,834,941
District Support Services	1,711,050	2,272,377	1,917,436	1,977,926	2,111,508
Elementary and Secondary					
Regular Instruction	42,655,044	45,054,539	48,552,611	51,541,333	53,517,948
Vocational Education Instruction	1,070,852	1,328,788	1,468,784	1,566,580	1,824,232
Special Education Instruction	17,713,821	19,344,830	20,410,991	21,411,230	22,846,692
Instructional Support Services	4,660,426	5,009,747	5,903,854	5,712,035	6,451,099
Pupil Support Services	5,949,454	6,804,013	7,314,355	7,992,523	8,758,289
Sites and Buildings	7,030,461	7,952,867	8,865,229	8,662,300	8,704,004
Fiscal and Other Fixed Cost Programs	228,524	213,205	345,496	273,087	307,685
Food Service	3,956,125	4,440,845	4,527,257	4,349,676	4,342,472
Community Service Fund	5,867,968	6,487,651	6,629,901	6,736,551	6,096,016
Capital Outlay	39,920,408	18,741,280	9,555,406	3,137,908	8,475,777
Debt Service:					
Principal	6,630,000	5,728,082	6,095,117	6,424,177	7,136,046
Interest and Fiscal Charges	4,719,257	4,493,461	4,327,044	3,856,422	2,947,055
Total Expenditures	<u>145,148,318</u>	<u>131,088,284</u>	<u>129,237,781</u>	<u>127,267,720</u>	<u>137,353,764</u>
Deficiency of Revenues Under Expenditures	(38,323,910)	(16,822,120)	(9,916,989)	(253,995)	(4,994,998)
Other Financing Sources (Uses)					
Proceeds from Certificates of Participation	-	-	-	-	-
Issuance of Bonds	20,880,000	-	-	-	-
Issuance of Lease	1,242,851	-	893,912	131,975	2,743,685
Issuance of Finance Purchase Payable	-	-	-	-	-
Insurance Recovery Proceeds	-	-	-	-	-
Judgements for School Districts	113	-	-	-	-
Premium on Bonds	401,180	-	-	-	-
Payments to Refunded Bond Escrow Agent	(3,600,000)	-	(4,885,000)	(15,380,000)	-
Proceeds from Sale of Equipment	-	-	5,000	-	240
Transfers In	-	-	-	405,914	24,857
Transfers Out	-	-	-	(405,914)	(24,857)
Total Other Financing Sources (Uses)	<u>18,924,144</u>	<u>-</u>	<u>(3,986,088)</u>	<u>(15,248,025)</u>	<u>2,743,925</u>
Net Change in Fund Balances	<u>\$ (19,399,766)</u>	<u>\$ (16,822,120)</u>	<u>\$ (13,903,077)</u>	<u>\$ (15,502,020)</u>	<u>\$ (2,251,073)</u>
Debt Service as a Percentage of Noncapital Expenditures	10.41%	8.83%	8.59%	8.16%	7.71%
Sources: District's financial records					

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues					
Local Sources:					
Property Taxes	\$ 28,192,843	\$ 29,389,085	\$ 29,745,292	\$ 30,940,656	\$ 36,845,113
Earnings on Investments	12,883	44,932	1,532,846	2,874,919	5,059,116
Other	5,697,275	8,478,769	10,783,995	9,889,759	10,364,365
State Sources	88,658,895	89,656,726	90,320,359	102,109,786	104,077,585
Federal Sources	14,239,411	18,536,988	8,688,277	8,711,294	8,465,894
Total Revenues	<u>136,801,307</u>	<u>146,106,500</u>	<u>141,070,769</u>	<u>154,526,414</u>	<u>164,812,073</u>
Expenditures					
Current:					
Administration	4,040,543	4,117,680	4,262,781	4,353,602	4,709,426
District Support Services	2,174,687	2,386,690	2,466,063	2,553,436	2,827,710
Elementary and Secondary					
Regular Instruction	52,071,478	51,992,893	52,613,430	52,254,279	52,487,732
Vocational Education Instruction	1,941,100	2,151,223	2,187,982	2,118,724	2,326,329
Special Education Instruction	23,432,129	23,868,687	25,446,291	26,532,412	28,718,524
Instructional Support Services	6,425,878	5,947,796	5,932,978	5,724,363	5,841,488
Pupil Support Services	9,323,447	10,356,064	11,212,532	12,033,340	12,092,800
Sites and Buildings	9,357,114	8,439,830	9,098,947	9,499,206	11,254,847
Fiscal and Other Fixed Cost Programs	329,037	326,252	455,743	552,930	698,695
Food Service	4,102,205	4,892,714	5,008,638	5,551,801	5,923,424
Community Service Fund	5,658,840	6,195,287	6,319,160	6,504,383	6,829,341
Capital Outlay	11,428,121	22,678,766	31,158,756	21,567,097	37,517,520
Debt Service:					
Principal	7,170,488	7,526,074	8,599,039	8,585,944	10,001,944
Interest and Fiscal Charges	3,371,697	4,254,335	4,127,228	4,138,282	7,503,200
Total Expenditures	<u>140,826,764</u>	<u>155,134,291</u>	<u>168,889,568</u>	<u>161,969,799</u>	<u>188,732,980</u>
Deficiency of Revenues Under Expenditures	(4,025,457)	(9,027,791)	(27,818,799)	(7,443,385)	(23,920,907)
Other Financing Sources (Uses)					
Proceeds from Certificates of Participation	-	11,620,000	-	-	-
Issuance of Bonds	63,780,282	20,328,000	-	105,000,000	-
Issuance of Lease	-	222,372	-	-	678,690
Issuance of Finance Purchase Payable	-	-	593,162	1,315,400	-
Insurance Recovery Proceeds	-	60,819	25,064	113,907	285,850
Judgements for School Districts	-	-	-	-	-
Premium on Bonds	3,123,445	1,716,377	-	9,415,643	-
Payments to Refunded Bond Escrow Agent	(43,271,889)	(1,575,000)	-	-	-
Proceeds from Sale of Equipment	-	1,000	-	-	6,338
Transfers In	32,238	48,959	47,965	228,361	37,540
Transfers Out	(32,238)	(48,959)	(47,965)	(228,361)	(37,540)
Total Other Financing Sources (Uses)	<u>23,631,838</u>	<u>32,373,568</u>	<u>618,226</u>	<u>115,844,950</u>	<u>970,878</u>
Net Change in Fund Balances	<u>\$ 19,606,381</u>	<u>\$ 23,345,777</u>	<u>\$ (27,200,573)</u>	<u>\$ 108,401,565</u>	<u>\$ (22,950,029)</u>
Debt Service as a Percentage of Noncapital Expenditures	8.07%	8.13%	8.15%	8.88%	11.51%
Sources: District's financial records					

REVENUE CAPACITY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE AND LEVY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Property Tax			Total
	General Fund	Community Service	Debt Service	
2016	\$ 11,596,909	\$ 844,015	\$ 8,137,793	\$ 20,578,717
2017	12,102,045	779,461	9,442,759	22,324,265
2018	13,214,662	777,540	9,056,854	23,049,056
2019	16,712,099	813,319	9,409,077	26,934,495
2020	17,897,050	921,951	9,096,227	27,915,228
2021	18,545,246	836,209	8,811,388	28,192,843
2022	19,456,111	894,849	9,038,125	29,389,085
2023	19,649,648	940,977	9,154,667	29,745,292
2024	20,083,648	959,152	9,897,856	30,940,656
2025	21,146,904	842,933	14,855,276	36,845,113

Sources: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITIES AND MARKET VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation					Taxable Market Value	Tax Capacity as a Percentage of Market Value
	Agricultural	Nonagricultural	Personal Tax	Tax Increment	Total Taxable		
Blue Earth							
2016	2,386,298	46,047,970	1,175,436	(998,916)	48,610,788	3,777,999,600	1.29%
2017	2,326,515	48,617,320	1,357,248	(1,007,116)	51,293,967	3,969,890,600	1.29%
2018	2,389,684	52,091,308	1,474,005	(1,074,728)	54,880,269	4,266,724,000	1.29%
2019	2,314,647	54,361,046	1,536,961	(1,099,746)	57,112,908	4,469,507,200	1.28%
2020	2,391,282	56,320,861	1,504,110	(1,284,139)	58,932,114	4,643,346,500	1.27%
2021	2,252,714	57,963,776	1,587,696	(1,329,164)	60,475,022	4,794,800,450	1.26%
2022	2,306,316	60,171,614	1,123,122	(1,435,900)	62,165,152	4,971,502,800	1.25%
2023	2,667,025	68,733,793	1,251,635	(1,684,374)	70,968,079	5,713,823,300	1.24%
2024	3,114,067	78,780,505	1,194,372	(1,778,751)	81,310,193	6,489,122,900	1.25%
2025	3,073,692	79,063,939	1,366,733	(1,908,520)	81,595,844	6,565,154,062	1.24%
Nicollet							
2016	853,399	11,693,483	257,518	(257,824)	12,546,576	1,099,933,000	1.14%
2017	892,619	12,366,536	259,184	(314,983)	13,203,356	1,160,852,600	1.14%
2018	827,471	13,189,942	269,329	(313,969)	13,972,773	1,227,140,400	1.14%
2019	875,881	14,349,975	269,658	(319,666)	15,175,848	1,328,065,300	1.14%
2020	903,798	14,921,747	309,883	(362,059)	15,773,369	1,377,302,200	1.15%
2021	808,038	15,595,869	355,319	(464,654)	16,294,572	1,434,150,400	1.14%
2022	876,252	16,274,941	281,625	(392,673)	17,040,145	1,489,214,800	1.14%
2023	1,108,039	19,483,848	461,239	(494,636)	20,558,490	1,772,673,000	1.16%
2024	1,272,698	21,082,246	435,899	(574,437)	22,216,406	1,898,264,500	1.17%
2025	1,433,867	22,241,287	443,420	(246,129)	23,872,445	2,018,070,500	1.18%
Le Sueur							
2016	98,674	496,048	724	-	595,446	35,959,200	1.66%
2017	106,746	498,777	774	-	606,297	35,840,700	1.69%
2018	107,680	502,505	738	-	610,923	36,799,700	1.66%
2019	106,430	532,359	756	-	639,545	38,504,000	1.66%
2020	107,897	623,988	582	-	732,467	45,348,100	1.62%
2021	103,987	652,667	658	-	757,312	48,282,900	1.57%
2022	103,269	676,899	5,700	-	785,868	49,917,800	1.57%
2023	113,571	835,053	6,072	-	954,696	61,073,600	1.56%
2024	141,100	922,490	6,864	-	1,070,454	67,188,800	1.59%
2025	141,912	931,848	6,952	-	1,080,712	70,201,500	1.54%

Source: School Tax Report issued by the Minnesota Department of Education and Blue Earth, Nicollet, and Le Sueur Counties

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITY RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Taxing Body</u>	2015/2016 Tax Capacity Rates	2016/2017 Tax Capacity Rates	2017/2018 Tax Capacity Rates	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates
The District.....	24.200%	22.498%	22.320%	22.511%	21.807%
The District-Referendum Value.....	0.148	0.159	0.207	0.195	0.193
Blue Earth County.....	38.148	39.105	39.990	41.645	42.096
City of Mankato.....	43.624	43.727	43.823	43.956	44.062
City of North Mankato.....	53.606	52.485	52.124	50.950	49.668
City of Eagle Lake.....	38.487	38.439	32.545	33.400	34.790
City of Madison Lake.....	52.139	55.017	53.759	57.295	56.180
City of Skyline.....	24.423	23.659	22.492	19.868	17.560
Decoria Township.....	14.051	14.677	15.997	16.748	16.343
Jamestown Township.....	12.287	12.071	11.058	11.866	15.476
Judson Township.....	5.232	5.352	5.189	5.442	4.986
LeRay Township.....	19.534	19.368	18.302	20.607	19.634
Lime Township.....	12.028	11.083	10.801	10.526	11.863
Mankato Township.....	12.825	13.034	12.316	11.864	11.751
Rapidan Township.....	12.559	11.907	12.585	14.125	13.771
South Bend Township.....	17.812	16.630	17.410	22.355	35.418
Madison Lake Sanitation District.....	3.456	3.357	3.047	3.239	3.043
Jamestown Sanitation District.....	5.538	5.383	4.933	4.976	5.749
LeRay Sanitation District.....	3.456	3.357	3.047	3.239	3.043
Region 9.....	0.327	0.332	0.343	0.347	0.347
Le Sueur County.....	48.952	50.608	53.257	53.793	54.977
Kasota Township.....	5.076	4.980	4.746	3.810	3.589
Lake Washington Sanitation District.....	3.456	5.383	4.933	4.976	5.749
Waseca-Le Sueur Regional Library.....	1.695	1.733	1.781	1.791	1.776
Nicollet County.....	53.204	53.133	55.715	54.623	55.634
Belgrade Township.....	18.068	16.280	16.851	15.646	15.421
Nicollet Township.....	9.506	9.271	10.387	10.756	11.250
Oshawa Township.....	10.539	10.223	10.592	10.092	9.490
Nicollet Housing Redevelopment Authority.....	0.315	0.309	0.315	0.295	0.291

City of Mankato Residents

<u>Taxing Body</u>	2015/2016 Tax Capacity Rates	2016/2017 Tax Capacity Rates	2017/2018 Tax Capacity Rates	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates
The District.....	24.200%	22.498%	22.320%	22.511%	21.807%
The District-Referendum Value.....	0.148	0.159	0.207	0.195	0.193
Blue Earth County.....	38.148	39.105	39.990	41.645	42.096
City of Mankato.....	43.624	43.727	43.823	43.956	44.062
Region 9.....	0.162	0.167	0.167	0.177	0.172
Total.....	<u>106.134%</u>	<u>105.497%</u>	<u>106.300%</u>	<u>108.289%</u>	<u>108.137%</u>

Source: Blue Earth, Nicollet, & Le Sueur Counties, PMA Municipal Advisors

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITY RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Taxing Body</u>	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates	2023/2024 Tax Capacity Rates	2024/2025 Tax Capacity Rates
The District.....	21.503%	22.333%	19.714%	22.704%	22.442%
The District-Referendum Value.....	0.197	0.177	0.168	0.155	0.146
Blue Earth County.....	42.490	42.321	38.220	34.472	36.369
City of Mankato.....	44.040	44.077	44.077	38.127	39.513
City of North Mankato.....	48.827	47.833	44.028	45.816	46.605
City of Eagle Lake.....	36.756	37.472	36.932	35.231	41.668
City of Madison Lake.....	60.490	69.588	72.269	64.339	63.326
City of Skyline.....	16.688	16.222	14.441	16.188	16.730
Decoria Township.....	17.235	18.377	15.449	13.703	12.635
Jamestown Township.....	14.510	13.235	12.219	10.818	16.139
Judson Township.....	5.327	5.192	3.973	3.456	3.302
LeRay Township.....	19.784	18.321	15.157	14.487	14.346
Lime Township.....	11.508	10.959	9.541	9.665	9.559
Mankato Township.....	13.367	16.859	12.679	13.477	15.964
Rapidan Township.....	13.934	13.111	11.060	9.794	11.571
South Bend Township.....	36.025	36.735	31.407	30.275	30.084
Madison Lake Sanitation District.....	3.188	3.365	3.323	3.638	3.731
Jamestown Sanitation District.....	5.768	5.742	5.205	5.287	5.284
LeRay Sanitation District.....	3.188	3.365	3.323	3.638	3.865
Region 9.....	0.361	0.345	0.304	0.277	0.259
Le Sueur County.....	55.210	55.034	48.534	46.015	46.398
Kasota Township.....	5.233	6.158	5.385	5.430	5.353
Lake Washington Sanitation District.....	5.768	5.742	5.205	5.287	5.284
Waseca-Le Sueur Regional Library.....	1.742	1.730	1.535	1.353	1.378
Nicollet County.....	59.101	56.197	48.598	44.698	44.640
Belgrade Township.....	16.485	15.145	11.907	13.029	13.333
Nicollet Township.....	13.647	12.748	6.005	10.976	9.988
Oshawa Township.....	11.151	10.112	8.545	7.456	7.493
Nicollet Housing Redevelopment Authority.....	0.306	0.262	0.222	0.199	N/A

City of Mankato Residents

<u>Taxing Body</u>	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates	2023/2024 Tax Capacity Rates	2024/2025 Tax Capacity Rates
The District.....	21.503%	22.333%	19.714%	22.704%	22.442%
The District-Referendum Value.....	0.197	0.177	0.168	0.155	0.146
Blue Earth County.....	42.490	42.321	38.222	34.472	36.369
City of Mankato.....	44.040	44.077	41.882	38.127	39.513
Region 9.....	0.177	0.176	0.155	0.136	0.134
Total.....	108.210%	108.907%	99.973%	95.439%	98.458%

Source: Blue Earth, Nicollet, & Le Sueur Co

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2024			2015		
	Net Tax Capacity	Rank	Percent of Tax Capacity Value	Net Tax Capacity	Rank	Percent of Tax Capacity Value
Xcel Energy	\$ 1,072,588	1	1.65 %	\$ 1,168,138	1	3.00 %
Highland Hills of Mankato	906,016	2	1.39	386,107	4	0.99
BT Mankato Student Housing	790,287	3				
EWR Mankato Woodside LLC	777,236	4	1.21			
KB Mankato LLC	718,027	5	1.19			
River Hills Mall	614,762	6	1.10	1,062,056	2	2.73
Wal-Mart Stores, Inc.	533,486	7	0.94	422,930	3	1.09
Ringheim Family Limited Partnership	481,961	8	0.82			
Harvest States	476,502	9	0.74			
Monks Road Associates	453,766	10	0.73	265,534	9	0.68
Mankato Clinic	-		0.69	348,068	6	0.89
Archer-Daniels Midland	-		-	282,672	8	0.73
Inland Real Estate Corp	-		-	334,002	7	0.86
ISJ Mayo Health Systems	-		-	255,107	10	0.66
Mills Properties	-		-	359,676	5	0.92
	-		-			
Total	\$ 6,824,631		10.46 %	\$ 4,884,290		12.55 %

Source: Blue Earth County Administrative Services

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PROPERTY TAX LEVIES, COLLECTIONS,
AND RECEIVABLES
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized	
					Amount	Percentage of Levy
2016	\$ 22,162,352	\$ 53,784	\$ -	\$ 22,216,136	\$ 10,992,788	49.5 %
2017	22,806,352	53,784	-	22,860,136	11,672,271	51.1
2018	26,925,325	53,784	-	26,979,109	14,268,687	52.9
2019	27,730,616	53,784	-	27,784,400	13,937,264	50.2
2020	28,089,665	60,577	-	28,150,242	14,941,813	53.1
2021	28,954,969	53,784	-	29,008,753	15,219,538	52.5
2022	29,280,032	53,784	-	29,333,816	14,348,027	48.9
2023	30,820,348	44,346	-	30,864,694	16,389,952	53.1
2024	36,775,793	53,476	-	36,829,269	18,698,423	50.8
2025	36,458,009	53,784	-	36,511,793	18,883,890	51.7

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Note 3: Only a portion of the taxes levied for the most recent fiscal year is collected by June 30.

Source: State of Minnesota School Tax Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PROPERTY TAX LEVIES, COLLECTIONS,
AND RECEIVABLES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Received in Subsequent Years	Collections		Uncollected Taxes Receivable as of June 30, 2025			
	Total to Date		Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ 11,223,348	\$ 22,216,136	100.0 %	\$ -	- %	\$ -	- %
11,187,865	22,860,136	100.0	-	-	-	-
12,710,422	26,979,109	100.0	-	-	-	-
13,813,230	27,750,494	99.9	33,906	-	-	-
13,202,596	28,144,409	100.0	5,833	-	-	-
13,773,536	28,993,074	99.9	15,679	-	-	-
14,960,675	29,308,702	99.9	25,114	-	-	-
14,429,125	30,819,077	99.9	45,617	-	-	-
17,974,462	36,672,885	99.6	156,384	-	-	-
-	18,883,890	51.7	-	-	17,627,903	-
			<u>\$ 282,533</u>		<u>\$ 17,627,903</u>	

DEBT CAPACITY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Finance Purchase Payable	Lease Liability	Special Assessments				
2016	\$ 123,767,968	\$ 2,220,378	\$ -	\$ -	\$ 125,988,346	2.94 %	\$ 2,372	
2017	118,342,224	1,657,296	-	-	119,999,520	2.68	2,256	
2018	107,847,799	1,851,091	-	-	109,698,890	2.35	2,061	
2019	86,376,657	1,293,889	-	-	87,670,546	1.83	1,643	
2020	80,027,402	2,991,528	-	-	83,018,930	1.60	1,554	
2021	96,612,012 ^	2,096,156 ^	4,587,041	-	103,295,209	1.86	1,557	
2022	121,978,168	1,582,463	4,080,524	-	127,641,155	2.25	2,142	
2023	114,270,306	1,251,324	3,539,786	-	119,061,416	3.07	1,995	
2024	220,631,839	1,847,181	3,138,385	-	225,617,405	N/A	3,759	
2025	210,470,421	1,289,846	3,278,403	-	215,038,670	N/A	#DIV/0!	

^ GASB 87 was implemented as of 7/1/21, which resulted in a restatement of the categories of debt.
N/A - Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Source: Annual Comprehensive Financial Report, Bureau of Economic Analysis

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAX CAPACITY AND
NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimate Actual Market Value of Property (1)	Population	Net Bonded Debt per Capita
2016	\$ 123,767,968	\$ 21,950,173	\$ 101,817,795	\$ 61,752,810	164.88 %	1.98 %	53,122	\$ 1,917
2017	118,342,224	21,870,331	96,471,893	65,103,620	148.18	1.87	53,198	1,813
2018	107,847,799	16,679,230	91,168,569	69,463,965	131.25	1.66	53,223	1,713
2019	86,376,657	1,677,758	84,698,899	72,928,301	116.14	1.46	53,368	1,587
2020	80,027,402	2,030,129	77,997,273	75,437,950	103.39	2.06	53,423	1,460
2021	96,612,012	2,005,231	94,606,781	77,526,906	122.03	1.83	58,968	1,604
2022	121,978,168	2,004,373	119,973,795	79,991,165	149.98	1.86	59,588	2,013
2023	114,270,303	1,693,638	112,576,665	92,481,265	121.73	1.50	59,679	1,886
2024	220,631,839	2,126,027	218,505,812	104,597,053	208.90	2.61	60,017	3,641
2025	198,450,000	2,879,680	195,570,320	106,549,001	183.55	2.28	60,017	3,259

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

Governmental Unit	2024/25 Taxable Net Tax Capacity	Bonded Debt ¹	Percent Allocable to ISD No. 77	Portion Allocable to ISD No. 77
Independent School District No. 77	\$ 106,549,001	\$ 198,450,000	100.00 %	\$ 198,450,000
Overlapping Debt				
Blue Earth County	131,370,090	12,350,000	62.11	7,670,585
Le Sueur County	60,836,965	39,170,000	1.78	697,226
Nicollet County	63,701,397	7,205,000	37.22	2,681,701
City of Mankato	63,440,213	80,775,354	100.00	80,775,354
City of North Mankato	20,388,713	30,074,600	100.00	30,074,600
City of Eagle Lake	3,088,789	4,117,000	100.00	4,117,000
City of Madison Lake	1,985,589	7,106,694	93.60	6,651,866
City of Skyline	418,433	2,045,000	100.00	2,045,000
LeRay Township	3,218,231	566,752	30.68	173,880
Mankato Township	4,596,171	39,000	87.55	34,145
Rapidan Township	2,808,679	240,000	9.41	22,584
South Bend Township	2,896,772	100,000	77.72	77,720
Lake Washington Sanitation District	5,033,351	2,650,000	17.78	471,170
Total Overlapping Debt				<u>135,492,830</u>
Total Direct and Overlapping Debt				<u><u>\$ 333,942,830</u></u>

1) Does not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

2) The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in Overlapping Debt.

Source: Official Statements obtained on EMMA

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 757,425,120	\$ 795,174,405	\$ 850,699,305	\$ 895,991,550	\$ 933,611,055
Total Net Debt Applicable to Limit	<u>117,427,968</u>	<u>112,712,224</u>	<u>107,847,799</u>	<u>86,376,657</u>	<u>80,027,402</u>
Legal Debt Margin	<u>\$ 639,997,152</u>	<u>\$ 682,462,181</u>	<u>\$ 742,851,506</u>	<u>\$ 809,614,893</u>	<u>\$ 853,583,653</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.50%	14.17%	12.68%	9.64%	8.57%

Note 1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Annual Comprehensive Financial Report and Minnesota Department of Education Levy Limitation and Certification Reports

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt Limit	\$ 962,119,748	\$ 1,000,441,973	\$ 1,172,605,672	\$ 1,325,755,935	\$ 1,349,496,179
Total Net Debt Applicable to Limit	<u>96,612,012</u>	<u>121,978,168</u>	<u>114,270,303</u>	<u>211,805,303</u>	<u>210,508,967</u>
Legal Debt Margin	<u>\$ 865,507,736</u>	<u>\$ 878,463,805</u>	<u>\$ 1,058,335,369</u>	<u>\$ 1,113,950,632</u>	<u>\$ 1,138,987,212</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.04%	12.19%	9.74%	15.98%	15.60%

Note 1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Independent Auditor's Report and Minnesota Department of Education Levy Limitation and Certification Reports

DEMOGRAPHIC AND ECONOMIC INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (1)	Per Capita Personal Income (1)	Total ISD No. 77 Population (1)	School Enrollment (2)	City of Mankato Unemployment Rate (1)
2016	41,727	\$ 4,289,810,000	\$ 39,212	53,122	8,141	2.7 %
2017	42,799	4,469,283,000	40,484	53,198	8,483	2.4
2018	42,986	4,675,851,000	43,165	53,223	8,571	2.4
2019	43,567	4,797,688,000	44,076	53,368	8,656	2.3
2020	44,389	5,193,859,000	44,713	53,423	8,809	3.4
2021	44,693	5,547,724,000	50,183	58,968	8,505	3.4
2022	45,140	5,675,775,000	56,274	59,588	8,363	1.9
2023	45,428	3,867,129,656	56,772	59,679	8,143	2.2
2024	45,742	n/a	61,726	60,017	7,995	2.1
2025	n/a	n/a	n/a	n/a	7,890	na

n/a - Not Available

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

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) City of Mankato Comprehensive Annual Financial Report for the year ended December 31, 2024
- (2) City of North Mankato Comprehensive Annual Report for the year ended December 31, 2024
- (3) ISD No. 77 - average daily membership (for students served or tuition paid)
- (4) Bureau of Economic Analysis

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2024			2015		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Minnesota State University, Mankato	1,600	1	6.01 %	1,700	2	6.79 %
Immanuel St. Joseph's - Mayo Health System	1,300	2	4.88	2,200	1	8.78
Independent School District 77	1,200	3	4.50	1,400	3	5.59
Walmart Distribution Center	494	4	1.85	-	-	-
Mankato Clinic	425	5	1.60	713	4	2.85
MRCI Industrial Operation	375	6	1.41	440	7	1.76
Blue Earth County	365	7	1.37	450	6	1.80
Johnson Outdoors-Minnkota	329	8	1.23	-	-	-
MTU Onsite Energy	300	9	1.13	380	8	1.52
City of Mankato	291	10	1.09	352	10	1.41
Verizon Wireless	-	-	-	540	5	2.16
Monarch Healthcare Management	-	-	-	357	9	1.43
Total	6,679		25.07 %	8,532		34.09 %

Source: State Department of Commerce.

OPERATING INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
EMPLOYEES BY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Employees	Fiscal Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Principals	18	20	20	20	21	21	21	21	19	22
Non-Affiliated	72	81	84	86	92	94	92	87	91	98
Teachers	636	659	687	707	732	722	688	665	646	647
Clerical	72	75	73	74	69	68	63	64	55	56
Paraprofessionals	325	327	330	323	329	299	264	264	254	246
Community Education	299	294	296	284	223	229	221	239	124	103
Food Service	46	51	49	51	51	49	49	51	51	53
Custodians	72	78	79	76	78	79	74	77	79	81
Total	1,540	1,585	1,618	1,621	1,595	1,561	1,472	1,468	1,319	1,306

Note 1: This schedule is a headcount based on contract group. If an employee has multiple contract groups, they are reflected multiple times. Full and part-time employees count the same.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STANDARDIZED TESTING
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Standardized Tests											
MCA Reading (See Note 1)						(see note 2)					
Grade 3	70.0 %	69.7 %	64.1 %	60.9 %			57.3 %	55.2 %	55.2 %	53.8 %	54.3 %
Grade 5	73.0	77.7	73.9	72.0			60.9	68.1	71.3	63.0	65.3
Grade 7	65.0	61.2	59.2	58.0			49.8	43.0	43.8	48.0	49.1
Grade 10	64.0	64.0	59.0	67.1			63.6	63.5	64.5	62.7	51.6
MCA Math (See Note 1)						(see note 2)					
Grade 3	82.0	77.6	70.8	72.6			66.0	67.5	69.9	69.4	68.9
Grade 5	66.0	65.7	66.4	60.6			45.3	54.4	62.5	59.2	61.8
Grade 7	68.0	60.6	58.8	53.4			40.8	35.4	35.5	42.8	45.0
Grade 11	49.0	54.4	45.1	42.8			38.9	34.4	37.2	37.3	33.1
ACT											
Independent School District No. 77											
Average Composite Score	21.9	21.9	22.2	21.8	20.9	20.3	21.2	20.2	20.0		n/a
State Average Composite Score (1)	21.1	21.5	21.3	21.4	21.3	21.6	21.0	20.8	21.0		n/a

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

(1) - Per ESSA School districts must offer a college and career readiness assessment, however the state no longer mandates ACT. State Average Composite Scores are available through MN Office of Higher Education.

(2) - Due to COVID-19 Pandemic, MCA and ACT testing did not occur in the 2019-2020 school year.

Source: MDE Report Card and State of Minnesota website

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL LUNCH PROGRAM DATA
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Average Daily Attendance (1)</u>	<u>Total Lunches Served</u>	<u>Days</u>	<u>Average Daily Participation</u>	<u>Participation as a Percent of Average Daily Attendance</u>
2016	7,591	1,046,680	173	6,050	79.70
2017	7,878	1,079,392	174	6,203	78.74
2018	7,969	1,042,464	173	6,026	75.62
2019	7,998	1,022,036	171	5,977	74.73
2020 (2)	8,164	895,859	116	7,723	94.60
2021	7,933	720,773	173	4,166	52.52
2022	7,861	442,345	171	2,587	32.91
2023	7,673	884,206	169	5,232	68.19
2024	7,515	910,199	175	5,201	69.21
2025	7,417	925,778	175	5,290	71.32

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94% of enrollment.

(2) Due to COVID-19 Pandemic, School Lunch Program Data is through March 13th, 2020, at which time ISD77 went fully virtual learning and meal service operations transitioned to the Summer Food Service Program.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL LUNCH PROGRAM DATA (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Free Lunch		Reduced Lunch	
	Number Served	Percent of Total	Number Served	Percent of Total
2016	396,433	37.88	81,996	7.83
2017	397,954	36.87	81,996	7.60
2018	383,711	36.81	84,649	8.12
2019	366,270	35.84	80,730	7.90
2020 (2)	406,007	45.32	54,792	6.12
2021	720,773	100.00	-	-
2022	442,345	100.00	-	-
2023	361,322	40.86	61,045	6.90
2024	338,280	37.17	60,716	6.67
2025	925,778	100.00	-	-

- (1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94% of enrollment.
- (2) Due to COVID-19 Pandemic, School Lunch Program Data is through March 13th, 2020, at which time ISD77 went fully virtual learning and meal service operations transitioned to the Summer Food Service Program.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STUDENT ENROLLMENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2016	230	582	3,924	3,405	8,141	8,822
2017	247	556	4,095	3,585	8,483	9,200
2018	260	559	4,138	3,614	8,571	9,294
2019	275	557	4,142	3,682	8,656	9,393
2020	277	549	4,135	3,848	8,809	9,579
2021	224	510	3,880	3,891	8,505	9,284
2022	222	517	3,706	3,918	8,363	9,147
2023	237	476	3,583	3,869	8,165	8,938
2024	134	535	3,563	3,763	7,995	8,748
2025	155	515	3,478	3,742	7,890	8,638

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

Note 2: Beginning in fiscal 2004, ADM is limited to 1.0 ADM per student.

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

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2011 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal 2015 through 2025	1.000	1.000	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
EXPENDITURES PER STUDENT
(UNAUDITED)**

	<u>State Average 2024</u>	<u>ISD No. 77 2024</u>
Expenditures Per Student (ADM) (1)		
General Fund:		
District Level Administration	\$ 848	\$ 372
School Level Administration	596	553
Regular Instruction	6,524	5,945
Career and Technical Instruction	224	259
Special Education	3,187	3,239
Student Activities/Athletics	447	431
Instructional Support Services	842	618
Pupil Support Services	612	697
Operations, Maintenance, and Other	1,179	1,058
Student Transportation	1,101	775
Capital Expenditures	<u>1,090</u>	<u>932</u>
Total General Fund Expenditures	<u>\$ 16,650</u>	<u>\$ 14,879</u>
ADM Used Per Profile Model Format		<u>\$ 8,165</u>

(1) Average daily membership (ADM) is a measure of student attendance.

Source: Minnesota Department of Education School District Profiles Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL FACILITIES
(UNAUDITED)**

<u>Facility</u>	<u>Use</u>	<u>Constructed</u>	<u>Acres</u>	<u>Square Footage</u>	<u>Capacity</u>	<u>Enrollment (1)</u>
East High School	School	1973/2017	51.00	333,300	1,555	1,268
West High School	School	1950/1951/1958/1975/2014	23.00	286,270	1,300	1,158
Dakota Meadows Middle School	School	1993/2015	39.00	154,487	1,000	848
Prairie Winds Middle School	School	2016	65.00	185,374	1,200	877
Eagle Lake Elementary	School	1964/1993/2005/2010	12.00	63,595	396	274
Franklin Elementary	School	1927/1958	6.10	105,000	710	396
Bridges Elementary	School	1953	4.30	60,000	280	251
Hoover Elementary	School	1964/1966/1974/2006	12.00	66,700	484	458
Jefferson Elementary	School	1961/2017	8.10	40,416	264	189
Kennedy Elementary	School	1965/1971/2004	20.00	66,700	484	348
Monroe Elementary	School	1958/2006/2011	8.50	64,950	484	374
Roosevelt Elementary	School	1927/1954	3.00	52,000	352	303
Rosa Parks Elementary	School	2010	38.50	105,000	528	429
Washington Elementary	School	1954/1962/2006	10.00	68,226	396	376
Lincoln Community Center	School	1921/1960	3.00	85,000	140	86
Futures/Sun Program	School	N/A	N/A	15,000	40	54
Early Childhood Center	School	N/A	N/A	8,000	N/A	100
Center for Learning	School	1978	10.37	75,680	1,802	71

N/A - Not Available

(1) Source: 2024-25 MN Department of Education School ADM Served Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF INSURANCE COVERAGE
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$657,662,987
Property In Transit and Off Premise	500,000
Builders Risk/Shop Class	100,000
Business Income	2,000,000
Crime Coverage:	
Employee Dishonesty	200,000
Forgery or Alteration	10,000
Theft of Money and Securities - Inside the Premises	10,000
Theft of Money and Securities - Outside the Premises	10,000
Inland Marine:	
Camera/Audio Equipment	693,192
Musical Instruments	574,864
Band/Athletic Equipment and Uniforms	100,000
John Deere Golf Cart	3,000
John Deere Tractor 6110R	100,000
John Deere Loader 620R	15,000
John Deere Tractor 3046	36,300
John Deere Tractor 1575	30,400
Frontier Mower	19,200
Frontier Mower	19,200
John Deere Snowblower 359	6,500
John Deere Rotary Broom	5,400
John Deere Snowblower 60"	4,650
John Deere Mower	4,400
John Deere Tractor 5125R	120,000
John Deere Tractor 540R	9,100
West High School Sign	16,378
East High School Sign	16,378
Polaris Rager 2022	15,000
JD 5125 Tractor	115,000
JD 540M Loader	8,600
General Liability Coverages:	
General:	
Each Occurrence	1,000,000
General Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person	10,000
Damage to Premises Rented to You	500,000
Products/Completed Operations Aggregate	2,000,000
Personal and Advertising Injury	1,000,000
Employee Benefits Liability:	
General:	
Employee Benefit Each Claim	1,000,000
Employee Benefit Aggregate Limit	2,000,000
Umbrella Liability:	
Each Occurrence	1,000,000
Personal and Advertising Injury	1,000,000
Aggregate	1,000,000
Business Automobile Liability Coverage:	
Bodily Injury and Property Damage	1,000,000
Personal Injury Protection	20,000/Basic
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Collision	500
Comprehensive	250
Hired and Nonowned Automobile	1,000,000
School Leaders Liability:	
Each Loss	1,000,000
Each Claimant	1,000,000
Aggregate for Each Policy Period	2,000,000
Cyber Risk Liability	
Policy Aggregate Limit of Liability	3,000,000