

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

INDEPENDENT SCHOOL DISTRICT NO. 621
MOUNDS VIEW PUBLIC SCHOOLS
SHOREVIEW, MINNESOTA



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ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

INDEPENDENT SCHOOL DISTRICT NO. 621
MOUNDS VIEW PUBLIC SCHOOLS

4570 Victoria Street North
Shoreview, MN 55126

Prepared by:
Finance Department

Director of Finance
Paula Steele

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INDEPENDENT SCHOOL DISTRICT NO. 621

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INTRODUCTORY SECTION

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December 23, 2025

To the School Board, Employees, and Citizens of Mounds View Public Schools:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 621, Mounds View Public Schools (the District) is hereby submitted for the fiscal year ended June 30, 2025. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America.

LB Carlson, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2025. The Independent Auditor's Report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) allows the District to explain, in general terms, its financial position and results of operations of the past fiscal year.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of School Board members and administration personnel, an organizational chart, and the Certificate of Excellence in Financial Reporting. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information, notes to required supplementary information, and the combining and individual fund statements and schedules presented as supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all funds of the District (primary government). Component units are legally separate entities for which the District is financially accountable. There are no organizations considered to be component units of the District.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic programs, special education programs, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with classes for lifelong learning experiences for children and adults.

The District is located in Ramsey County and serves the cities of Arden Hills, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, and Vadnais Heights. It encompasses 42.64 square miles, with a resident population of 82,015.

During 2024–2025, the District operated 15 buildings, including 2 high schools, 3 middle schools, 6 elementary schools, 2 education centers, 1 early childhood center, and 1 district center. The average age of the District's buildings is approximately 60 years. To accommodate future needs, the District purchased an existing building, the Lexington Education Center, located at 3490 Lexington Avenue, Shoreview, on June 9, 2025. The building has 56,344 square feet and includes a gymnasium and cafeteria, bringing the total number of buildings owned by the District to 16.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District had an actual Pre-K–12 student enrollment of 11,330 for the 2024–2025 school year. Driven by the expansion of open enrollment, student enrollment is projected to increase slightly over the next four years. To facilitate this, the School Board approved nonresident K–5 enrollment options for the 2024–2025 school year. These options are subject to adjustments at specific grade levels, schools, and programs to ensure additional students can be accommodated while maintaining class sizes within the School Board-approved limits.

The various communities that comprise the District are diverse, independent, and nearly fully-developed. The District is seeing development in some pockets of its boundaries. The market values of property within the District have continued to increase over the past 10 years.

According to data from the Bureau of Economic Analysis, the per capita personal income in 2023 for the county was \$69,310 as compared to \$72,557 for the state of Minnesota, and \$69,810 for the United States. Data for 2024 was not available at the time of publication.

According to the Bureau of Labor Statistics, the unemployment rate for Ramsey County continues to be lower than the national rates. In August 2025, the unemployment rate for Ramsey County was 3.6 percent, as compared to 3.6 percent for the state of Minnesota, and 4.3 percent for the United States.

MISSION STATEMENT AND STRATEGIC PLANNING

The following Strategic Plan Framework influenced the direction of the District in the 2024–2025 school year.

Mission Statement

The District will educate all learners through a broad range of programs that set high expectations and inspire outstanding achievement.

Vision

The District will create a learning system that is committed to and focused on high student achievement. This will be accomplished through a healthy, accountable, and balanced approach that integrates the key components of learning:

- Healthy Learning Climate
- Shared Leadership and Accountability
- High Student Achievement
- Essential Curriculum and Effective Instruction
- Meaningful Family and Community Partnerships
- Financial Oversight and Stewardship of Resources
- Continuous Improvement

Planning

A schoolhouse model best illustrates the goals, measures, and strategies that support our district’s vision. Each room of the schoolhouse represents an area of strategic planning that supports the mission and vision of the District and reflects School Board policy as well.



FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. Legal budgetary control is at the fund level. The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised quarterly during the fiscal year of its implementation.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

FINANCIAL PROSPECTS FOR FUTURE YEARS

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that the legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District has authority for a voter-approved operating referenda of \$1,735.41 per pupil. This authority, approved by voters in November 2019, includes an annual inflationary increase and is set to expire in the 2029–2030 fiscal year.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District, as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances. Two of these policies include:

1. The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District.
2. One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

“Based on an annual assessment of financial risk, the District's unassigned fund balance should remain within a recommended range of two–five months of General Fund expenditures. This range will provide the next budget cycle with a reserve that will be responsive to economic cycles and risk tolerance.”

This policy is used in all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International for their Certificate of Excellence in Financial Reporting Program. In order to be awarded a Certificate of Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized ACFR, which conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence in Financial Reporting is valid for a period of one year.

The District has received this award as the result of its initial submission for fiscal year 1998–1999 and all subsequent submissions on an annual basis through 2023–2024. We believe our current report conforms to Certificate of Excellence in Financial Reporting Program requirements of accuracy and thoroughness. The District intends to submit this report to the ASBO International Certificate of Excellence in Financial Reporting Program for consideration.

ACKNOWLEDGEMENTS

The preparation of this ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process. We would also like to express our appreciation to the School Board for its interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully Submitted,



Chris Lennox
Superintendent



Paula Steele
Director of Finance

INDEPENDENT SCHOOL DISTRICT NO. 621

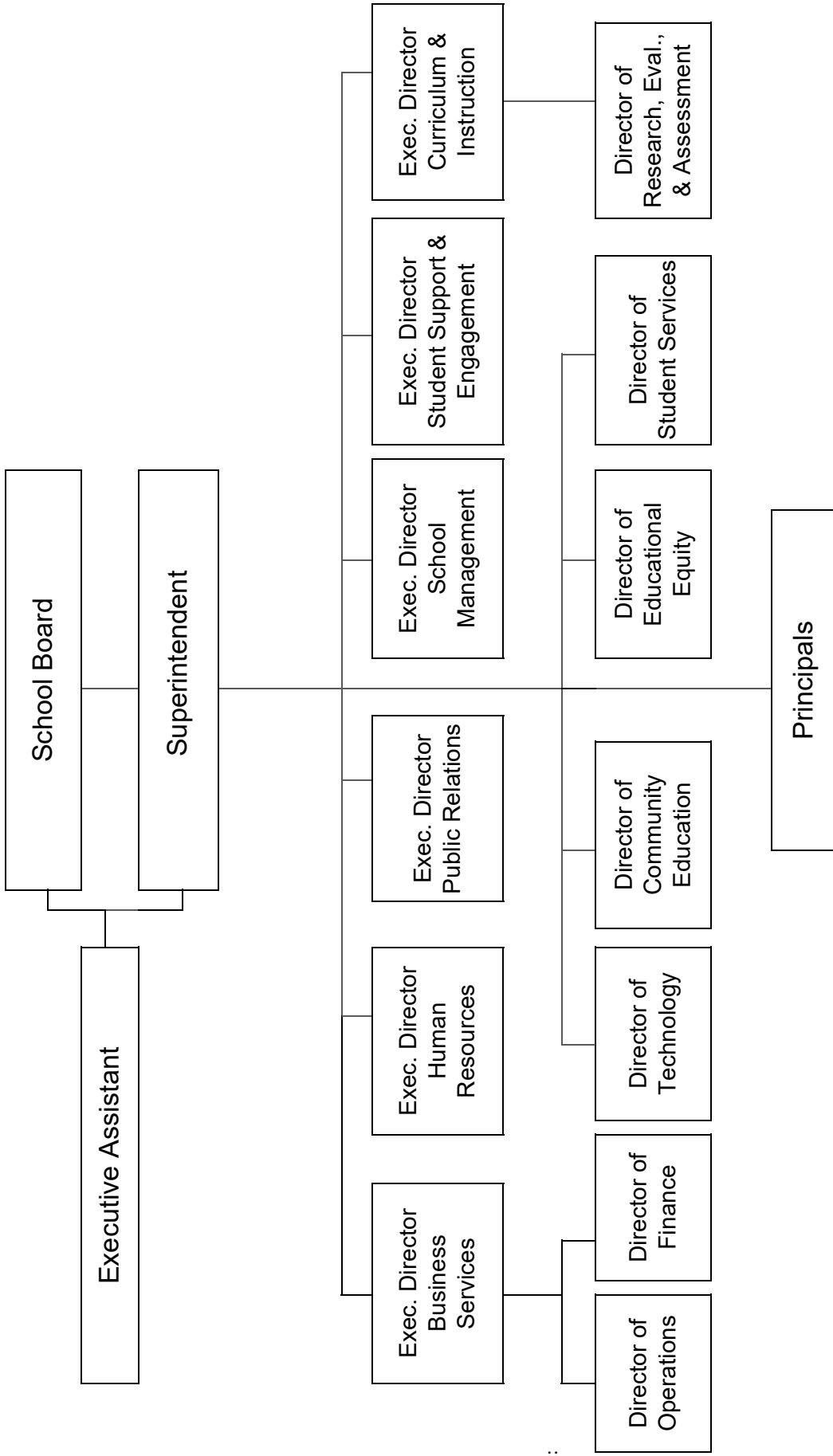
School Board and Administration
as of June 30, 2025

SCHOOL BOARD

<u>Name</u>	<u>Term on Board Expires</u>	<u>Board Position</u>
Diane Glasheen	January 5, 2026	Chairperson
Heidi Danielson	January 3, 2028	Vice Chairperson
Yolanda Magee	January 5, 2026	Clerk
Shauna Bock	January 5, 2026	Treasurer
Alissa Daire Nelson	January 3, 2028	Director
Jim DeMay	January 3, 2028	Director
Jonathan Weinhagen	January 3, 2028	Director

ADMINISTRATION

Chris Lennox	Superintendent
Julie Coffey	Executive Director of Human Resources
Colin Sokolowski	Executive Director of Public Relations
Darin Johnson	Executive Director of School Management
Jen Lodin	Executive Director of Student Support and Engagement
Angie Peschel	Executive Director of Curriculum and Instruction
Chris Paquette	Director of Operations
Paula Steele	Director of Finance
John Perry	Director of Technology
Karl Brown	Director of Community Education
Jason Knighton-Johnson	Director of Educational Equity
Stephanie Mars	Director of Student Services
Mary Stobb	Director of Research, Evaluation, and Assessment
Heather Schmidt	Nutrition Services Manager





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Independent School District #621 -
Mounds View Public Schools**

**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

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 621
Mounds View Public Schools
Shoreview, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 621, Mounds View Public Schools (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION


Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated November 4, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,


LB CARLSON, LLP
Minneapolis, Minnesota

December 23, 2025

INDEPENDENT SCHOOL DISTRICT NO. 621

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

This section of Independent School District No. 621, Mounds View Public Schools' (the District) annual comprehensive financial report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$33,470,901. The District's total net position decreased by \$9,080,650 during the fiscal year ended June 30, 2025.
- Government-wide revenues totaled \$243,707,264 and were \$6,894,469 more than expenses of \$236,812,795.
- The District adopted new accounting guidance for compensated absences in the current year, which decreased beginning net position by \$15,975,119. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1,199,371 from the prior year, compared to a budgeted decrease of \$4,549,022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following types of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 235,088,908	\$ 242,028,669
Capital assets, net of depreciation/amortization	<u>232,699,273</u>	<u>217,848,128</u>
Total assets	<u>\$ 467,788,181</u>	<u>\$ 459,876,797</u>
Deferred outflows of resources		
Pension plan deferments	\$ 25,505,884	\$ 25,838,511
OPEB plan deferments	<u>190,122</u>	<u>356,845</u>
Total deferred outflows of resources	<u>\$ 25,696,006</u>	<u>\$ 26,195,356</u>
Liabilities		
Current and other liabilities	\$ 33,741,884	\$ 31,433,612
Long-term liabilities, including due within one year	<u>326,643,332</u>	<u>336,895,301</u>
Total liabilities	<u>\$ 360,385,216</u>	<u>\$ 368,328,913</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 61,383,609	\$ 60,741,466
Lease revenue for subsequent year	2,628,250	-
Pension plan deferments	30,845,779	11,348,357
OPEB plan deferments	<u>4,770,432</u>	<u>3,101,866</u>
Total deferred inflows of resources	<u>\$ 99,628,070</u>	<u>\$ 75,191,689</u>
Net position		
Net investment in capital assets	\$ 42,694,299	\$ 44,708,127
Restricted	34,893,165	27,522,845
Unrestricted	<u>(44,116,563)</u>	<u>(29,679,421)</u>
Total net position	<u>\$ 33,470,901</u>	<u>\$ 42,551,551</u>

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

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being depreciated/amortized and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, debt service, food service, community service, other post-employment benefits (OPEB), and other state funding restrictions contributed to the change in this portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. Positive operations in the General Fund partially offset the decrease in unrestricted net position that was largely due to the change in accounting principle for compensated absences and the decrease in operations in the internal service funds.

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

Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2025 and 2024		
	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues		
Charges for services	\$ 9,282,213	\$ 7,004,404
Operating grants and contributions	55,048,937	52,722,578
Capital grants and contributions	1,300,648	1,504,651
General revenues		
Property taxes	64,896,967	60,120,420
General grants and aids	104,396,052	102,577,840
Other	8,782,447	10,925,001
Total revenues	<u>243,707,264</u>	<u>234,854,894</u>
Expenses		
Administration	7,678,796	6,983,189
District support services	7,666,068	7,053,025
Elementary and secondary regular instruction	93,034,863	79,456,906
Vocational education instruction	2,634,079	2,185,495
Special education instruction	37,915,811	32,142,285
Instructional support services	15,410,668	15,225,683
Pupil support services	24,872,378	22,964,023
Sites and buildings	23,015,031	19,290,920
Fiscal and other fixed cost programs	1,065,466	965,458
Food service	8,169,700	7,556,488
Community service	7,942,878	8,368,364
Interest and fiscal charges	7,407,057	8,020,289
Total expenses	<u>236,812,795</u>	<u>210,212,125</u>
Change in net position	6,894,469	24,642,769
Net position – beginning, as previously reported	42,551,551	17,908,782
Change in accounting principle	(15,975,119)	–
Net position – beginning, as restated	<u>26,576,432</u>	<u>17,908,782</u>
Net position – ending	<u>\$ 33,470,901</u>	<u>\$ 42,551,551</u>

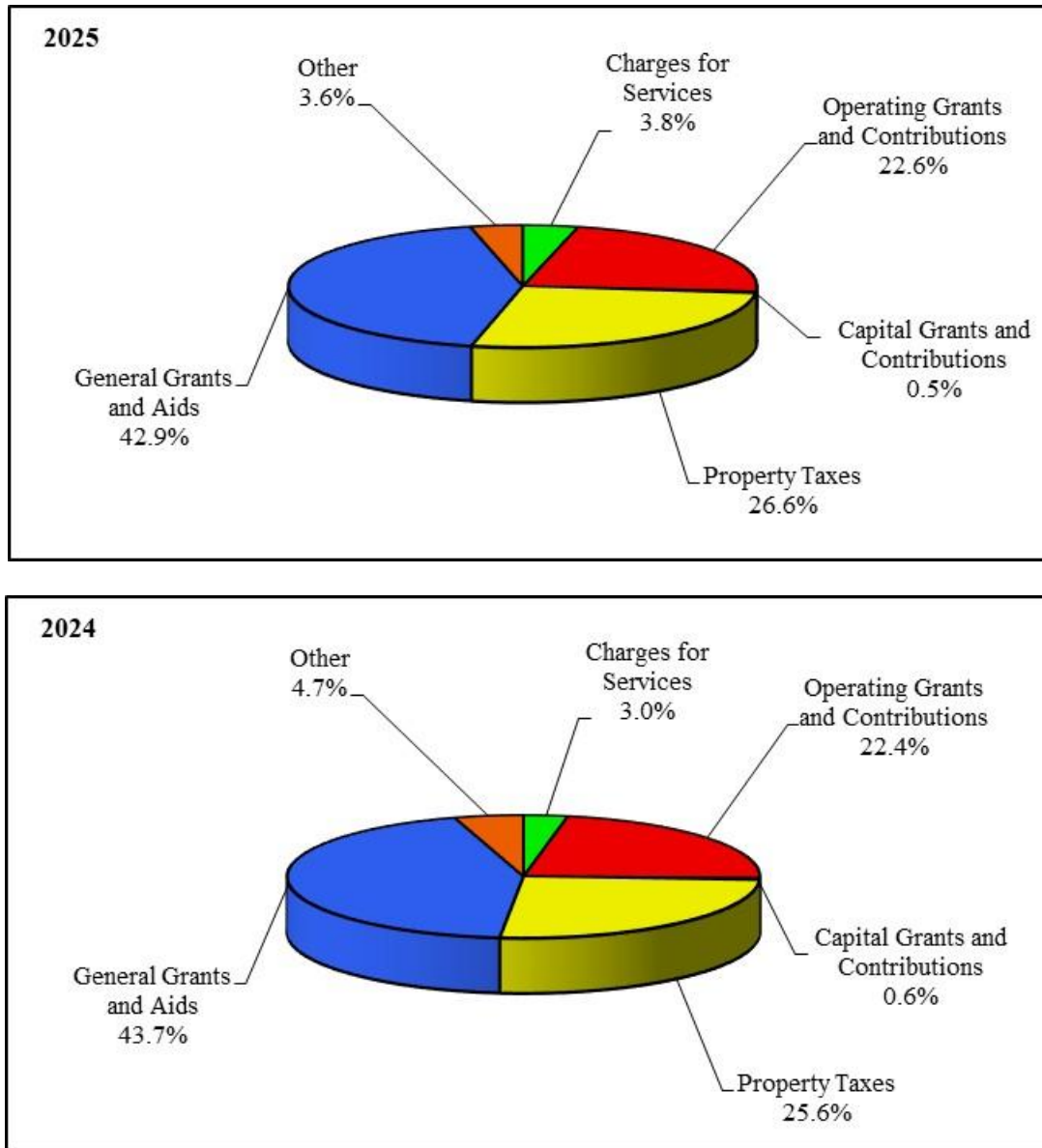
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

As seen above, total revenues for fiscal year 2025 were \$8,852,370 more than the prior year. The increase in the approved levy contributed to the change in property taxes. The District recognized more state funding for special education, contributing to the increase in operating grants and contributions. The increase in charges for services and decrease in other general revenues was due to a reclassification of program revenues in the current year.

Governmental activities expenses increased \$26,600,670 from last year, mainly due to changes in state-wide pension plans and natural inflationary increases.

Figure A shows further analysis of these revenue sources:

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

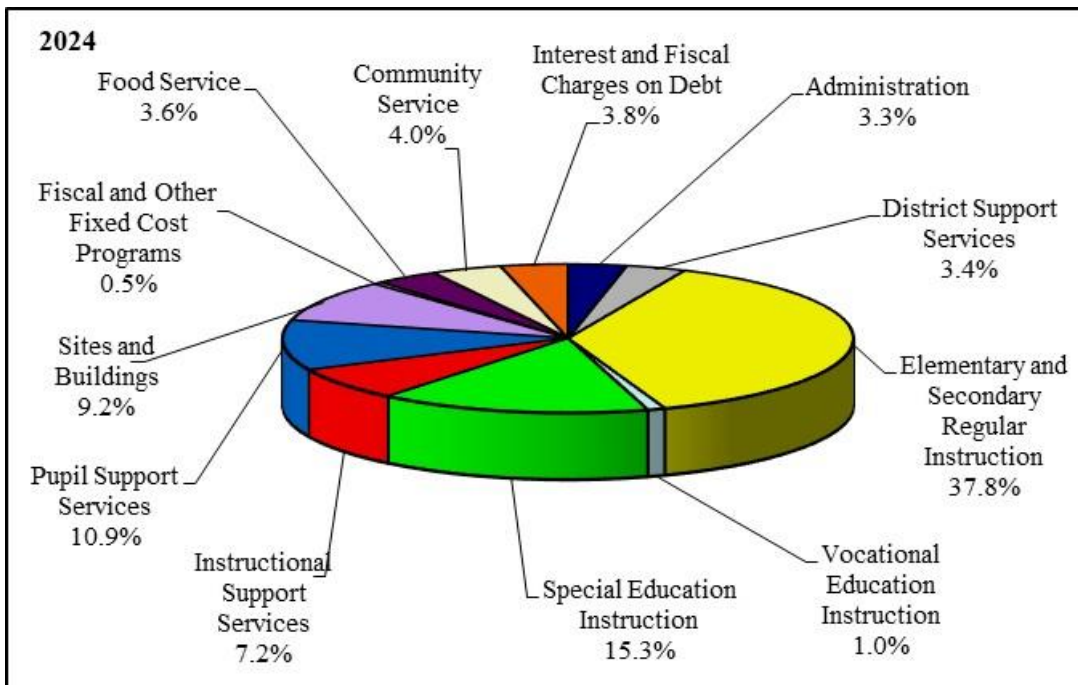
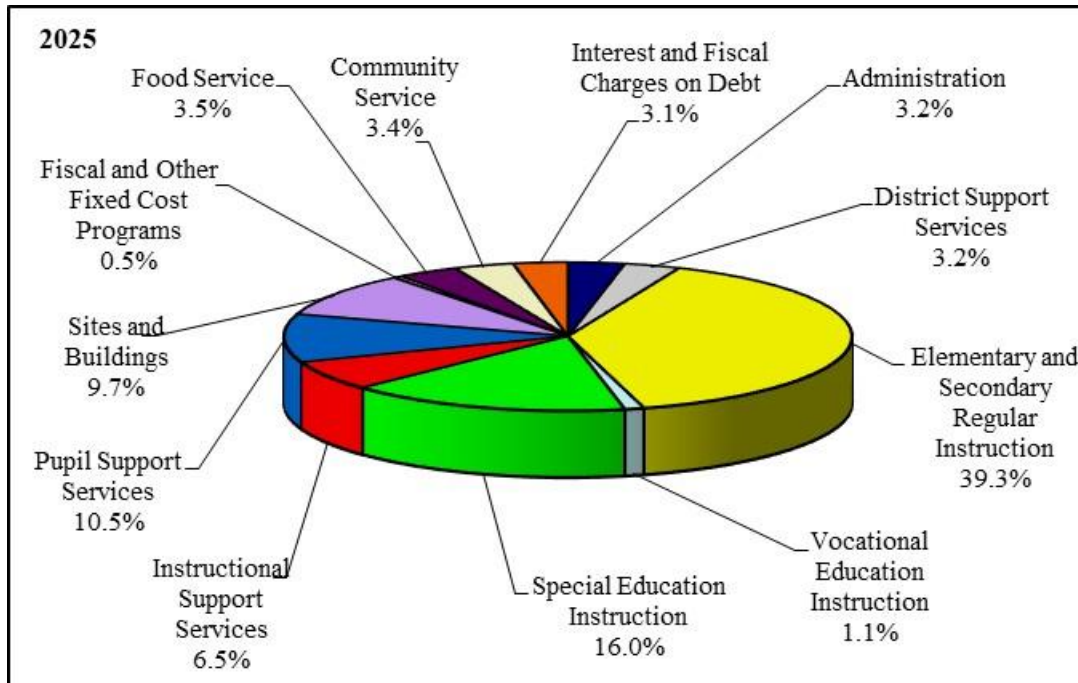


The largest share of the District’s revenue is received from the state, included within the general grants and aids and most of the operating grants and contributions.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2025 and 2024

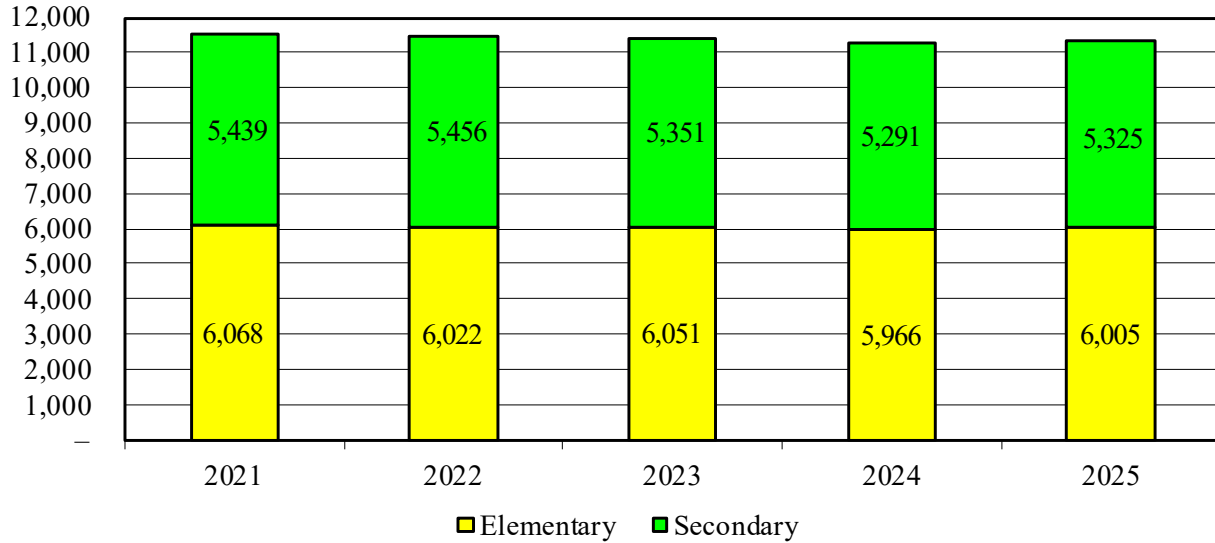


The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while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

ENROLLMENT

Enrollment is a critical factor in determining General Fund revenue. The following chart shows that the number of students attending the District slightly declined in the current year and prior year:

Figure C
Students (Average Daily Membership)



The District experienced an increase of 73 students in fiscal 2025, based on average daily membership, which is a combination of an increase of 39 elementary students and an increase of 34 secondary students.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Major funds			
General	\$ 64,277,950	\$ 63,078,579	\$ 1,199,371
Capital Projects – Building Construction	26,142,855	45,496,701	(19,353,846)
Debt Service	3,978,472	4,046,010	(67,538)
Nonmajor funds			
Food Service Special Revenue	8,253,757	7,333,606	920,151
Community Service Special Revenue	<u>7,420,816</u>	<u>5,773,013</u>	<u>1,647,803</u>
Total governmental funds	<u>\$ 110,073,850</u>	<u>\$ 125,727,909</u>	<u>\$ (15,654,059)</u>

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

At June 30, 2025, the District's governmental funds reported combined fund balances of \$110,073,850, a decrease of \$15,654,059 in comparison with the prior year. Approximately 32.1 percent of this amount, \$35,307,351, constitutes unassigned fund balance, which is available for spending at the District's discretion and meets the District's unassigned fund balance policy. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form – \$1,243,479, 2) restricted for particular purposes – \$51,569,492, or 3) assigned for particular purposes – \$21,953,528.

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 201,195,561</u>	<u>\$ 201,195,561</u>	<u>\$ -</u>	<u>-</u>
Expenditures	<u>\$ 205,744,583</u>	<u>\$ 205,744,583</u>	<u>\$ -</u>	<u>-</u>

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

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2025 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other financing sources	\$ 204,092,988	\$ 2,897,427	1.4%	\$ 10,376,765	5.4%
Expenditures	<u>202,893,617</u>	\$ (2,850,966)	(1.4%)	\$ 15,911,003	8.5%
Net change in fund balances	<u>\$ 1,199,371</u>				

The fund balance of the General Fund increased \$1,199,371, compared to a budgeted decrease of \$4,549,022.

General Fund revenues and other financing sources for 2025 increased \$10,376,765, or 5.4 percent, compared to the prior year, and were \$2,897,427, or 1.4 percent, over budget. Increases in general education and special education state aids and property tax revenues contributed to the overall increase in revenue. These increases were offset by a decrease in federal sources with the expiration of certain pandemic-related grants. The variance to budget was primarily in state sources, mainly in state special education aid. Property taxes were also over budget, due to conservative budgeting.

Current year expenditures of \$202,893,617 were \$2,850,966, or 1.4 percent, under budget. The expenditure variance was spread across several programs and object categories of the General Fund. The largest variances occurred in personnel spending in elementary and secondary regular instruction, due to conservative budgeting for staffing costs. Capital expenditures in district support services were under budget, mainly in lease costs that were anticipated in the budget, but did not occur.

Total General Fund expenditures for 2025 increased \$15,911,003, or 8.5 percent, over the prior year. Expenditure increases were mainly for salaries and benefits, due to contractual wage increases.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds. At June 30, 2025, the District had a fund balance of \$26,142,855 restricted for long-term facilities maintenance. Fund balance decreased \$19,353,846 during the year, due to the spend down of current year and prior year debt issues.

Debt Service Fund

Debt Service Fund expenditures exceeded revenues by \$67,538 in the current year, compared to a \$119,867 fund balance decrease anticipated in the budget. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$3,978,472 at June 30, 2025 is available for meeting future debt service obligations.

Internal Service Funds

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

Operating revenues for the internal service funds for fiscal 2025 totaled \$26,010,142. This is an increase from the fiscal year 2024 operating revenues level of \$24,768,559. Nonoperating revenues totaled \$698,318, which is a decrease from the fiscal year 2024 nonoperating revenues of \$728,320. Operating expenses totaled \$28,626,995, which represents an increase from fiscal year 2024 operating expenses of \$23,967,925, due to an increase in health and dental benefit claims.

The net position balance for all internal service funds as of June 30, 2025 was \$12,179,576, which represents a \$1,918,535 decrease from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

	2025	2024	Change
Land	\$ 4,617,881	\$ 4,617,881	\$ –
Construction in progress	22,244,318	3,970,143	18,274,175
Land improvements	12,723,487	12,679,688	43,799
Buildings	363,840,880	356,795,422	7,045,458
Buildings – leased	2,344,004	2,780,916	(436,912)
Furniture and equipment	20,343,612	21,096,836	(753,224)
Technology subscriptions	165,035	264,823	(99,788)
Less accumulated depreciation/amortization	<u>(193,579,944)</u>	<u>(184,357,581)</u>	<u>(9,222,363)</u>
Total	<u>\$ 232,699,273</u>	<u>\$ 217,848,128</u>	<u>\$ 14,851,145</u>
Depreciation/amortization expense	<u>\$ 11,830,947</u>	<u>\$ 12,232,281</u>	<u>\$ (401,334)</u>

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2025, consistent with the activity of the Capital Projects – Building Construction Fund, as discussed on the previous page.

Long-Term Liabilities

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

	2025	2024	Change
General obligation bonds payable	\$ 195,795,000	\$ 202,130,000	\$ (6,335,000)
Certificates of participation payable	5,720,000	–	5,720,000
Unamortized premium/discount	9,135,037	9,798,963	(663,926)
Finance purchase payable	3,778,291	4,020,965	(242,674)
Lease liability	1,652,650	2,148,211	(495,561)
Technology subscription liability	66,851	120,240	(53,389)
Arbitrage liability	–	418,323	(418,323)
Net/total pension liability	90,747,756	115,996,898	(25,249,142)
Compensated absences payable	<u>19,747,747</u>	<u>2,261,701</u>	<u>17,486,046</u>
Total	<u>\$ 326,643,332</u>	<u>\$ 336,895,301</u>	<u>\$ (10,251,969)</u>

The changes in general obligation bonds payable, certificates of participation payable, finance purchase payable, lease liability, technology subscription liability, and unamortized premium/discount in the table above, are primarily due to the scheduled principal payments and amortization, offset by the sale of certificates of participation in the current year. The difference in the net/total pension liability mainly reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans. The implementation of new Governmental Accounting Standards Board guidance for compensated absences, as previously discussed, increased compensated absences payable in the current year.

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

District’s market value	\$ 14,282,444,299
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,142,366,645</u>

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

FACTORS BEARING ON THE DISTRICT’S FUTURE

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

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

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Finance Department at Independent School District No. 621, Mounds View Public Schools, 4570 Victoria Street North, Shoreview, Minnesota 55126, or at www.moundsvIEWSchools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Governmental Activities	
	2025	2024
Assets		
Cash and temporary investments	\$ 153,224,352	\$ 169,308,586
Receivables		
Current taxes	34,877,727	34,404,912
Delinquent taxes	1,471,371	998,607
Accounts and interest	223,937	235,248
Due from other governmental units	22,867,448	20,438,808
Due from Post-Employment Benefits Trust Fund	1,627,416	2,031,774
Lease	2,628,250	–
Inventory	52,453	43,677
Prepaid items	1,191,026	1,419,830
Net OPEB asset	16,922,954	13,147,227
Restricted assets – temporarily restricted		
Cash and investments for future construction	1,974	–
Capital assets		
Not depreciated/amortized	26,862,199	8,588,024
Depreciated, net of accumulated depreciation/amortization	<u>205,837,074</u>	<u>209,260,104</u>
Total capital assets, net of accumulated depreciation/amortization	<u>232,699,273</u>	<u>217,848,128</u>
Total assets	467,788,181	459,876,797
Deferred outflows of resources		
Pension plan deferments	25,505,884	25,838,511
OPEB plan deferments	<u>190,122</u>	<u>356,845</u>
Total deferred outflows of resources	<u>25,696,006</u>	<u>26,195,356</u>
Total assets and deferred outflows of resources	<u>\$ 493,484,187</u>	<u>\$ 486,072,153</u>
Liabilities		
Salaries payable	\$ 13,755,465	\$ 12,462,556
Accounts and contracts payable	10,311,646	8,594,466
Accrued interest payable	3,413,118	4,207,813
Due to other governmental units	617,614	798,609
Unearned revenue	4,115,025	3,841,475
Claims incurred, but not reported	1,529,016	1,528,693
Long-term liabilities		
Due within one year	12,096,941	8,352,482
Due in more than one year	<u>314,546,391</u>	<u>328,542,819</u>
Total long-term liabilities	<u>326,643,332</u>	<u>336,895,301</u>
Total liabilities	360,385,216	368,328,913
Deferred inflows of resources		
Property taxes levied for subsequent year	61,383,609	60,741,466
Lease revenue for subsequent year	2,628,250	–
Pension plan deferments	30,845,779	11,348,357
OPEB plan deferments	<u>4,770,432</u>	<u>3,101,866</u>
Total deferred inflows of resources	<u>99,628,070</u>	<u>75,191,689</u>
Net position		
Net investment in capital assets	42,694,299	44,708,127
Restricted for		
Capital asset acquisition	2,193,189	2,121,187
Debt service	994,234	178,429
Food service	8,253,757	7,333,606
Community service	7,447,807	5,791,661
OPEB	12,342,644	10,402,206
Other purposes (state funding restrictions)	3,661,534	1,695,756
Unrestricted	<u>(44,116,563)</u>	<u>(29,679,421)</u>
Total net position	<u>33,470,901</u>	<u>42,551,551</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 493,484,187</u>	<u>\$ 486,072,153</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

Functions/Programs	2025				2024	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 7,678,796	\$ -	\$ -	\$ -	\$ (7,678,796)	\$ (6,983,189)
District support services	7,666,068	-	-	-	(7,666,068)	(7,053,025)
Elementary and secondary regular instruction	93,034,863	947,343	7,496,216	-	(84,591,304)	(71,044,262)
Vocational education instruction	2,634,079	-	-	-	(2,634,079)	(2,185,495)
Special education instruction	37,915,811	560,305	37,025,407	-	(330,099)	2,211,844
Instructional support services	15,410,668	192,659	-	-	(15,218,009)	(15,031,240)
Pupil support services	24,872,378	309,109	-	-	(24,563,269)	(22,645,078)
Sites and buildings	23,015,031	14,671	727,850	1,300,648	(20,971,862)	(16,963,877)
Fiscal and other fixed cost programs	1,065,466	-	-	-	(1,065,466)	(965,458)
Food service	8,169,700	687,793	8,420,165	-	938,258	1,515,565
Community service	7,942,878	6,570,333	1,379,299	-	6,754	(1,815,988)
Interest and fiscal charges	7,407,057	-	-	-	(7,407,057)	(8,020,289)
Total governmental activities	\$ 236,812,795	\$ 9,282,213	\$ 55,048,937	\$ 1,300,648	(171,180,997)	(148,980,492)
General revenues						
Taxes						
Property taxes, levied for general purposes				49,523,055	40,357,421	
Property taxes, levied for community service				1,091,645	1,046,719	
Property taxes, levied for debt service				14,282,267	18,716,280	
General grants and aids				104,396,052	102,577,840	
Other general revenues				1,760,558	3,390,072	
Investment earnings				7,021,889	7,534,929	
Total general revenues				<u>178,075,466</u>	<u>173,623,261</u>	
Change in net position				6,894,469	24,642,769	
Net position – beginning, as previously reported				42,551,551	17,908,782	
Change in accounting principle				(15,975,119)	-	
Net position – beginning, as restated				<u>26,576,432</u>	<u>17,908,782</u>	
Net position – ending				<u>\$ 33,470,901</u>	<u>\$ 42,551,551</u>	

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 78,063,674	\$ 30,858,309	\$ 10,688,022
Cash and investments held by trustee	1,974	–	–
Receivables			
Current taxes	26,371,395	–	7,900,561
Delinquent taxes	1,041,530	–	404,582
Accounts and interest	18,315	205,622	–
Due from other governmental units	21,740,378	–	73,874
Due from other funds	1,627,416	–	–
Lease	2,628,250	–	–
Inventory	–	–	–
Prepaid items	1,162,348	–	–
	<u>\$ 132,655,280</u>	<u>\$ 31,063,931</u>	<u>\$ 19,067,039</u>
Liabilities			
Salaries payable	\$ 13,377,842	\$ –	\$ –
Accounts and contracts payable	4,652,752	4,921,076	–
Due to other governmental units	617,614	–	–
Unearned revenue	384,942	–	–
Total liabilities	<u>19,033,150</u>	<u>4,921,076</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	45,599,898	–	14,659,687
Lease revenue for subsequent year	2,628,250	–	–
Unavailable revenue – delinquent taxes	1,116,032	–	428,880
Total deferred inflows of resources	<u>49,344,180</u>	<u>–</u>	<u>15,088,567</u>
Fund balances			
Nonspendable	1,162,348	–	–
Restricted	5,854,723	26,142,855	3,978,472
Assigned	21,953,528	–	–
Unassigned	35,307,351	–	–
Total fund balances	<u>64,277,950</u>	<u>26,142,855</u>	<u>3,978,472</u>
	<u>\$ 132,655,280</u>	<u>\$ 31,063,931</u>	<u>\$ 19,067,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 132,655,280</u>	<u>\$ 31,063,931</u>	<u>\$ 19,067,039</u>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 16,286,464	\$ 135,896,469	\$ 150,450,026
–	1,974	–
605,771	34,877,727	34,404,912
25,259	1,471,371	998,607
–	223,937	235,248
1,053,196	22,867,448	20,438,808
–	1,627,416	2,031,774
–	2,628,250	–
52,453	52,453	43,677
28,678	1,191,026	1,419,830
<u>\$ 18,051,821</u>	<u>\$ 200,838,071</u>	<u>\$ 210,022,882</u>
\$ 377,623	\$ 13,755,465	\$ 12,462,556
192,980	9,766,808	8,158,788
–	617,614	798,609
655,630	1,040,572	1,045,397
<u>1,226,233</u>	<u>25,180,459</u>	<u>22,465,350</u>
1,124,024	61,383,609	60,741,466
–	2,628,250	–
26,991	1,571,903	1,088,157
<u>1,151,015</u>	<u>65,583,762</u>	<u>61,829,623</u>
81,131	1,243,479	1,463,507
15,593,442	51,569,492	66,419,637
–	21,953,528	17,328,038
–	35,307,351	40,516,727
<u>15,674,573</u>	<u>110,073,850</u>	<u>125,727,909</u>
<u>\$ 18,051,821</u>	<u>\$ 200,838,071</u>	<u>\$ 210,022,882</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Total fund balances – governmental funds	\$ 110,073,850	\$ 125,727,909
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	426,279,217	402,205,709
Accumulated depreciation/amortization	(193,579,944)	(184,357,581)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(195,795,000)	(202,130,000)
Certificates of participation payable	(5,720,000)	–
Unamortized premium/discount	(9,135,037)	(9,798,963)
Finance purchase payable	(3,778,291)	(4,020,965)
Lease liability	(1,652,650)	(2,148,211)
Technology subscription liability	(66,851)	(120,240)
Arbitrage liability	–	(418,323)
Net/total pension liability	(90,747,756)	(115,996,898)
Compensated absences payable	(19,747,747)	(2,261,701)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.	16,922,954	13,147,227
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	12,179,576	14,098,111
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,413,118)	(4,207,813)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	25,505,884	25,838,511
Deferred outflows of resources – OPEB plan deferments	190,122	356,845
Deferred inflows of resources – pension plan deferments	(30,845,779)	(11,348,357)
Deferred inflows of resources – OPEB plan deferments	(4,770,432)	(3,101,866)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	1,571,903	1,088,157
Total net position – governmental activities	<u>\$ 33,470,901</u>	<u>\$ 42,551,551</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 49,136,300	\$ –	\$ 14,193,619
Investment earnings	3,341,078	2,006,572	334,952
Other	3,555,538	–	–
State sources	143,557,901	–	738,739
Federal sources	4,273,064	–	–
Total revenue	<u>203,863,881</u>	<u>2,006,572</u>	<u>15,267,310</u>
Expenditures			
Current			
Administration	7,685,011	–	–
District support services	7,211,503	–	–
Elementary and secondary regular instruction	84,187,914	–	–
Vocational education instruction	2,595,402	–	–
Special education instruction	37,744,216	–	–
Instructional support services	16,230,205	–	–
Pupil support services	24,798,585	–	–
Sites and buildings	19,938,956	–	–
Fiscal and other fixed cost programs	1,065,466	–	–
Food service	–	–	–
Community service	233,136	–	–
Capital outlay	–	27,229,779	–
Debt service			
Principal	770,358	–	6,335,000
Interest and fiscal charges	432,865	–	8,999,848
Total expenditures	<u>202,893,617</u>	<u>27,229,779</u>	<u>15,334,848</u>
Excess (deficiency) of revenue over expenditures	970,264	(25,223,207)	(67,538)
Other financing sources			
Debt issued	–	5,720,000	–
Premium on debt issued	–	149,361	–
Sale of capital assets	28,942	–	–
Insurance recovery	200,165	–	–
Total other financing sources	<u>229,107</u>	<u>5,869,361</u>	<u>–</u>
Net change in fund balances	1,199,371	(19,353,846)	(67,538)
Fund balances			
Beginning of year	<u>63,078,579</u>	<u>45,496,701</u>	<u>4,046,010</u>
End of year	<u>\$ 64,277,950</u>	<u>\$ 26,142,855</u>	<u>\$ 3,978,472</u>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 1,083,302	\$ 64,413,221	\$ 60,006,127
640,969	6,323,571	6,806,609
7,258,126	10,813,664	10,384,316
5,701,712	149,998,352	143,048,628
4,097,752	8,370,816	13,304,786
<u>18,781,861</u>	<u>239,919,624</u>	<u>233,550,466</u>
–	7,685,011	7,345,309
–	7,211,503	6,547,035
–	84,187,914	77,539,789
–	2,595,402	2,336,367
–	37,744,216	34,257,505
–	16,230,205	16,049,699
–	24,798,585	23,451,836
–	19,938,956	16,873,835
–	1,065,466	965,458
7,747,737	7,747,737	7,358,028
7,656,715	7,889,851	8,503,632
787,540	28,017,319	11,547,907
21,266	7,126,624	13,934,627
649	9,433,362	7,179,281
<u>16,213,907</u>	<u>261,672,151</u>	<u>233,890,308</u>
2,567,954	(21,752,527)	(339,842)
–	5,720,000	43,892,465
–	149,361	3,170,051
–	28,942	9,160
–	200,165	1,000
<u>–</u>	<u>6,098,468</u>	<u>47,072,676</u>
2,567,954	(15,654,059)	46,732,834
<u>13,106,619</u>	<u>125,727,909</u>	<u>78,995,075</u>
<u>\$ 15,674,573</u>	<u>\$ 110,073,850</u>	<u>\$ 125,727,909</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Total net change in fund balances – governmental funds	\$ (15,654,059)	\$ 46,732,834
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	26,682,092	11,143,195
Depreciation/amortization expense	(11,830,947)	(12,232,281)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	–	(3,140)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	–	(42,480,000)
Certificates of participation payable	(5,720,000)	–
Lease liability	–	(1,412,465)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	6,335,000	12,720,000
Finance purchase payable	242,674	234,976
Lease liability	495,561	921,179
Technology subscription liability	53,389	58,472
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	663,926	(2,269,573)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liability	418,323	(418,323)
Net/total pension liability	25,249,142	8,836,217
Compensated absences payable	(1,510,927)	(78,649)
The change in the net OPEB asset does not require the use of current financial resources and is not included in the change in fund balances.		
	3,775,727	2,545,898
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	794,695	(1,323,163)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	(1,918,535)	1,528,954
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(332,627)	(11,053,762)
Deferred outflows of resources – OPEB plan deferments	(166,723)	(166,729)
Deferred inflows of resources – pension plan deferments	(19,497,422)	12,546,114
Deferred inflows of resources – OPEB plan deferments	(1,668,566)	(1,301,278)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	483,746	114,293
Change in net position – governmental activities	<u>\$ 6,894,469</u>	<u>\$ 24,642,769</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 49,148,121	\$ 48,006,120	\$ 49,136,300	\$ 1,130,180
Investment earnings	900,000	3,078,675	3,341,078	262,403
Other	3,524,874	3,095,043	3,555,538	460,495
State sources	142,425,674	141,909,881	143,557,901	1,648,020
Federal sources	3,989,234	3,903,184	4,273,064	369,880
Total revenue	<u>199,987,903</u>	<u>199,992,903</u>	<u>203,863,881</u>	<u>3,870,978</u>
Expenditures				
Current				
Administration	7,838,252	7,848,703	7,685,011	(163,692)
District support services	8,385,587	8,792,932	7,211,503	(1,581,429)
Elementary and secondary regular instruction	85,848,995	87,738,412	84,187,914	(3,550,498)
Vocational education instruction	2,784,878	2,698,124	2,595,402	(102,722)
Special education instruction	36,740,013	35,991,659	37,744,216	1,752,557
Community service	233,135	—	233,136	233,136
Instructional support services	17,780,036	17,297,380	16,230,205	(1,067,175)
Pupil support services	23,180,834	23,560,163	24,798,585	1,238,422
Sites and buildings	20,663,892	19,528,249	19,938,956	410,707
Fiscal and other fixed cost programs	1,063,480	1,063,480	1,065,466	1,986
Debt service				
Principal	1,041,924	1,041,924	770,358	(271,566)
Interest and fiscal charges	183,557	183,557	432,865	249,308
Total expenditures	<u>205,744,583</u>	<u>205,744,583</u>	<u>202,893,617</u>	<u>(2,850,966)</u>
Excess (deficiency) of revenue over expenditures	(5,756,680)	(5,751,680)	970,264	6,721,944
Other financing sources				
Debt issued	1,202,658	1,202,658	—	(1,202,658)
Sale of capital assets	—	—	28,942	28,942
Insurance recovery	5,000	—	200,165	200,165
Total other financing sources	<u>1,207,658</u>	<u>1,202,658</u>	<u>229,107</u>	<u>(973,551)</u>
Net change in fund balances	<u>\$ (4,549,022)</u>	<u>\$ (4,549,022)</u>	1,199,371	<u>\$ 5,748,393</u>
Fund balances				
Beginning of year			<u>63,078,579</u>	
End of year			<u>\$ 64,277,950</u>	

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 17,327,883	\$ 18,858,560
Liabilities		
Current liabilities		
Claims payable	544,838	435,678
Claims incurred, but not reported	1,529,016	1,528,693
Unearned revenue	3,074,453	2,796,078
Total current liabilities	<u>5,148,307</u>	<u>4,760,449</u>
Net position		
Unrestricted	<u>\$ 12,179,576</u>	<u>\$ 14,098,111</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services	\$ 26,010,142	\$ 24,768,559
Operating expenses		
Dental benefit claims	1,560,844	1,520,096
Medical benefit claims	<u>27,066,151</u>	<u>22,447,829</u>
Total operating expenses	<u>28,626,995</u>	<u>23,967,925</u>
Operating income (loss)	(2,616,853)	800,634
Nonoperating revenue		
Investment earnings	<u>698,318</u>	<u>728,320</u>
Change in net position	(1,918,535)	1,528,954
Net position		
Beginning of year	<u>14,098,111</u>	<u>12,569,157</u>
End of year	<u>\$ 12,179,576</u>	<u>\$ 14,098,111</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2025

(With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Assessments from other funds and employee contributions	\$ 26,288,517	\$ 24,948,909
Payment for dental claims	(1,551,955)	(1,533,221)
Payment for medical claims	(26,965,557)	(22,715,284)
Net cash flows from operating activities	<u>(2,228,995)</u>	<u>700,404</u>
Cash flows from investing activities		
Investment income received	<u>698,318</u>	<u>728,320</u>
Net change in cash and cash equivalents	(1,530,677)	1,428,724
Cash and cash equivalents		
Beginning of year	<u>18,858,560</u>	<u>17,429,836</u>
End of year	<u>\$ 17,327,883</u>	<u>\$ 18,858,560</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (2,616,853)	\$ 800,634
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Claims payable	109,160	(303,957)
Claims incurred, but not reported	323	23,377
Unearned revenue	278,375	180,350
Total changes in assets and liabilities	<u>387,858</u>	<u>(100,230)</u>
Net cash flows from operating activities	<u>\$ (2,228,995)</u>	<u>\$ 700,404</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Fiduciary Net Position
Fiduciary Fund
as of June 30, 2025

	<u>Post-Employment Benefits Trust Fund</u>
Assets	
Investments, at fair value	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	\$ 4,616,843
Non-Retirement Equity Fund	17,405,069
Non-Retirement Bond Fund	<u>7,735,974</u>
Total assets	29,757,886
Liabilities	
Due to governmental funds	<u>1,627,416</u>
Net position	
Held in trust for OPEB benefits	<u><u>\$ 28,130,470</u></u>

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2025

	<u>Post-Employment Benefits Trust Fund</u>
Additions	
Investment earnings	\$ 3,003,430
Deductions	
Post-employment benefit costs	<u>1,627,416</u>
Change in net position	1,376,014
Net position	
Beginning of year	<u>26,754,456</u>
End of year	<u><u>\$ 28,130,470</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 621, Mounds View Public Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service funds are assessments to governmental funds for employee insurance and employee contributions toward coverage. Operating expenses for the District’s internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund OPEB for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Actual expenditures exceeded final appropriations in the current year by \$492,128 in the Food Service Special Revenue Fund, \$5,655,371 in the Capital Projects – Building Construction Fund, and \$200 in the Debt Service Fund. These variances were funded by revenues in excess of budget or available fund balance.

F. Cash and Investments

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,059,365 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Subscription-Based Information Technology Arrangements (SBITAs)

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

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

M. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

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

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

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

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

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

O. Compensated Absences Payable

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

Under the terms of collectively bargained contracts, eligible employees accrue vacation, sick, and other leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. The District's policy permits employees to accumulate earned but unused sick leave. Generally, all sick leave lapses when employees leave employment of the District and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances. The liability for compensated absences includes salary-related benefits, where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Severance

Severance benefits consist of lump sum retirement incentive payments based on convertible sick leave for the custodial, nutrition services, para-professionals, and principal groups. The District has phased out retirement incentive plans for its custodial and nutrition services groups. For this remaining liability, the amount of severance that is based on convertible sick leave is part of the liability for compensated absences and accrued in the financial statements as previously noted.

Q. State-Wide Pension Plans

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

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

R. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

S. Risk Management and Self-Insurance

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

The District makes premium payments that include both employer and employee contributions to the internal service fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2024	\$ 41,686	\$ 1,520,096	\$ 1,535,319	\$ 26,463
2025	\$ 26,463	\$ 1,560,844	\$ 1,556,231	\$ 31,076

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2024	\$ 1,463,630	\$ 22,447,829	\$ 22,409,229	\$ 1,502,230
2025	\$ 1,502,230	\$ 27,066,151	\$ 27,070,441	\$ 1,497,940

T. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Classifications

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

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

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

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

V. Use of Estimates

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

W. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements. Restricted assets are reported in the government-wide financial statements. In the fund financial statements these assets have been reported as “cash and investments held by trustee.”

X. Prior Period Comparative Financial Information/Reclassification

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Certain amounts necessary to fully restate fiscal year 2024 financial statements are not determinable; therefore, prior year comparative amounts have not been restated. Implementation of this new guidance resulted in a restatement of beginning net position for the cumulative effect of this change. In the government-wide financial statements, beginning net position was reduced by \$15,975,119. See Note 5 of the notes to basic financial statements for additional details on this change.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board.

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

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

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

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount and bank balance of the District's deposits was \$1,974.

B. Investments

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

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

C. Summary Data

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 153,224,352
Restricted assets – temporarily restricted	
Cash and investments for future construction	1,974
Statement of Fiduciary Net Position	
Investments, at fair value	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	4,616,843
Non-Retirement Equity Fund	17,405,069
Non-Retirement Bond Fund	<u>7,735,974</u>
Total cash and investments	<u>\$ 182,984,212</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District’s deposit and investment balances at June 30, 2025 and information relating to potential investment risks:

Investment Type	Credit Rating		Fair Value Measurement	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		No Maturity Date	Less Than 1	1 to 5	
	U.S. treasury securities	N/A		N/A	Level 1	\$ –	
U.S. agency securities	AA	S&P	Level 1	\$ –	\$ 8,637,400	\$ 3,345,141	\$ 11,982,541
Investment pools/mutual funds							
Minnesota State Board of Investment							
Non-Retirement Bond Fund	N/R	N/A	Amortized Cost	\$ 7,735,974	\$ –	\$ –	7,735,974
Non-Retirement Equity Fund	N/R	N/A	Amortized Cost	\$ 17,405,069	\$ –	\$ –	17,405,069
Non-Retirement Money Market Fund	N/R	N/A	Amortized Cost	\$ 4,616,843	\$ –	\$ –	4,616,843
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost	\$ 120,723,487	\$ –	\$ –	120,723,487
Morgan Stanley Institutional Liquidity Funds	AAA	Moody’s	Level 1	\$ 13,659,785	\$ –	\$ –	13,659,785
Total investments							182,979,643
Petty cash							2,595
Deposits							1,974
Total deposits and investments							<u>\$ 182,984,212</u>

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) and the Minnesota State Board of Investment (SBI) funds are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District’s investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. The District’s investments in the Minnesota State Board of Investment Funds are measured at fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions.

The District’s investment policy allows the District to invest within the various accounts of the Supplemental Investment Fund, as administered by the Minnesota SBI. Investments held in the external investment pools of the Supplemental Investment Fund are presented in the table above and in the Post-Employment Benefits Trust Fund in the Statement of Fiduciary Net Position.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

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

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Due from other governmental units				
Minnesota school districts	\$ 156,998	\$ –	\$ 763,544	\$ 920,542
MDE	17,054,525	73,874	220,644	17,349,043
Federal government through the MDE	3,580,768	–	69,008	3,649,776
Other governmental units	948,087	–	–	948,087
Total due from other governmental units	<u>\$ 21,740,378</u>	<u>\$ 73,874</u>	<u>\$ 1,053,196</u>	<u>\$ 22,867,448</u>

NOTE 4 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 4,617,881	\$ –	\$ –	\$ –	\$ 4,617,881
Construction in progress	3,970,143	19,274,047	–	(999,872)	22,244,318
Total capital assets, not depreciated/amortized	8,588,024	19,274,047	–	(999,872)	26,862,199
Capital assets, depreciated/amortized					
Land improvements	12,679,688	43,799	–	–	12,723,487
Buildings	356,795,422	6,045,586	–	999,872	363,840,880
Buildings – leased	2,780,916	–	(436,912)	–	2,344,004
Furniture and equipment	21,096,836	1,318,660	(2,071,884)	–	20,343,612
Technology subscriptions	264,823	–	(99,788)	–	165,035
Total capital assets, depreciated/amortized	393,617,685	7,408,045	(2,608,584)	999,872	399,417,018
Less accumulated depreciation/amortization for					
Land improvements	(8,306,673)	(405,262)	–	–	(8,711,935)
Buildings	(162,054,663)	(9,268,174)	–	–	(171,322,837)
Buildings – leased	(700,300)	(578,029)	436,912	–	(841,417)
Furniture and equipment	(13,163,405)	(1,513,212)	2,071,884	–	(12,604,733)
Technology subscriptions	(132,540)	(66,270)	99,788	–	(99,022)
Total accumulated depreciation/amortization	(184,357,581)	(11,830,947)	2,608,584	–	(193,579,944)
Net capital assets, depreciated/amortized	209,260,104	(4,422,902)	–	999,872	205,837,074
Total capital assets, net	\$ 217,848,128	\$ 14,851,145	\$ –	\$ –	\$ 232,699,273

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

District support services	\$ 712,783
Elementary and secondary regular instruction	9,066,738
Vocational education instruction	1,184
Special education instruction	2,057
Community service	17,148
Instructional support services	182,868
Pupil support services	17,292
Food service	196,052
Sites and buildings	1,634,825
Total depreciation/amortization expense	\$ 11,830,947

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
School building bonds				
2018A School Building Bonds	3.00%–5.00%	\$ 156,550,000	02/01/2026–02/01/2043	\$ 153,315,000
Facilities maintenance bonds				
2023A Facilities Maintenance Bonds	4.00%–5.00%	\$ 42,480,000	02/01/2026–02/01/2043	<u>42,480,000</u>
Total general obligation bonds				<u>\$ 195,795,000</u>

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

B. Certificates of Participation Payable

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

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
2025A Certificates of Participation	4.00%–5.00%	\$ 5,720,000	02/01/2027–02/01/2045	\$ 5,720,000

The District has issued certificates of participation under Minnesota Statutes to finance the purchase of an existing building to provide instruction services to students. Scheduled future ad valorem lease obligations tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

C. Finance Purchase Payable

The District purchased an office building through a 20-year finance purchase agreement. Annual principal and interest on this lease will be paid from the General Fund. The District currently has the following finance purchase payable outstanding:

Issue	Original Issue Amount	Interest Rate	Issue Date	Final Maturity	Principal Outstanding
District office building	\$ 5,700,000	3.25%	01/02/2017	01/02/2037	\$ 3,778,291

If the District fails to make the rental payments specified in the agreement or otherwise defaults on the debt, after 30 days written notice, the debtor may (1) charge interest of 6 percent per annum to be additional rent to be paid by the District on the next installment of rent or (2) reenter the premises, with reasonable notice, and dispossess the District and remove their effects, and take complete possession of the premises and either declare this debt forfeited and the term ended or elect to continue the agreement in full force and effect, but with the right at any time thereafter to declare this agreement forfeited and the term ended.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Lease Liability

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

The District currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Silverview – ABE and ALC building space	5.75%	04/15/2024	06/30/2029	\$ 1,174,195
CLT Twin Lakes	2.68%	11/01/2022	10/31/2027	478,455
Total lease liability				\$ 1,652,650

E. Subscription Liability

The District entered into agreements to finance the use of software, which calls for annual principal and interest payments through June 2027. These agreements are paid by the General and Food Service Special Revenue Funds. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements.

The District currently has the following subscription liability obligations outstanding:

Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
iBoss Secure Cloud Gateway	2.68%	07/01/2022	06/30/2027	\$ 66,851

F. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide multiple-employer – PERA	\$ 11,358,305	\$ 3,643,533	\$ 8,051,828	\$ 667,140
State-wide multiple-employer – TRA	74,803,067	20,809,160	22,511,241	6,648,481
Single-employer – District	4,586,384	1,053,191	282,710	272,433
Total	\$ 90,747,756	\$ 25,505,884	\$ 30,845,779	\$ 7,588,054

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

G. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Finance Purchase		Lease Liability		Technology Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 6,845,000	\$ 7,994,645	\$ –	\$ –	\$ 250,625	\$ 120,775	\$ 449,679	\$ 71,343	\$ 32,984	\$ 1,792
2027	8,605,000	7,652,395	45,000	414,801	258,837	112,563	490,125	50,638	33,867	907
2028	8,180,000	7,222,145	210,000	249,994	267,318	104,082	378,579	29,238	–	–
2029	8,590,000	6,813,145	220,000	239,494	276,076	95,324	334,267	10,502	–	–
2030	9,025,000	6,383,645	230,000	228,494	285,121	86,279	–	–	–	–
2031–2035	50,680,000	26,348,113	1,325,000	958,969	1,572,007	284,993	–	–	–	–
2036–2040	61,165,000	15,857,159	1,660,000	626,319	868,307	39,528	–	–	–	–
2041–2045	42,705,000	3,506,656	2,030,000	262,193	–	–	–	–	–	–
	<u>\$ 195,795,000</u>	<u>\$ 81,777,903</u>	<u>\$ 5,720,000</u>	<u>\$ 2,980,264</u>	<u>\$ 3,778,291</u>	<u>\$ 843,544</u>	<u>\$ 1,652,650</u>	<u>\$ 161,721</u>	<u>\$ 66,851</u>	<u>\$ 2,699</u>

H. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle (1)	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 202,130,000	\$ –	\$ –	\$ 6,335,000	\$ 195,795,000	\$ 6,845,000
Certificates of participation payable	–	–	5,720,000	–	5,720,000	–
Unamortized premium/discount	9,798,963	–	149,361	813,287	9,135,037	–
Finance purchase payable	4,020,965	–	–	242,674	3,778,291	250,625
Lease liability	2,148,211	–	–	495,561	1,652,650	449,679
Technology subscription liability	120,240	–	–	53,389	66,851	32,984
Arbitrage liability	418,323	–	–	418,323	–	–
Net/total pension liability	115,996,898	–	14,829,773	40,078,915	90,747,756	600,589
Compensated absences payable (2)	2,261,701	15,975,119	1,510,927	–	19,747,747	3,918,064
	<u>\$ 336,895,301</u>	<u>\$ 15,975,119</u>	<u>\$ 22,210,061</u>	<u>\$ 48,437,149</u>	<u>\$ 326,643,332</u>	<u>\$ 12,096,941</u>

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

(2) The change in compensated absences is presented net.

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at June 30, 2025 includes the District's net investment in capital assets calculated as follows:

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	\$ 26,862,199
Depreciated/amortized, net of accumulated depreciation/amortization	205,837,074
Less capital related long-term debt outstanding	(216,147,829)
Add debt adjustment for unspent debt proceeds	31,063,931
Less capital related accounts/contracts payable	<u>(4,921,076)</u>
Total net investment in capital assets	<u>\$ 42,694,299</u>

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

B. Governmental Fund Balance Classifications

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

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 52,453	\$ 52,453
Prepaid items	1,162,348	–	–	28,678	1,191,026
Total nonspendable	1,162,348	–	–	81,131	1,243,479
Restricted					
Scholarships	218,938	–	–	–	218,938
Literacy incentive aid	758,483	–	–	–	758,483
American Indian education aid	4	–	–	–	4
Operating capital	2,128,091	–	–	–	2,128,091
Learning and development	5,058	–	–	–	5,058
State-approved alternative programs	62,047	–	–	–	62,047
Quality compensation	313,483	–	–	–	313,483
Gifted and talented	113,886	–	–	–	113,886
Basic skills	237,813	–	–	–	237,813
Literacy aid	411,236	–	–	–	411,236
Teacher compensation for READ Act training	384,713	–	–	–	384,713
Long-term facilities maintenance	65,098	26,142,855	–	–	26,207,953
Medical Assistance	1,155,873	–	–	–	1,155,873
Community education	–	–	–	4,389,130	4,389,130
Early childhood family education	–	–	–	887,737	887,737
School readiness	–	–	–	1,790,819	1,790,819
Adult basic education	–	–	–	300,449	300,449
Community service	–	–	–	24,003	24,003
Food service	–	–	–	8,201,304	8,201,304
Debt service	–	–	3,978,472	–	3,978,472
Total restricted	5,854,723	26,142,855	3,978,472	15,593,442	51,569,492
Assigned					
School building carryover	1,017,540	–	–	–	1,017,540
Program initiative	337,620	–	–	–	337,620
Site improvement	5,000,000	–	–	–	5,000,000
Fee for service	2,500,000	–	–	–	2,500,000
Subsequent year budget deficit	10,562,380	–	–	–	10,562,380
Health insurance benefit increase	2,500,000	–	–	–	2,500,000
Staff development professional growth committee	35,988	–	–	–	35,988
Total assigned	21,953,528	–	–	–	21,953,528
Unassigned					
	35,307,351	–	–	–	35,307,351
Total	\$ 64,277,950	\$ 26,142,855	\$ 3,978,472	\$ 15,674,573	\$ 110,073,850

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

C. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states the unassigned fund balance should remain within a recommended range of two to five months of General Fund expenditures.

At June 30, 2025, unassigned fund balance in the General Fund represented 17.4 percent of annual expenditures, or approximately 2.1 months of operations assuming level spending throughout the year.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. The District has phased out various retirement incentive payment plans for its teachers and other employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements and hire dates. No employee can receive retirement incentive payments exceeding one year’s salary. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible teachers (with at least 15 years of continuous service, at least 50 years of age, and hired before January 24, 2000), the District pays the amount equal to 10 percent of a year’s salary for each full year of full-time service, but not to exceed a total of 1 year’s salary and is paid in 3 equal installments over 3 years. The teacher’s matching contribution to the tax deferred annuity plan offset this pension benefit.

Clerical Pension Benefits – For eligible employees (with at least 15 years of continuous service, at least 50 years of age, and hired before June 30, 2009), the District pays the amount representing 5 days of pay for each full year of full-time service, but not to exceed a total of 100 days’ pay and is paid in 2 equal annual installments over 2 years. The clerical employees’ matching contribution to the tax deferred annuity plan offset this pension benefit.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits. The District’s required contributions to finance these benefits on a pay-as-you-go basis for the current year were \$443,779.

C. Membership

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

Retirees and beneficiaries receiving benefits	16
Active plan members	<u>127</u>
Total members	<u><u>143</u></u>

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2024 with a roll forward to a measurement date as of June 30, 2025, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.90%
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table

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

E. Discount Rate

The discount rate used to measure the total pension liability was 4.90 percent. The District discount rate used in the prior measurement date was 4.10 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2024	\$ 3,824,874
Changes for the year	
Service cost	98,550
Interest	151,854
Assumption changes	(135,616)
Plan changes	(68,286)
Differences between expected and actual experience	1,158,787
Benefit payments	<u>(443,779)</u>
Total net changes	<u>761,510</u>
Ending balance – June 30, 2025	<u><u>\$ 4,586,384</u></u>

Plan changes since the prior measurement date include the following:

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$4,000 to \$4,200 per year after three years of service. The clerical employees' matching contributions increased from \$1,600 for two and three years of service and \$2,100 thereafter to \$2,500 upon hire. These match amounts are used as an offset to the pension benefits.

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.10 percent to 4.90 percent.

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	3.90%	4.90%	5.90%
Total pension liability	\$ 4,755,876	\$ 4,586,384	\$ 4,417,624

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

The District recognized pension expense of \$272,433 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,029,949	\$ 27,353
Changes in actuarial assumptions	<u>23,242</u>	<u>255,357</u>
Total	<u>\$ 1,053,191</u>	<u>\$ 282,710</u>

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ 154,862
2027	\$ 184,359
2028	\$ 231,012
2029	\$ 200,248

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

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

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

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage at their cost through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical and dental, for some period after retirement. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The District did not contribute to the OPEB Plan for the year ended June 30, 2025. Required benefit payments of \$1,627,416 were paid by the Post-Employment Benefits Trust Fund for the current year.

D. Membership

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

Retirees and beneficiaries receiving benefits	136
Active plan members	1,569
	<hr/>
Total members	1,705
	<hr/> <hr/>

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

E. Net OPEB Liability (Asset) of the District

The District’s net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2024. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 11,207,516
Plan fiduciary net position	<u>(28,130,470)</u>
District’s net OPEB liability (asset)	<u>\$ (16,922,954)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>251.0%</u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.10%
Expected long-term investment return	6.10% (net of investment expenses)
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare cost trend rate	6.50% in 2024 grading to 5.50% over 6 years, then to 4.50% over the next 48 years

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

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

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

The long-term expected rate of return on OPEB Plan investments was set based on the plan’s target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best-estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Non-Retirement Equity Fund	58.00 %	7.50 %
Non-Retirement Bond Fund	26.00	4.75 %
Non-Retirement Cash Pool	<u>16.00</u>	3.25 %
Total	<u>100.00 %</u>	6.10 %

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

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 11.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.10 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 6.00 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2024	\$ 13,607,229	\$ 26,754,456	\$ (13,147,227)
Changes for the year			
Service cost	486,736	–	486,736
Interest	797,527	–	797,527
Assumption changes	(1,627,414)	–	(1,627,414)
Plan changes	(97,398)	–	(97,398)
Projected investment return	–	1,632,022	(1,632,022)
Differences between expected and actual experience	(331,748)	1,371,408	(1,703,156)
Benefit payments – paid by trust	(1,627,416)	(1,627,416)	–
Total net changes	<u>(2,399,713)</u>	<u>1,376,014</u>	<u>(3,775,727)</u>
Ending balance – June 30, 2025	<u>\$ 11,207,516</u>	<u>\$ 28,130,470</u>	<u>\$ (16,922,954)</u>

Plan changes since the prior measurement date include the following:

- Nonaffiliated Level B directors no longer have a post-employment subsidized medical benefit.
- The superintendent is eligible for full medical, dental, and life insurance premiums paid by the District upon retirement until age 65.

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 6.00 percent to 6.10 percent.
- The discount rate was changed from 6.00 percent to 6.10 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The percentage of future retirees electing coverage with no subsidy available was changed from 50.00 percent to 35.00 percent.

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

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	5.10%	6.10%	7.10%
Net OPEB liability (asset)	\$ (16,383,867)	\$ (16,922,954)	\$ (17,435,695)

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare cost trend rate	5.50% decreasing to 4.50%, then 3.50%	6.50% decreasing to 5.50%, then 4.50%	7.50% decreasing to 6.50%, then 5.50%
Net OPEB liability (asset)	\$ (17,721,648)	\$ (16,922,954)	\$ (16,010,631)

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

For the current year ended, the District recognized negative OPEB expense of \$1,940,438. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 31,444	\$ 924,563
Changes in actuarial assumptions	158,678	1,744,402
Difference between projected and actual investment earnings	—	2,101,467
Total	<u>\$ 190,122</u>	<u>\$ 4,770,432</u>

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

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

Year Ending June 30,	OPEB Expense Amount
2026	\$ (733,778)
2027	\$ (1,358,956)
2028	\$ (1,150,228)
2029	\$ (726,072)
2030	\$ (331,400)
Thereafter	\$ (279,876)

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota’s public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement (DCR) Plan administered by MnSCU. A teacher employed by MnSCU and electing the DCR Plan is not a member of the TRA except for purposes of Social Security coverage.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Benefits Provided

1. GERF Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

2. TRA Benefits

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier I Benefits

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

With these provisions:

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

Or

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

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$2,112,195. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2025 Coordinated Plan were 7.75 percent for the employee and 8.75 percent for the employer. Basic Plan rates were 11.25 percent for the employee and 12.75 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2025, were \$7,565,423. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2025, the District reported a liability of \$11,358,305 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 \$293,702.

District's proportionate share of the net pension liability	\$ 11,358,305
State's proportionate share of the net pension liability associated with the District	<u>293,702</u>
Total	<u>\$ 11,652,007</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3072 percent at the end of the measurement period and 0.3045 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$659,266 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$7,874 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$522,587 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,069,526	\$ –
Changes in actuarial assumptions	58,805	4,270,973
Net difference between projected and actual investment earnings on pension plan investments	–	2,937,372
Changes in proportion	403,007	843,483
District’s contributions to the GERP subsequent to the measurement date	<u>2,112,195</u>	<u>–</u>
 Total	 <u><u>\$ 3,643,533</u></u>	 <u><u>\$ 8,051,828</u></u>

The \$2,112,195 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (3,447,547)
2027	\$ (852,323)
2028	\$ (1,350,074)
2029	\$ (870,546)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$74,803,067 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 1.1772 percent at the end of the measurement period and 1.1524 percent for the beginning of the period.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

District’s proportionate share of the net pension liability	\$ 74,803,067
State’s proportionate share of the net pension liability associated with the District	<u>4,892,451</u>
Total	<u><u>\$ 79,695,518</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$6,379,541. It also recognized \$268,940 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$2,073,833 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,573,129	\$ 953,982
Changes in actuarial assumptions	7,531,295	8,920,468
Net difference between projected and actual investment earnings on pension plan investments	–	10,390,832
Changes in proportion	2,139,313	2,245,959
District’s contributions to the TRA subsequent to the measurement date	<u>7,565,423</u>	<u>–</u>
Total	<u><u>\$ 20,809,160</u></u>	<u><u>\$ 22,511,241</u></u>

The \$7,565,423 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (4,717,096)
2027	\$ 6,480,879
2028	\$ (5,556,647)
2029	\$ (4,635,388)
2030	\$ (839,252)

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERF

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

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA

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

Actuarial Assumptions Used in Valuation of Total Pension Liability

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

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the GERF net pension liability	\$ 24,808,367	\$ 11,358,305	\$ 294,403
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 131,732,577	\$ 74,803,067	\$ 27,948,729

I. Pension Plan Fiduciary Net Position

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

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

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

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

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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

NOTE 11 – INTERFUND BALANCES

Due To/From Other Funds

As of June 30, 2025, the District’s General Fund had an interfund receivable of \$1,627,416 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2025. Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District’s governmental activities and the fiduciary fund are not eliminated.

NOTE 12 – LEASE RECEIVABLE

The District has entered into a lease receivable agreement for rental space at a district building. This lease is reported using an incremental rate of 4.50 percent with a final maturity in fiscal 2045. During the current year, the District received principal and interest payments of \$11,252 on this lease.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

During fiscal year 2025, the District awarded contracts for construction and improvement of various district properties. At year-end, the District's commitment for uncompleted work on these contracts was \$14,635,017, which is paid out of the Capital Projects – Building Construction Fund.

B. Federal and State Revenue

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.

C. Contingencies

The District has the usual and customary legal claims pending at year-end. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.3605%	\$ 18,682,980	\$ -	\$ 18,682,980	\$ 21,189,047	88.17%	78.20%
06/30/2017	06/30/2016	0.3433%	\$ 27,874,257	\$ 364,065	\$ 28,238,322	\$ 21,292,223	130.91%	68.90%
06/30/2018	06/30/2017	0.3312%	\$ 21,143,589	\$ 265,869	\$ 21,409,458	\$ 21,336,242	99.10%	75.90%
06/30/2019	06/30/2018	0.3277%	\$ 18,179,451	\$ 596,232	\$ 18,775,683	\$ 22,054,967	82.43%	79.50%
06/30/2020	06/30/2019	0.3225%	\$ 17,830,303	\$ 554,143	\$ 18,384,446	\$ 22,832,615	78.09%	80.20%
06/30/2021	06/30/2020	0.3289%	\$ 19,719,059	\$ 608,169	\$ 20,327,228	\$ 23,478,199	83.99%	79.10%
06/30/2022	06/30/2021	0.2988%	\$ 12,760,099	\$ 389,762	\$ 13,149,861	\$ 21,534,427	59.25%	87.00%
06/30/2023	06/30/2022	0.3258%	\$ 25,803,468	\$ 756,364	\$ 26,559,832	\$ 24,418,806	105.67%	76.70%
06/30/2024	06/30/2023	0.3045%	\$ 17,027,299	\$ 469,392	\$ 17,496,691	\$ 24,250,459	70.21%	83.10%
06/30/2025	06/30/2024	0.3072%	\$ 11,358,305	\$ 293,702	\$ 11,652,007	\$ 25,955,521	43.76%	89.08%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 1,596,261	\$ 1,596,261	\$ -	\$ 21,292,223	7.50%
06/30/2017	\$ 1,598,727	\$ 1,598,727	\$ -	\$ 21,336,242	7.49%
06/30/2018	\$ 1,656,133	\$ 1,656,133	\$ -	\$ 22,054,967	7.51%
06/30/2019	\$ 1,711,466	\$ 1,711,466	\$ -	\$ 22,832,615	7.50%
06/30/2020	\$ 1,759,379	\$ 1,759,379	\$ -	\$ 23,478,199	7.49%
06/30/2021	\$ 1,613,567	\$ 1,613,567	\$ -	\$ 21,534,427	7.49%
06/30/2022	\$ 1,830,176	\$ 1,830,176	\$ -	\$ 24,418,806	7.49%
06/30/2023	\$ 1,815,957	\$ 1,815,957	\$ -	\$ 24,250,459	7.49%
06/30/2024	\$ 1,945,593	\$ 1,945,593	\$ -	\$ 25,955,521	7.50%
06/30/2025	\$ 2,112,195	\$ 2,112,195	\$ -	\$ 28,187,783	7.49%

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	1.1725%	\$ 72,530,721	\$ 8,896,461	\$ 81,427,182	\$ 59,510,271	121.88%	76.80%
06/30/2017	06/30/2016	1.1917%	\$284,248,884	\$ 28,530,832	\$312,779,716	\$ 61,988,428	458.55%	44.88%
06/30/2018	06/30/2017	1.1758%	\$234,711,009	\$ 22,689,450	\$257,400,459	\$ 63,297,528	370.81%	51.57%
06/30/2019	06/30/2018	1.1835%	\$ 74,334,878	\$ 6,984,025	\$ 81,318,903	\$ 65,388,719	113.68%	78.07%
06/30/2020	06/30/2019	1.1752%	\$ 74,907,495	\$ 6,629,079	\$ 81,536,574	\$ 66,719,780	112.27%	78.21%
06/30/2021	06/30/2020	1.1966%	\$ 88,406,411	\$ 7,408,835	\$ 95,815,246	\$ 69,535,954	127.14%	75.48%
06/30/2022	06/30/2021	1.1752%	\$ 51,430,266	\$ 4,337,515	\$ 55,767,781	\$ 70,326,444	73.13%	86.63%
06/30/2023	06/30/2022	1.1846%	\$ 94,856,501	\$ 7,034,181	\$101,890,682	\$ 73,223,258	129.54%	76.17%
06/30/2024	06/30/2023	1.1524%	\$ 95,144,725	\$ 6,664,624	\$101,809,349	\$ 73,529,682	129.40%	76.42%
06/30/2025	06/30/2024	1.1772%	\$ 74,803,067	\$ 4,892,451	\$ 79,695,518	\$ 78,012,102	95.89%	82.07%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 4,649,138	\$ 4,649,138	\$ -	\$ 61,988,428	7.50%
06/30/2017	\$ 4,747,125	\$ 4,747,125	\$ -	\$ 63,297,528	7.50%
06/30/2018	\$ 4,904,007	\$ 4,904,007	\$ -	\$ 65,388,719	7.50%
06/30/2019	\$ 5,144,059	\$ 5,144,059	\$ -	\$ 66,719,780	7.71%
06/30/2020	\$ 5,507,365	\$ 5,507,365	\$ -	\$ 69,535,954	7.92%
06/30/2021	\$ 5,717,543	\$ 5,717,543	\$ -	\$ 70,326,444	8.13%
06/30/2022	\$ 6,106,825	\$ 6,106,825	\$ -	\$ 73,223,258	8.34%
06/30/2023	\$ 6,270,648	\$ 6,270,648	\$ -	\$ 73,529,682	8.53%
06/30/2024	\$ 6,825,374	\$ 6,825,374	\$ -	\$ 78,012,102	8.75%
06/30/2025	\$ 7,565,423	\$ 7,565,423	\$ -	\$ 86,468,125	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	District Fiscal Year-End Date								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability									
Service cost	\$ 275,874	\$ 255,228	\$ 194,950	\$ 228,077	\$ 194,311	\$ 148,458	\$ 111,221	\$ 110,388	\$ 98,550
Interest	264,251	251,584	278,527	219,917	158,519	112,987	167,201	155,701	151,854
Assumption changes	–	(193,419)	104,364	162,694	(152,302)	(279,920)	(21,254)	(26,332)	(135,616)
Plan changes	–	–	(51,749)	–	(140,580)	–	(152,862)	–	(68,286)
Differences between expected and actual experience	–	–	(386,937)	–	(164,123)	–	205,841	–	1,158,787
Benefit payments	(1,045,860)	(865,360)	(1,078,777)	(991,747)	(1,139,512)	(1,008,144)	(843,732)	(588,029)	(443,779)
Net change in total pension liability	(505,735)	(551,967)	(939,622)	(381,059)	(1,243,687)	(1,026,619)	(533,585)	(348,272)	761,510
Total pension liability – beginning of year	9,355,420	8,849,685	8,297,718	7,358,096	6,977,037	5,733,350	4,706,731	4,173,146	3,824,874
Total pension liability – end of year	\$ 8,849,685	\$ 8,297,718	\$ 7,358,096	\$ 6,977,037	\$ 5,733,350	\$ 4,706,731	\$ 4,173,146	\$ 3,824,874	\$ 4,586,384
Covered-employee payroll	\$ 17,458,402	\$ 17,982,154	\$ 14,747,983	\$ 15,190,422	\$ 12,597,033	\$ 12,974,944	\$ 11,180,141	\$ 11,515,545	\$ 11,982,743
Total pension liability as a percentage of covered-employee payroll	50.69%	46.14%	49.89%	45.93%	45.51%	36.28%	37.33%	33.21%	38.27%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	District Fiscal Year-End Date								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	\$ 611,278	\$ 629,616	\$ 645,979	\$ 645,366	\$ 643,443	\$ 662,746	\$ 710,825	\$ 674,249	\$ 486,736
Interest	793,192	799,941	791,958	828,661	848,802	840,050	838,909	768,354	797,527
Assumption changes	-	-	140,600	(142,265)	(250,400)	-	277,691	(360,663)	(1,627,414)
Plan changes	-	-	-	-	67,835	-	-	-	(97,398)
Differences between expected and actual experience	-	-	638,739	-	110,059	-	(1,120,364)	-	(331,748)
Benefit payments – employer-financed	-	-	-	-	(1,041,638)	-	-	-	-
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)	(1,229,318)	(1,923,774)	(2,031,774)	(1,627,416)
Net change in total OPEB liability	152,773	94,112	347,079	189,546	(543,550)	273,478	(1,216,713)	(949,834)	(2,399,713)
Total OPEB liability – beginning of year	15,260,338	15,413,111	15,507,223	15,854,302	16,043,848	15,500,298	15,773,776	14,557,063	13,607,229
Total OPEB liability – end of year	15,413,111	15,507,223	15,854,302	16,043,848	15,500,298	15,773,776	14,557,063	13,607,229	11,207,516
Plan fiduciary net position									
Employer contributions	-	92,572	89,257	-	1,041,638	-	-	-	-
Projected investment return	1,142,327	1,160,529	1,172,920	1,221,901	1,245,741	1,498,907	1,339,178	1,509,504	1,632,022
Differences between expected and actual experience	459,404	320,645	679,656	361,800	4,364,160	(3,227,527)	943,393	2,118,334	1,371,408
Benefit payments – employer-financed	-	-	-	-	(1,041,638)	-	-	-	-
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)	(1,229,318)	(1,923,774)	(2,031,774)	(1,627,416)
Net change in plan fiduciary net position	350,034	238,301	71,636	441,485	4,688,250	(2,957,938)	358,797	1,596,064	1,376,014
Plan fiduciary net position – beginning of year	21,967,827	22,317,861	22,556,162	22,627,798	23,069,283	27,757,533	24,799,595	25,158,392	26,754,456
Plan fiduciary net position – end of year	22,317,861	22,556,162	22,627,798	23,069,283	27,757,533	24,799,595	25,158,392	26,754,456	28,130,470
Net OPEB liability (asset)	<u>\$ (6,904,750)</u>	<u>\$ (7,048,939)</u>	<u>\$ (6,773,496)</u>	<u>\$ (7,025,435)</u>	<u>\$ (12,257,235)</u>	<u>\$ (9,025,819)</u>	<u>\$ (10,601,329)</u>	<u>\$ (13,147,227)</u>	<u>\$ (16,922,954)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>144.80%</u>	<u>145.46%</u>	<u>142.72%</u>	<u>143.79%</u>	<u>179.08%</u>	<u>157.22%</u>	<u>172.83%</u>	<u>196.62%</u>	<u>251.00%</u>
Covered-employee payroll	<u>\$ 80,602,365</u>	<u>\$ 83,020,436</u>	<u>\$ 85,607,839</u>	<u>\$ 88,176,074</u>	<u>\$ 88,938,702</u>	<u>\$ 91,606,863</u>	<u>\$ 93,896,803</u>	<u>\$ 96,713,707</u>	<u>\$110,603,204</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(8.57%)</u>	<u>(8.49%)</u>	<u>(7.91%)</u>	<u>(7.97%)</u>	<u>(13.78%)</u>	<u>(9.85%)</u>	<u>(11.29%)</u>	<u>(13.59%)</u>	<u>(15.30%)</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2025

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.3%
2018	6.6%
2019	8.2%
2020	7.0%
2021	24.3%
2022	(6.2%)
2023	9.2%
2024	14.4%
2025	11.2%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information
June 30, 2025

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 CHANGES IN PLAN PROVISIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS (CONTINUED)

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2025 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$4,000 to \$4,200 per year after three years of service. The clerical employees' matching contributions increased from \$1,600 for two and three years of service and \$2,100 thereafter to \$2,500 upon hire. These match amounts are used as an offset to the pension benefits.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.10 percent to 4.90 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$3,600 to \$4,000 per year after three years of service. The clerical employees' matching contributions increased from \$1,400 for two and three years of service and \$1,900 thereafter, to \$1,600 and \$2,100, respectively. These match amounts are used as an offset to the pension benefits.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$3,300 to \$3,600 per year after three years of service. The clerical employees' matching contributions increased from \$1,100 for two and three years of service and \$1,600 thereafter, to \$1,400 and \$1,900, respectively. These match amounts are used as an offset to the pension benefits.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

PENSION BENEFITS PLAN (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,200 to \$3,300 per year after three years of service. This benefit is used as an offset to the pension benefits.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2025 CHANGES IN PLAN PROVISIONS

- Nonaffiliated Level B directors no longer have a post-employment subsidized medical benefit.
- The superintendent is eligible for full medical, dental, and life insurance premiums paid by the District upon retirement until age 65.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.00 percent to 6.10 percent.
- The discount rate was changed from 6.00 percent to 6.10 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The percentage of future retirees electing coverage with no subsidy available was changed from 50.00 percent to 35.00 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.40 percent to 6.00 percent.
- The discount rate was changed from 5.40 percent to 6.00 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The 20-year municipal bond yield was changed from 3.80 percent to 3.90 percent.

2021 CHANGES IN PLAN PROVISIONS

- Five nonaffiliated employees retired and elected a one-time offer to receive two years of district-paid medical, dental, and life insurance benefits.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.20 percent to 5.40 percent.
- The discount rate was changed from 5.20 percent to 5.40 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.00 percent to 5.20 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 8,233,116	\$ 8,053,348	\$ 16,286,464
Receivables			
Current taxes	–	605,771	605,771
Delinquent taxes	–	25,259	25,259
Due from other governmental units	166,380	886,816	1,053,196
Inventory	52,453	–	52,453
Prepaid items	–	28,678	28,678
	<u>–</u>	<u>28,678</u>	<u>28,678</u>
Total assets	<u>\$ 8,451,949</u>	<u>\$ 9,599,872</u>	<u>\$ 18,051,821</u>
Liabilities			
Salaries payable	\$ 10,230	\$ 367,393	\$ 377,623
Accounts and contracts payable	29,971	163,009	192,980
Unearned revenue	157,991	497,639	655,630
Total liabilities	<u>198,192</u>	<u>1,028,041</u>	<u>1,226,233</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,124,024	1,124,024
Unavailable revenue – delinquent taxes	–	26,991	26,991
Total deferred inflows of resources	<u>–</u>	<u>1,151,015</u>	<u>1,151,015</u>
Fund balances			
Nonspendable	52,453	28,678	81,131
Restricted	8,201,304	7,392,138	15,593,442
Total fund balances	<u>8,253,757</u>	<u>7,420,816</u>	<u>15,674,573</u>
	<u>–</u>	<u>–</u>	<u>–</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,451,949</u>	<u>\$ 9,599,872</u>	<u>\$ 18,051,821</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 1,083,302	\$ 1,083,302
Investment earnings	338,783	302,186	640,969
Other	687,793	6,570,333	7,258,126
State sources	4,506,484	1,195,228	5,701,712
Federal sources	3,913,681	184,071	4,097,752
Total revenue	<u>9,446,741</u>	<u>9,335,120</u>	<u>18,781,861</u>
Expenditures			
Current			
Food service	7,747,737	-	7,747,737
Community service	-	7,656,715	7,656,715
Capital outlay	756,938	30,602	787,540
Debt service			
Principal	21,266	-	21,266
Interest	649	-	649
Total expenditures	<u>8,526,590</u>	<u>7,687,317</u>	<u>16,213,907</u>
Net change in fund balances	920,151	1,647,803	2,567,954
Fund balances			
Beginning of year	<u>7,333,606</u>	<u>5,773,013</u>	<u>13,106,619</u>
End of year	<u>\$ 8,253,757</u>	<u>\$ 7,420,816</u>	<u>\$ 15,674,573</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 78,063,674	\$ 78,197,192
Cash and investments held by trustee	1,974	-
Receivables		
Current taxes	26,371,395	25,950,961
Delinquent taxes	1,041,530	667,922
Accounts and interest	18,315	2,464
Due from other governmental units	21,740,378	19,657,995
Due from other funds	1,627,416	2,031,774
Lease	2,628,250	-
Prepaid items	<u>1,162,348</u>	<u>1,416,871</u>
Total assets	<u>\$ 132,655,280</u>	<u>\$ 127,925,179</u>
Liabilities		
Salaries payable	\$ 13,377,842	\$ 12,102,293
Accounts and contracts payable	4,652,752	5,695,568
Due to other governmental units	617,614	797,707
Unearned revenue	<u>384,942</u>	<u>341,700</u>
Total liabilities	19,033,150	18,937,268
Deferred inflows of resources		
Property taxes levied for subsequent year	45,599,898	45,180,055
Lease revenue for subsequent year	2,628,250	-
Unavailable revenue – delinquent taxes	<u>1,116,032</u>	<u>729,277</u>
Total deferred inflows of resources	49,344,180	45,909,332
Fund balances		
Nonspendable for prepaid items	1,162,348	1,416,871
Restricted for scholarships	218,938	202,688
Restricted for literacy incentive aid	758,483	269,597
Restricted for American Indian education aid	4	-
Restricted for operating capital	2,128,091	2,121,187
Restricted for learning and development	5,058	33,356
Restricted for state-approved alternative programs	62,047	66,546
Restricted for quality compensation	313,483	-
Restricted for gifted and talented	113,886	69,130
Restricted for basic skills	237,813	237,813
Restricted for safe schools levy	-	21,404
Restricted for literacy aid	411,236	-
Restricted for teacher compensation for READ Act training	384,713	-
Restricted for long-term facilities maintenance	65,098	-
Restricted for Medical Assistance	1,155,873	795,222
Assigned for quality compensation	-	319,730
Assigned for school building carryover	1,017,540	1,016,904
Assigned for program initiative	337,620	1,421,105
Assigned for site improvement	5,000,000	3,150,000
Assigned for safety and security	-	350,000
Assigned for fee for service	2,500,000	2,500,000
Assigned for subsequent year budget deficit	10,562,380	5,978,895
Assigned for health insurance benefit increase	2,500,000	2,500,000
Assigned for staff development professional growth committee	35,988	91,404
Unassigned	<u>35,307,351</u>	<u>40,516,727</u>
Total fund balances	<u>64,277,950</u>	<u>63,078,579</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 132,655,280</u>	<u>\$ 127,925,179</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 48,006,120	\$ 49,136,300	\$ 1,130,180	\$ 40,280,398
Investment earnings	3,078,675	3,341,078	262,403	3,435,993
Other	3,095,043	3,555,538	460,495	3,368,666
State sources	141,909,881	143,557,901	1,648,020	137,129,249
Federal sources	3,903,184	4,273,064	369,880	8,079,292
Total revenue	<u>199,992,903</u>	<u>203,863,881</u>	<u>3,870,978</u>	<u>192,293,598</u>
Expenditures				
Current				
Administration				
Salaries	5,530,521	5,535,141	4,620	5,326,333
Employee benefits	2,162,751	2,025,914	(136,837)	1,901,733
Purchased services	68,285	46,078	(22,207)	41,638
Supplies and materials	15,175	15,167	(8)	12,178
Capital expenditures	6,000	2,157	(3,843)	364
Other expenditures	65,971	60,554	(5,417)	63,063
Total administration	<u>7,848,703</u>	<u>7,685,011</u>	<u>(163,692)</u>	<u>7,345,309</u>
District support services				
Salaries	3,482,082	3,494,753	12,671	3,127,305
Employee benefits	1,274,197	1,242,992	(31,205)	1,129,128
Purchased services	1,418,984	1,068,126	(350,858)	1,250,792
Supplies and materials	1,102,809	977,542	(125,267)	1,130,054
Capital expenditures	1,490,222	403,418	(1,086,804)	79,257
Other expenditures	24,638	24,672	34	(169,501)
Total district support services	<u>8,792,932</u>	<u>7,211,503</u>	<u>(1,581,429)</u>	<u>6,547,035</u>
Elementary and secondary regular instruction				
Salaries	58,955,702	56,183,750	(2,771,952)	50,741,900
Employee benefits	22,347,960	20,834,543	(1,513,417)	18,694,804
Purchased services	3,258,735	3,910,238	651,503	4,259,376
Supplies and materials	2,439,899	2,691,506	251,607	2,958,200
Capital expenditures	343,765	337,549	(6,216)	354,753
Other expenditures	392,351	230,328	(162,023)	530,756
Total elementary and secondary regular instruction	<u>87,738,412</u>	<u>84,187,914</u>	<u>(3,550,498)</u>	<u>77,539,789</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,430,797	1,578,375	147,578	1,387,458
Employee benefits	779,792	586,391	(193,401)	506,014
Purchased services	475,701	407,952	(67,749)	409,827
Supplies and materials	4,000	8,346	4,346	23,805
Capital expenditures	7,834	6,660	(1,174)	2,225
Other expenditures	—	7,678	7,678	7,038
Total vocational education instruction	2,698,124	2,595,402	(102,722)	2,336,367
Special education instruction				
Salaries	25,155,325	25,299,499	144,174	22,764,664
Employee benefits	8,860,874	9,776,275	915,401	8,908,921
Purchased services	1,700,683	2,288,109	587,426	2,225,227
Supplies and materials	115,502	214,171	98,669	206,353
Capital expenditures	35,988	36,097	109	27,155
Other expenditures	123,287	130,065	6,778	125,185
Total special education instruction	35,991,659	37,744,216	1,752,557	34,257,505
Community service				
Salaries	—	166,164	166,164	166,900
Employee benefits	—	66,972	66,972	82,186
Total community service	—	233,136	233,136	249,086
Instructional support services				
Salaries	10,635,160	10,151,547	(483,613)	9,937,663
Employee benefits	4,101,408	3,462,857	(638,551)	3,365,554
Purchased services	705,472	792,719	87,247	995,213
Supplies and materials	1,642,213	1,566,129	(76,084)	1,651,357
Capital expenditures	163,700	166,691	2,991	6,200
Other expenditures	49,427	90,262	40,835	93,712
Total instructional support services	17,297,380	16,230,205	(1,067,175)	16,049,699
Pupil support services				
Salaries	3,619,914	5,560,736	1,940,822	4,789,739
Employee benefits	1,823,210	2,005,219	182,009	1,732,567
Purchased services	17,977,541	17,172,817	(804,724)	16,840,584
Supplies and materials	104,241	35,568	(68,673)	56,762
Capital expenditures	3,000	760	(2,240)	6,051
Other expenditures	32,257	23,485	(8,772)	26,133
Total pupil support services	23,560,163	24,798,585	1,238,422	23,451,836

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,666,123	4,976,041	309,918	4,384,787
Employee benefits	1,990,853	1,922,145	(68,708)	1,808,373
Purchased services	11,084,239	11,939,447	855,208	7,486,836
Supplies and materials	1,096,979	1,202,936	105,957	1,294,064
Capital expenditures	515,750	86,393	(429,357)	1,734,236
Other expenditures	174,305	(188,006)	(362,311)	165,539
Total sites and buildings	<u>19,528,249</u>	<u>19,938,956</u>	<u>410,707</u>	<u>16,873,835</u>
Fiscal and other fixed cost programs				
Purchased services	948,083	944,016	(4,067)	843,236
Other expenditures	115,397	121,450	6,053	122,222
Total fiscal and other fixed cost programs	<u>1,063,480</u>	<u>1,065,466</u>	<u>1,986</u>	<u>965,458</u>
Debt service				
Principal	1,041,924	770,358	(271,566)	1,193,990
Interest and fiscal charges	183,557	432,865	249,308	172,705
Total debt service	<u>1,225,481</u>	<u>1,203,223</u>	<u>(22,258)</u>	<u>1,366,695</u>
Total expenditures	<u>205,744,583</u>	<u>202,893,617</u>	<u>(2,850,966)</u>	<u>186,982,614</u>
Excess (deficiency) of revenue over expenditures	(5,751,680)	970,264	6,721,944	5,310,984
Other financing sources				
Debt issued	1,202,658	–	(1,202,658)	1,412,465
Sale of capital assets	–	28,942	28,942	9,160
Insurance recovery	–	200,165	200,165	1,000
Total other financing sources	<u>1,202,658</u>	<u>229,107</u>	<u>(973,551)</u>	<u>1,422,625</u>
Net change in fund balances	<u>\$ (4,549,022)</u>	1,199,371	<u>\$ 5,748,393</u>	6,733,609
Fund balances				
Beginning of year		<u>63,078,579</u>		<u>56,344,970</u>
End of year		<u>\$ 64,277,950</u>		<u>\$ 63,078,579</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 8,233,116	\$ 7,453,189
Receivables		
Due from other governmental units	166,380	156,071
Inventory	<u>52,453</u>	<u>43,677</u>
Total assets	<u>\$ 8,451,949</u>	<u>\$ 7,652,937</u>
Liabilities		
Salaries payable	\$ 10,230	\$ 19,809
Accounts and contracts payable	29,971	117,630
Unearned revenue	<u>157,991</u>	<u>181,892</u>
Total liabilities	198,192	319,331
Fund balances		
Nonspendable for inventory	52,453	43,677
Restricted for food service	<u>8,201,304</u>	<u>7,289,929</u>
Total fund balances	<u>8,253,757</u>	<u>7,333,606</u>
Total liabilities and fund balances	<u>\$ 8,451,949</u>	<u>\$ 7,652,937</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 25,000	\$ 338,783	\$ 313,783	\$ 285,562
Other – primarily meal sales	1,040,951	687,793	(353,158)	708,573
State sources	3,349,104	4,506,484	1,157,380	4,140,550
Federal sources	3,619,407	3,913,681	294,274	4,222,930
Total revenue	<u>8,034,462</u>	<u>9,446,741</u>	<u>1,412,279</u>	<u>9,357,615</u>
Expenditures				
Current				
Salaries	2,589,986	2,331,034	(258,952)	2,492,846
Employee benefits	855,382	633,598	(221,784)	722,472
Purchased services	794,026	407,930	(386,096)	404,928
Supplies and materials	3,561,095	3,925,569	364,474	3,727,858
Other expenditures	9,581	449,606	440,025	9,924
Capital outlay	200,000	756,938	556,938	182,350
Debt service				
Principal	23,114	21,266	(1,848)	20,637
Interest	1,278	649	(629)	1,278
Total expenditures	<u>8,034,462</u>	<u>8,526,590</u>	<u>492,128</u>	<u>7,562,293</u>
Net change in fund balances	<u>\$ –</u>	<u>920,151</u>	<u>\$ 920,151</u>	<u>1,795,322</u>
Fund balances				
Beginning of year		<u>7,333,606</u>		<u>5,538,284</u>
End of year		<u>\$ 8,253,757</u>		<u>\$ 7,333,606</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 8,053,348	\$ 6,943,888
Receivables		
Current taxes	605,771	598,947
Delinquent taxes	25,259	17,231
Accounts and interest	–	2,410
Due from other governmental units	886,816	560,868
Prepaid items	<u>28,678</u>	<u>2,959</u>
Total assets	<u>\$ 9,599,872</u>	<u>\$ 8,126,303</u>
Liabilities		
Salaries payable	\$ 367,393	\$ 340,454
Accounts and contracts payable	163,009	368,984
Due to other governmental units	–	902
Unearned revenue	<u>497,639</u>	<u>521,805</u>
Total liabilities	1,028,041	1,232,145
Deferred inflows of resources		
Property taxes levied for subsequent year	1,124,024	1,102,497
Unavailable revenue – delinquent taxes	<u>26,991</u>	<u>18,648</u>
Total deferred inflows of resources	1,151,015	1,121,145
Fund balances		
Nonspendable for prepaid items	28,678	2,959
Restricted for community education	4,389,130	3,954,129
Restricted for early childhood family education	887,737	500,308
Restricted for school readiness	1,790,819	951,180
Restricted for adult basic education	300,449	285,245
Restricted for community service	<u>24,003</u>	<u>79,192</u>
Total fund balances	<u>7,420,816</u>	<u>5,773,013</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 9,599,872</u>	 <u>\$ 8,126,303</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2025

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 1,093,911	\$ 1,083,302	\$ (10,609)	\$ 1,044,761
Investment earnings	–	302,186	302,186	222,520
Other – primarily tuition and fees	5,351,938	6,570,333	1,218,395	6,307,077
State sources	1,412,104	1,195,228	(216,876)	1,140,095
Federal sources	79,640	184,071	104,431	1,002,564
Total revenue	<u>7,937,593</u>	<u>9,335,120</u>	<u>1,397,527</u>	<u>9,717,017</u>
Expenditures				
Current				
Salaries	4,073,000	3,638,238	(434,762)	3,875,307
Employee benefits	1,457,075	1,343,731	(113,344)	1,398,386
Purchased services	1,131,679	1,275,484	143,805	1,430,628
Supplies and materials	1,110,237	1,310,868	200,631	1,441,071
Other expenditures	140,350	88,394	(51,956)	109,154
Capital outlay	25,252	30,602	5,350	37,057
Total expenditures	<u>7,937,593</u>	<u>7,687,317</u>	<u>(250,276)</u>	<u>8,291,603</u>
Net change in fund balances	<u>\$ –</u>	<u>1,647,803</u>	<u>\$ 1,647,803</u>	<u>1,425,414</u>
Fund balances				
Beginning of year		<u>5,773,013</u>		<u>4,347,599</u>
End of year		<u>\$ 7,420,816</u>		<u>\$ 5,773,013</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 30,858,309	\$ 47,242,933
Receivables		
Accounts and interest	<u>205,622</u>	<u>230,374</u>
Total assets	<u>\$ 31,063,931</u>	<u>\$ 47,473,307</u>
Liabilities		
Accounts and contracts payable	\$ 4,921,076	\$ 1,976,606
Fund balances		
Restricted for long-term facilities maintenance	26,142,855	43,202,818
Restricted for capital projects	–	<u>2,293,883</u>
Total fund balances	<u>26,142,855</u>	<u>45,496,701</u>
Total liabilities and fund balances	<u>\$ 31,063,931</u>	<u>\$ 47,473,307</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

Year Ended June 30, 2025

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 2,006,572	\$ 2,006,572	\$ 2,721,353
Expenditures				
Capital outlay				
Purchased services	6,842,399	3,400,175	(3,442,224)	7,270,372
Capital expenditures	14,277,009	23,374,677	9,097,668	4,058,128
Other expenditures	455,000	454,927	(73)	–
Debt Service				
Fiscal charges and other	–	–	–	241,718
Total expenditures	<u>21,574,408</u>	<u>27,229,779</u>	<u>5,655,371</u>	<u>11,570,218</u>
Excess (deficiency) of revenue over expenditures	(21,574,408)	(25,223,207)	(3,648,799)	(8,848,865)
Other financing sources				
Debt issued	–	5,720,000	5,720,000	42,350,001
Premium on debt issued	–	149,361	149,361	3,170,051
Total other financing sources	<u>–</u>	<u>5,869,361</u>	<u>5,869,361</u>	<u>45,520,052</u>
Net change in fund balance	<u>\$ (21,574,408)</u>	<u>(19,353,846)</u>	<u>\$ 2,220,562</u>	<u>36,671,187</u>
Fund balances				
Beginning of year		<u>45,496,701</u>		<u>8,825,514</u>
End of year		<u>\$ 26,142,855</u>		<u>\$ 45,496,701</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 10,688,022	\$ 10,612,824
Receivables		
Current taxes	7,900,561	7,855,004
Delinquent taxes	404,582	313,454
Due from other governmental units	<u>73,874</u>	<u>63,874</u>
Total assets	<u>\$ 19,067,039</u>	<u>\$ 18,845,156</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 14,659,687	\$ 14,458,914
Unavailable revenue – delinquent taxes	<u>428,880</u>	<u>340,232</u>
Total deferred inflows of resources	15,088,567	14,799,146
Fund balances		
Restricted for debt service	<u>3,978,472</u>	<u>4,046,010</u>
Total deferred inflows of resources and fund balances	<u>\$ 19,067,039</u>	<u>\$ 18,845,156</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 14,425,413	\$ 14,193,619	\$ (231,794)	\$ 18,680,968
Investment earnings	55,637	334,952	279,315	141,181
State sources	733,731	738,739	5,008	638,734
Total revenue	<u>15,214,781</u>	<u>15,267,310</u>	<u>52,529</u>	<u>19,460,883</u>
Expenditures				
Debt service				
Principal	6,335,000	6,335,000	–	12,720,000
Interest	8,992,448	8,992,448	–	6,757,180
Fiscal charges and other	7,200	7,400	200	6,400
Total expenditures	<u>15,334,648</u>	<u>15,334,848</u>	<u>200</u>	<u>19,483,580</u>
Excess (deficiency) of revenue over expenditures	(119,867)	(67,538)	52,329	(22,697)
Other financing sources (uses)				
Debt issued	–	–	–	129,999
Transfers in	–	–	–	1,234,092
Transfers (out)	–	–	–	(1,234,092)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>–</u>	<u>129,999</u>
Net change in fund balance	<u>\$ (119,867)</u>	<u>(67,538)</u>	<u>\$ 52,329</u>	<u>107,302</u>
Fund balances				
Beginning of year		<u>4,046,010</u>		<u>3,938,708</u>
End of year		<u>\$ 3,978,472</u>		<u>\$ 4,046,010</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2025
 (With Comparative Totals as of June 30, 2024)

	<u>Dental</u> <u>Self-Insurance</u>	<u>Medical</u> <u>Self-Insurance</u>	<u>Totals</u>	
			<u>2025</u>	<u>2024</u>
Assets				
Current assets				
Cash and temporary investments	\$ 934,683	\$ 16,393,200	\$ 17,327,883	\$ 18,858,560
Liabilities				
Current liabilities				
Claims payable	127,170	417,668	544,838	435,678
Claims incurred, but not reported	31,076	1,497,940	1,529,016	1,528,693
Unearned revenue	180,136	2,894,317	3,074,453	2,796,078
Total current liabilities	<u>338,382</u>	<u>4,809,925</u>	<u>5,148,307</u>	<u>4,760,449</u>
Net position				
Unrestricted	<u>\$ 596,301</u>	<u>\$ 11,583,275</u>	<u>\$ 12,179,576</u>	<u>\$ 14,098,111</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2025
 (With Comparative Totals for the Year Ended June 30, 2024)

	Dental	Medical	Totals	
	Self-Insurance	Self-Insurance	2025	2024
Operating revenue				
Charges for services	\$ 1,456,989	\$ 24,553,153	\$ 26,010,142	\$ 24,768,559
Operating expenses				
Dental benefit claims	1,560,844	–	1,560,844	1,520,096
Medical benefit claims	–	27,066,151	27,066,151	22,447,829
Total operating expenses	<u>1,560,844</u>	<u>27,066,151</u>	<u>28,626,995</u>	<u>23,967,925</u>
Operating income (loss)	(103,855)	(2,512,998)	(2,616,853)	800,634
Nonoperating revenue				
Investment earnings	<u>34,900</u>	<u>663,418</u>	<u>698,318</u>	<u>728,320</u>
Change in net position	(68,955)	(1,849,580)	(1,918,535)	1,528,954
Net position				
Beginning of year	<u>665,256</u>	<u>13,432,855</u>	<u>14,098,111</u>	<u>12,569,157</u>
End of year	<u>\$ 596,301</u>	<u>\$ 11,583,275</u>	<u>\$ 12,179,576</u>	<u>\$ 14,098,111</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2025
 (With Comparative Totals for the Year Ended June 30, 2024)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2025	2024
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,474,946	\$ 24,813,571	\$ 26,288,517	\$ 24,948,909
Payments for dental claims	(1,551,955)	-	(1,551,955)	(1,533,221)
Payments for medical claims	-	(26,965,557)	(26,965,557)	(22,715,284)
Net cash flows from operating activities	<u>(77,009)</u>	<u>(2,151,986)</u>	<u>(2,228,995)</u>	<u>700,404</u>
Cash flows from investing activities				
Investment income received	<u>34,900</u>	<u>663,418</u>	<u>698,318</u>	<u>728,320</u>
Net change in cash and cash equivalents	(42,109)	(1,488,568)	(1,530,677)	1,428,724
Cash and cash equivalents				
Beginning of year	<u>976,792</u>	<u>17,881,768</u>	<u>18,858,560</u>	<u>17,429,836</u>
End of year	<u>\$ 934,683</u>	<u>\$ 16,393,200</u>	<u>\$ 17,327,883</u>	<u>\$ 18,858,560</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (103,855)	\$ (2,512,998)	\$ (2,616,853)	\$ 800,634
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Claims payable	4,276	104,884	109,160	(303,957)
Claims incurred, but not reported	4,613	(4,290)	323	23,377
Unearned revenue	<u>17,957</u>	<u>260,418</u>	<u>278,375</u>	<u>180,350</u>
Total changes in assets and liabilities	<u>26,846</u>	<u>361,012</u>	<u>387,858</u>	<u>(100,230)</u>
Net cash flows from operating activities	<u>\$ (77,009)</u>	<u>\$ (2,151,986)</u>	<u>\$ (2,228,995)</u>	<u>\$ 700,404</u>

STATISTICAL SECTION

(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 621, Mounds View Public Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 26,932,748	\$ 28,976,776	\$ 32,618,509	\$ 39,575,093
Restricted	4,608,400	4,646,339	4,593,151	5,357,804
Unrestricted	<u>(56,055,220)</u>	<u>(116,895,944)</u>	<u>(154,457,243)</u>	<u>(119,040,647)</u>
Total governmental activities net position	<u>\$ (24,514,072)</u>	<u>\$ (83,272,829)</u>	<u>\$ (117,245,583)</u>	<u>\$ (74,107,750)</u>

Note 1: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$25.2 million. Prior years were not restated.

Note 2: The District reported a prior period adjustment in fiscal 2023 that increased net position by approximately \$1.8 million. Prior years were not restated.

Note 3: The District reported a change in accounting principle in fiscal 2024 that increased net position by approximately \$3.0 million. Prior years were not restated.

Note 4: The District reported a change in accounting principle in fiscal 2025 that decreased net position by approximately \$16.0 million. Prior years were not restated.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 43,544,385	\$ 46,637,728	\$ 47,653,110	\$ 45,814,008	\$ 44,708,127	\$ 42,694,299
4,582,543	8,097,173	9,846,918	16,795,549	27,522,845	34,893,165
<u>(121,764,031)</u>	<u>(107,770,911)</u>	<u>(89,060,456)</u>	<u>(47,669,106)</u>	<u>(29,679,421)</u>	<u>(44,116,563)</u>
<u>\$ (73,637,103)</u>	<u>\$ (53,036,010)</u>	<u>\$ (31,560,428)</u>	<u>\$ 14,940,451</u>	<u>\$ 42,551,551</u>	<u>\$ 33,470,901</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Expenses				
Administration	\$ 6,110,334	\$ 7,471,675	\$ 7,668,827	\$ 5,050,750
District support services	3,942,368	4,145,830	4,349,055	3,374,138
Elementary and secondary regular instruction	70,955,844	95,722,251	95,039,715	51,196,047
Vocational education instruction	1,757,061	2,616,771	3,230,895	1,445,513
Special education instruction	28,745,016	35,418,105	34,409,090	19,215,805
Instructional support services	8,890,155	11,824,060	11,956,712	7,342,386
Pupil support services	14,643,966	16,199,619	17,115,807	16,231,907
Sites and buildings	18,139,344	18,668,418	19,719,565	20,605,301
Fiscal and other fixed cost programs	219,076	278,990	266,786	266,838
Food service	5,841,533	6,184,095	5,976,662	5,891,965
Community service	5,030,833	6,273,316	7,350,028	5,724,008
Interest and fiscal charges	4,165,302	3,989,027	6,111,749	8,835,930
Total governmental activities expenses	<u>168,440,832</u>	<u>208,792,157</u>	<u>213,194,891</u>	<u>145,180,588</u>
Program revenues				
Charges for services				
Elementary and secondary regular instruction	861,975	868,724	1,004,098	1,173,664
Special education instruction	631,279	475,074	553,754	435,896
Instructional support services	149,426	156,597	163,431	145,897
Pupil support services	272,957	295,884	306,794	322,264
Sites and buildings	107,544	105,249	112,906	122,799
Food service	3,087,136	3,172,899	3,118,383	3,214,081
Community service	2,779,048	3,045,614	3,373,337	3,411,613
Operating grants and contributions				
Administration	58,073	-	-	-
District support services	6,077	-	-	-
Elementary and secondary regular instruction	3,811,345	3,110,627	3,675,378	3,543,610
Vocational education instruction	28,361	-	-	-
Special education instruction	23,283,918	23,339,833	24,638,171	24,141,833
Instructional support services	79,299	-	-	-
Pupil support services	46,423	-	-	-
Sites and buildings	374	231,980	364,777	499,411
Food service	2,920,947	3,020,997	2,954,599	2,921,186
Community service	1,150,580	1,262,178	1,064,414	1,254,582
Capital grants and contributions				
Sites and buildings	1,496,359	1,559,679	1,812,914	1,969,876
Total governmental activities program revenues	<u>40,771,121</u>	<u>40,645,335</u>	<u>43,142,956</u>	<u>43,156,712</u>
Net (expense) revenue	(127,669,711)	(168,146,822)	(170,051,935)	(102,023,876)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	25,150,513	30,211,501	30,823,278	30,685,939
Property taxes, levied for community service	975,913	979,320	1,005,463	995,010
Property taxes, levied for capital projects	3,689,071	-	-	-
Property taxes, levied for debt service	13,045,257	12,895,803	12,902,963	18,797,523
General grants and aids	81,706,355	88,069,014	87,181,761	85,881,005
Other general revenues	2,307,624	2,292,769	2,104,906	2,961,523
Investment earnings	625,013	192,615	2,060,810	5,840,709
Total general revenues and other changes in net position	<u>127,499,746</u>	<u>134,641,022</u>	<u>136,079,181</u>	<u>145,161,709</u>
Change in net position	<u>\$ (169,965)</u>	<u>\$ (33,505,800)</u>	<u>\$ (33,972,754)</u>	<u>\$ 43,137,833</u>

	2020	2021	2022	2023	2024	2025
\$	6,851,159	\$ 6,846,710	\$ 6,445,592	\$ 6,194,851	\$ 6,983,189	\$ 7,678,796
	4,084,535	4,839,842	5,338,857	6,628,390	7,053,025	7,666,068
	79,172,881	79,483,975	75,336,039	63,898,887	79,456,906	93,034,863
	2,410,016	2,338,774	1,853,615	1,664,422	2,185,495	2,634,079
	29,373,738	27,842,706	28,128,688	26,206,385	32,142,285	37,915,811
	11,196,400	11,546,208	11,172,927	12,281,559	15,225,683	15,410,668
	18,800,249	17,182,687	20,785,814	20,001,528	22,964,023	24,872,378
	21,545,372	20,168,897	22,940,844	20,408,341	19,290,920	23,015,031
	385,933	565,430	690,636	752,819	965,458	1,065,466
	5,619,436	5,308,148	6,836,818	6,398,882	7,556,488	8,169,700
	7,286,126	4,539,377	5,768,598	7,119,410	8,368,364	7,942,878
	7,981,433	7,122,669	6,767,534	6,352,127	8,020,289	7,407,057
	<u>194,707,278</u>	<u>187,785,423</u>	<u>192,065,962</u>	<u>177,907,601</u>	<u>210,212,125</u>	<u>236,812,795</u>
	576,429	773,262	771,388	864,571	913,224	947,343
	339,699	234,127	339,063	484,675	467,175	560,305
	139,755	124,599	142,013	156,654	194,443	192,659
	244,561	36,686	243,997	361,453	308,195	309,109
	71,619	33,115	183,547	9,192	1,000	14,671
	2,445,975	141,196	851,071	3,157,805	708,573	687,793
	2,901,835	1,562,947	2,938,086	4,188,999	4,411,794	6,570,333
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,957,894	3,150,839	2,872,409	3,581,658	7,499,420	7,496,216
	-	-	-	-	-	-
	27,774,698	26,264,440	28,457,731	29,483,394	33,886,954	37,025,407
	-	-	-	44,334	-	-
	-	-	-	25,000	10,750	-
	469,592	540,723	669,114	615,818	821,392	727,850
	2,935,815	6,946,943	8,090,189	4,110,993	8,363,480	8,420,165
	1,342,557	1,375,109	1,268,809	2,269,391	2,140,582	1,379,299
	<u>1,893,498</u>	<u>1,796,947</u>	<u>1,661,812</u>	<u>1,552,779</u>	<u>1,504,651</u>	<u>1,300,648</u>
	<u>45,093,927</u>	<u>42,980,933</u>	<u>48,489,229</u>	<u>50,906,716</u>	<u>61,231,633</u>	<u>65,631,798</u>
	(149,613,351)	(144,804,490)	(143,576,733)	(127,000,885)	(148,980,492)	(171,180,997)
	31,345,471	44,432,753	43,565,477	43,680,676	40,357,421	49,523,055
	994,294	1,016,960	1,006,846	1,056,043	1,046,719	1,091,645
	-	-	-	-	-	-
	18,304,743	18,101,531	19,024,763	19,427,697	18,716,280	14,282,267
	92,508,417	97,797,777	97,897,858	100,509,871	102,577,840	104,396,052
	2,878,435	3,152,662	3,007,078	3,226,981	3,390,072	1,760,558
	4,005,104	903,900	550,293	3,829,770	7,534,929	7,021,889
	<u>150,036,464</u>	<u>165,405,583</u>	<u>165,052,315</u>	<u>171,731,038</u>	<u>173,623,261</u>	<u>178,075,466</u>
\$	<u>423,113</u>	<u>\$ 20,601,093</u>	<u>\$ 21,475,582</u>	<u>\$ 44,730,153</u>	<u>\$ 24,642,769</u>	<u>\$ 6,894,469</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax				Total
	General Purpose	Community Service	Capital Projects	Debt Service	
2016	\$ 25,150,513	\$ 975,913	\$ 3,689,071	\$ 13,045,257	\$ 42,860,754
2017	30,211,501	979,320	–	12,895,803	44,086,624
2018	30,823,278	1,005,463	–	12,902,963	44,731,704
2019	30,685,939	995,010	–	18,797,523	50,478,472
2020	31,345,471	994,294	–	18,304,743	50,644,508
2021	44,432,753	1,016,960	–	18,101,531	63,551,244
2022	43,565,477	1,006,846	–	19,024,763	63,597,086
2023	43,680,676	1,056,043	–	19,427,697	64,164,416
2024	40,357,421	1,046,719	–	18,716,280	60,120,420
2025	49,523,055	1,091,645	–	14,282,267	64,896,967

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 817,416	\$ 889,805	\$ 1,533,522	\$ 1,182,398
Restricted	1,150,426	2,059,378	2,083,897	2,344,085
Assigned	3,849,612	2,409,020	2,064,178	2,574,974
Unassigned	23,978,712	25,061,852	23,501,191	23,159,906
Total General Fund	<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>	<u>\$ 29,182,788</u>	<u>\$ 29,261,363</u>
All other governmental funds				
Nonspendable	\$ 57,788	\$ 61,275	\$ 54,558	\$ 34,668
Restricted				
Capital Projects – Building				
Construction Fund	–	–	162,532,071	143,289,920
Special revenue funds	1,859,612	2,544,249	2,479,513	2,966,647
Debt service funds	19,790,965	19,352,348	19,196,794	2,462,948
Unassigned				
Capital Projects – Building				
Construction Fund	(1,146,182)	(1,146,182)	–	–
Special revenue funds	(30,527)	(30,084)	(366,133)	(883,294)
Total all other governmental funds	<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>	<u>\$ 183,896,803</u>	<u>\$ 147,870,889</u>

2020	2021	2022	2023	2024	2025
\$ 1,341,279	\$ 547,596	\$ 1,416,944	\$ 671,860	\$ 1,416,871	\$ 1,162,348
1,482,930	1,859,692	1,462,250	3,217,122	3,816,943	5,854,723
2,215,256	3,289,432	7,296,912	16,004,396	17,328,038	21,953,528
24,948,424	38,234,989	37,927,586	36,451,592	40,516,727	35,307,351
<u>\$ 29,987,889</u>	<u>\$ 43,931,709</u>	<u>\$ 48,103,692</u>	<u>\$ 56,344,970</u>	<u>\$ 63,078,579</u>	<u>\$ 64,277,950</u>
\$ 92,889	\$ 35,268	\$ 50,026	\$ 39,751	\$ 46,636	\$ 81,131
45,614,655	15,048,121	14,184,801	8,825,514	45,496,701	26,142,855
2,995,949	6,192,275	8,236,360	9,846,132	13,059,983	15,593,442
2,264,238	2,087,668	2,937,315	3,938,708	4,046,010	3,978,472
-	-	-	-	-	-
(1,459,348)	(1,188,504)	(633,068)	-	-	-
<u>\$ 49,508,383</u>	<u>\$ 22,174,828</u>	<u>\$ 24,775,434</u>	<u>\$ 22,650,105</u>	<u>\$ 62,649,330</u>	<u>\$ 45,795,900</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local sources				
Property taxes	\$ 43,006,440	\$ 44,267,541	\$ 44,588,332	\$ 50,550,877
Investment earnings	619,728	175,099	1,989,789	5,729,382
Other	10,196,989	10,412,810	10,737,609	11,787,737
State sources	108,248,827	110,426,489	114,867,864	118,959,085
Federal sources	6,339,284	6,562,930	6,860,329	6,502,655
Total revenues	<u>168,411,268</u>	<u>171,844,869</u>	<u>179,043,923</u>	<u>193,529,736</u>
Expenditures				
Current				
Administration	6,016,773	5,988,354	6,322,518	6,734,366
District support services	3,704,592	3,935,287	3,959,649	3,974,222
Elementary and secondary regular instruction	64,414,615	65,233,055	66,939,396	69,212,585
Vocational education instruction	1,751,962	1,982,348	2,546,828	2,282,901
Special education instruction	28,625,809	26,532,145	27,208,114	26,892,611
Instructional support services	8,724,439	9,358,160	9,640,035	9,756,662
Pupil support services	14,562,250	14,989,443	15,949,536	17,377,966
Sites and buildings	13,517,854	23,289,708	19,291,527	19,246,078
Fiscal and other fixed cost programs	219,076	278,990	266,786	266,838
Food service	5,696,674	5,713,538	5,759,681	5,835,988
Community service	5,002,466	5,242,797	6,387,890	7,024,784
Capital outlay	3,980,877	306,553	3,352,808	24,162,868
Debt service				
Principal	9,220,000	9,660,700	9,940,680	10,729,994
Interest and fiscal charges	4,391,040	4,159,952	4,624,926	9,164,212
Total expenditures	<u>169,828,427</u>	<u>176,671,030</u>	<u>182,190,374</u>	<u>212,662,075</u>
Excess of revenues over (under) expenditures	(1,417,159)	(4,826,161)	(3,146,451)	(19,132,339)
Other financing sources (uses)				
Debt issued	-	5,700,000	156,550,000	-
Premium on debt issued	-	-	8,474,381	-
Sale of capital assets	2,915	-	-	-
Insurance recovery	-	-	-	-
Payment on refunded debt	-	-	-	(16,815,000)
Transfers in	4,189,071	-	1,146,182	-
Transfers out	(3,689,071)	-	(1,146,182)	-
Total other financing sources (uses)	<u>502,915</u>	<u>5,700,000</u>	<u>165,024,381</u>	<u>(16,815,000)</u>
Net change in fund balances	<u>\$ (914,244)</u>	<u>\$ 873,839</u>	<u>\$ 161,877,930</u>	<u>\$ (35,947,339)</u>
Debt service as a percentage of noncapital expenditures	<u>8.2%</u>	<u>8.1%</u>	<u>8.2%</u>	<u>10.5%</u>

2020	2021	2022	2023	2024	2025
\$ 50,703,643	\$ 63,526,723	\$ 63,533,019	\$ 63,787,880	\$ 60,006,127	\$ 64,413,221
3,884,590	890,296	526,617	3,317,877	6,806,609	6,323,571
9,598,308	6,047,569	8,292,696	12,441,138	10,384,316	10,813,664
123,410,682	121,790,886	123,946,013	127,297,291	143,048,628	149,998,352
7,434,835	15,866,050	17,520,500	14,322,193	13,304,786	8,370,816
195,032,058	208,121,524	213,818,845	221,166,379	233,550,466	239,919,624
6,681,656	6,776,405	6,993,836	7,067,871	7,345,309	7,685,011
4,119,164	5,247,147	5,852,718	6,731,271	6,547,035	7,211,503
69,869,656	71,731,118	72,367,322	72,745,532	77,539,789	84,187,914
2,276,885	2,220,828	1,977,036	2,093,217	2,336,367	2,595,402
28,317,961	26,964,528	30,175,462	31,559,392	34,257,505	37,744,216
10,839,119	11,321,489	11,863,138	13,994,935	16,049,699	16,230,205
18,624,305	16,995,022	21,205,823	21,442,046	23,451,836	24,798,585
18,618,571	19,314,527	21,610,406	18,850,392	16,873,835	19,938,956
385,933	565,430	690,636	752,819	965,458	1,065,466
5,479,558	4,759,393	6,759,993	6,138,944	7,358,028	7,747,737
7,103,880	4,401,655	6,018,262	7,587,804	8,503,632	7,889,851
100,991,984	32,130,176	1,709,863	6,694,681	11,547,907	28,017,319
11,026,547	10,828,314	12,284,210	13,191,960	13,934,627	7,126,624
8,486,477	8,266,252	7,748,178	7,318,632	7,179,281	9,433,362
292,821,696	221,522,284	207,256,883	216,169,496	233,890,308	261,672,151
(97,789,638)	(13,400,760)	6,561,962	4,996,883	(339,842)	(21,752,527)
16,600,000	–	27,080	1,109,874	43,892,465	5,720,000
1,891,124	–	–	–	3,170,051	149,361
–	–	–	–	9,160	28,942
–	11,025	183,547	9,192	1,000	200,165
(18,385,000)	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
106,124	11,025	210,627	1,119,066	47,072,676	6,098,468
\$ (97,683,514)	\$ (13,389,735)	\$ 6,772,589	\$ 6,115,949	\$ 46,732,834	\$ (15,654,059)
10.1%	10.0%	9.7%	9.8%	9.5%	7.0%

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax			Total
	General Purpose	Community Service	Debt Service	
2016	\$ 28,930,255	\$ 984,564	\$ 13,091,621	\$ 43,006,440
2017	30,326,197	983,709	12,957,635	44,267,541
2018	30,720,300	1,002,306	12,865,726	44,588,332
2019	30,756,672	997,284	18,796,921	50,550,877
2020	31,390,081	995,923	18,317,639	50,703,643
2021	44,400,044	1,017,797	18,108,882	63,526,723
2022	43,520,794	1,006,048	19,006,177	63,533,019
2023	43,423,315	1,050,089	19,314,476	63,787,880
2024	40,280,398	1,044,761	18,680,968	60,006,127
2025	49,136,300	1,083,302	14,193,619	64,413,221

INDEPENDENT SCHOOL DISTRICT NO. 621

Tax Capacities and Estimated Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacities				
	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment
			Contribution	Distribution	
2016	\$ 54,207	\$ 99,371,202	\$ (12,662,936)	\$ 9,068,708	\$ (6,359,282)
2017	55,245	105,143,686	(12,908,522)	10,010,150	(6,424,566)
2018	57,112	113,030,538	(13,677,567)	10,793,803	(6,761,366)
2019	57,112	120,900,657	(14,561,993)	11,280,177	(6,810,801)
2020	16,688	128,820,834	(15,858,671)	11,787,354	(6,564,847)
2021	16,688	137,638,851	(15,962,229)	12,260,186	(7,297,974)
2022	–	141,608,335	(17,824,315)	13,495,675	(7,942,608)
2023	15,128	160,219,666	(17,559,389)	12,997,251	(9,337,747)
2024	15,528	173,314,593	(18,558,354)	13,534,991	(11,785,419)
2025	16,407	173,570,753	(19,553,105)	15,621,858	(9,040,465)

Note 1: Tax capacity is calculated by applying class rates for specific property classifications (residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Note 2: Tax rates are per one dollar of tax capacity.

Note 3: District tax capacity rates do not include the referendum, which is spread on school district referendum market

Source: State of Minnesota School Tax Report

<u>Total Taxable</u>	<u>Tax Capacity Rate</u>	<u>Estimated Market Value</u>	<u>Market Value Tax Rate</u>	<u>Percent Total Tax Capacity of Estimated Market Value</u>
\$ 89,471,899	26.245	\$ 8,292,264,800	0.22261	1.08 %
95,875,993	25.305	8,752,524,300	0.20712	1.10
103,442,520	28.464	9,343,714,000	0.19725	1.11
110,865,152	26.330	9,971,701,500	0.18765	1.11
118,201,358	24.964	10,641,714,500	0.29347	1.11
126,655,522	23.863	11,297,090,500	0.25290	1.12
129,337,087	23.420	11,636,307,400	0.25640	1.11
146,334,909	18.367	13,183,343,608	0.22776	1.11
156,521,339	16.469	14,136,204,417	0.24480	1.11
160,615,448	17.034	14,282,444,299	0.23270	1.12

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Collection Year	ISD No. 621	Municipalities			
		City of Arden Hills	City of Mounds View	City of New Brighton	City of North Oaks
2016	26.245	26.539	40.105	36.176	10.021
2017	25.305	27.211	37.531	43.479	10.047
2018	28.464	25.532	37.742	43.239	10.873
2019	26.330	25.555	38.009	42.882	11.253
2020	24.964	25.414	36.675	42.619	11.698
2021	23.863	25.089	35.569	39.545	11.767
2022	23.420	26.543	35.180	42.010	12.210
2023	18.367	23.632	33.856	39.795	11.530
2024	16.469	24.491	34.935	41.672	11.747
2025	17.034	27.648	38.036	43.465	12.095

Note 1: Tax rates are per one dollar of tax capacity.

Note 2: The tax capacity rate applied to an individual property is the sum of the applicable school district, city, county, and other taxing entity tax rates. The “other” taxing entities include: the Metropolitan Council, Ramsey County Library, and Northeast Metropolitan Intermediate School District No. 916.

Note 3: District rates do not include the referendum, which is spread on school district referendum market value.

Source: Ramsey County Auditor

<u>City of Roseville</u>	<u>City of Shoreview</u>	<u>City of Vadnais Heights</u>	<u>Ramsey County</u>	<u>White Bear Township</u>	<u>Other</u>
39.324	35.357	26.820	58.885	22.875	7.252
38.552	34.302	26.845	51.173	21.976	6.920
38.177	33.617	24.872	49.473	21.623	6.642
37.422	32.960	24.127	48.565	21.722	6.413
39.201	32.626	24.583	48.081	21.760	6.224
37.071	32.331	23.298	43.859	24.142	5.710
38.483	32.961	26.135	43.987	27.181	5.962
36.083	30.258	25.860	41.231	25.856	5.351
37.229	31.432	26.757	41.681	24.913	5.319
40.376	32.378	32.091	43.686	26.650	5.382

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers
Current and Nine Years Ago

Taxpayer	Type of Property	2025		2016	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,990,550	1.9 %	\$ 2,291,834	2.6 %
KJPL Shoreview, L.L.C.	Commercial	1,344,592	0.8	–	–
Shoreview Housing Phase 2, LLC	Commercial	1,344,541	0.8	–	–
Breit Ramsey Industrial Owner LLC	Commercial	1,308,872	0.8	502,740	0.6
Cardiac Pacemakers, Inc.	Commercial	1,160,772	0.7	1,599,250	1.8
St. Paul Fire and Marine Insurance Company	Commercial	789,098	0.5	350,784	0.4
Wells Fargo Properties, Inc.	Commercial	750,773	0.5	737,220	0.8
Space Center Arden Hills, LLC	Commercial	719,306	0.4	286,350	0.3
Land O' Lakes, Inc.	Commercial	520,146	0.3	360,146	0.4
GIJV MN 5 LLC	Commercial	515,320	0.3	370,046	0.4
H2 Flats, LLC/Levitan LP	Commercial	515,268	0.3	274,940	0.3
Alatus Gateway, LLC	Commercial	499,250	0.3	–	–
Presbyterian Homes, Inc.	Commercial	495,680	0.3	200,000	0.2
ICON Owner Pool 3 Midwest	Commercial	459,364	0.3	277,942	0.3
Total		<u>\$ 13,413,532</u>	<u>8.2 %</u>	<u>\$ 7,251,252</u>	<u>8.1 %</u>

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			First Year Levy Recognized		Collections
	Local Spread	Fiscal Disparities	Total Spread	Amount	Percentage of Levy	Received in Subsequent Years
2016	\$ 39,603,186	\$ 4,564,200	\$ 44,167,386	\$ 43,918,515	99.4 %	\$ 248,871
2017	39,944,784	4,925,309	44,870,093	44,687,274	99.6	182,819
2018	44,892,812	5,010,165	49,902,977	49,634,367	99.5	268,610
2019	45,016,214	5,454,619	50,470,833	50,156,746	99.4	194,670
2020	57,880,683	5,318,499	63,199,182	62,846,807	99.4	237,320
2021	56,028,327	6,658,724	62,687,051	62,274,290	99.3	292,040
2022	57,128,390	6,590,988	63,719,378	63,315,865	99.4	203,307
2023	54,658,100	6,391,369	61,049,469	60,606,411	99.3	166,306
2024	58,303,908	5,534,051	63,837,959	63,198,739	99.0	–
2025	58,089,184	6,353,790	64,442,974	29,565,247	45.9	–

Note 1: Delinquent taxes are written off after seven years.

Note 2: Collections for the most recent year are first half collections (through June 30) only.

Source: State of Minnesota School Tax Report

Total to Date		Uncollected Taxes Receivable as of June 30, 2025			
Amount	Percentage of Levy	Delinquent		Current	
		Amount	Percent	Amount	Percent
\$ 44,167,386	100.0 %	\$ -	- %	\$ -	- %
44,870,093	100.0	-	-	-	-
49,902,977	100.0	-	-	-	-
50,351,416	99.8	119,417	0.2	-	-
63,084,127	99.8	115,055	0.2	-	-
62,566,330	99.8	120,721	0.2	-	-
63,519,172	99.7	200,206	0.3	-	-
60,772,717	99.5	276,752	0.5	-	-
63,198,739	99.0	639,220	1.0	-	-
29,565,247	45.9	-	-	<u>34,877,727</u>	54.1
		<u>\$ 1,471,371</u>		<u>\$ 34,877,727</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 621

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Premium (Discount) on Bonds	Finance Purchase Payable	Lease Liability	Technology Subscription Liability			
2016	\$108,810,000	\$ -	\$ 925,424	\$ -	\$ -	\$ -	\$109,735,424	2.49 %	\$ 1,259
2017	99,335,000	-	793,619	5,514,300	-	-	105,642,919	2.27	1,200
2018	246,135,000	-	9,060,512	5,323,620	-	-	260,519,132	5.52	2,930
2019	218,790,000	-	8,613,548	5,123,626	-	-	232,527,174	4.50	2,590
2020	206,185,000	-	9,946,289	4,917,079	-	-	221,048,368	4.08	2,437
2021	195,570,000	-	9,142,683	4,703,765	-	-	209,416,448	3.72	2,286
2022	184,390,000	-	8,339,077	4,483,462	1,606,384	-	198,818,923	4.79	2,525
2023	172,370,000	-	7,529,390	4,255,941	1,656,925	178,712	185,990,968	3.83	2,395
2024	202,130,000	-	9,798,963	4,020,965	2,148,211	120,240	218,218,379	4.12	2,690
2025	195,795,000	5,720,000	9,135,037	3,778,291	1,652,650	66,851	216,147,829	3.80	2,635

(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.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percent of Net Debt to Tax Capacity</u>
2016	\$ 109,735,424	\$ 19,790,965	\$ 89,944,459	\$ 89,471,899	100.53 %
2017	100,128,619	19,352,348	80,776,271	95,875,993	84.25
2018	255,195,512	19,196,794	235,998,718	103,442,520	228.14
2019	227,403,548	2,462,948	224,940,600	110,865,152	202.90
2020	216,131,289	2,264,238	213,867,051	118,201,358	180.93
2021	204,712,683	2,087,668	202,625,015	126,655,522	159.98
2022	192,729,077	2,937,315	189,791,762	129,337,087	146.74
2023	179,899,390	3,938,708	175,960,682	146,334,909	120.25
2024	211,928,963	4,046,010	207,882,953	156,521,339	132.81
2025	204,930,037	3,978,472	200,951,565	160,615,448	125.11

(1) See the Schedule of Tax Capacities and Estimated Market Values for market value data.

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

<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>	<u>Percent of Net Debt to Estimated Market Value (1)</u>
87,153	\$ 1,032	1.08 %
88,025	918	0.92
88,905	2,654	2.53
89,794	2,505	2.26
90,692	2,358	2.01
91,599	2,212	1.79
78,732	2,411	1.63
77,663	2,266	1.33
81,108	2,563	1.47
82,015	2,450	1.41

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt
June 30, 2025

Governmental Unit	Gross Bonded Debt Outstanding (1)	Percent Allocable to ISD No. 621 (2)	Portion Allocable to ISD No. 621
Direct debt			
Independent School District No. 621	\$ 204,930,037	100.00 %	\$ 204,930,037
Overlapping debt			
City of Mounds View	4,623,700	100.00	4,623,700
City of New Brighton	31,501,759	91.82	28,924,915
City of Roseville	10,343,659	16.51	1,707,738
City of Shoreview	28,517,597	92.98	26,515,662
City of Vadnais Heights	4,777,000	11.92	569,418
Northeast Metropolitan Intermediate School			
District No. 916	64,130,000	15.10	9,683,630
Ramsey County	214,887,000	18.15	39,001,991
White Bear Township	11,725,000	0.14	16,415
Special districts			
Metropolitan Council	1,558,153,208	2.91	45,342,258
Total overlapping debt			<u>156,385,727</u>
Total direct and overlapping debt			<u><u>\$ 361,315,764</u></u>

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Ramsey County

INDEPENDENT SCHOOL DISTRICT NO. 621

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 1,243,839,720	\$ 1,312,878,645	\$ 1,401,557,100	\$ 1,495,755,225
Total net debt applicable to the limit	<u>89,019,035</u>	<u>79,982,652</u>	<u>226,938,206</u>	<u>216,327,052</u>
Legal debt margin	<u>\$ 1,154,820,685</u>	<u>\$ 1,232,895,993</u>	<u>\$ 1,174,618,894</u>	<u>\$ 1,279,428,173</u>
Total net debt applicable to the limit as a percentage of debt limit	7.16%	6.09%	16.19%	14.46%

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

Source: Ramsey County

2020	2021	2022	2023	2024	2025
\$ 1,596,257,175	\$ 1,694,563,575	\$ 1,745,446,110	\$ 1,977,501,541	\$ 2,120,430,663	\$ 2,142,366,645
203,920,762	193,482,332	181,452,685	168,431,292	198,083,990	191,816,528
<u>\$ 1,392,336,413</u>	<u>\$ 1,501,081,243</u>	<u>\$ 1,563,993,425</u>	<u>\$ 1,809,070,249</u>	<u>\$ 1,922,346,673</u>	<u>\$ 1,950,550,117</u>
12.77%	11.42%	10.40%	8.52%	9.34%	8.95%

Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$14,282,444,299
Debt limit (15% of market value)	2,142,366,645
Debt applicable to the limit	
General obligation bonds	195,795,000
Less amount set aside for repayment of general obligation debt	<u>(3,978,472)</u>
Total net debt applicable to the limit	<u>191,816,528</u>
Legal debt margin	<u>\$ 1,950,550,117</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>	<u>School Enrollment (5)</u>
2016	87,153	\$ 4,404,807,940	\$ 50,541	3.8 %	\$ 11,145.74
2017	88,025	4,654,399,126	52,876	3.7	11,297.21
2018	88,905	4,715,709,259	53,043	3.0	11,389.34
2019	89,794	5,164,507,353	57,515	3.4	11,656.29
2020	90,692	5,412,772,760	59,683	10.1	11,725.84
2021	91,599	5,636,999,749	61,540	5.2	11,507.47
2022	78,732	4,154,687,640	52,770	4.5	11,478.21
2023	77,663	4,861,237,822	62,594	2.3	11,401.91
2024	81,108	5,301,056,664	65,358	3.3	11,256.52
2025	82,015	5,684,459,650	69,310	3.6	11,330.00

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

Sources:

- (1) Minnesota State Demographic Center for 2024
- (2) Estimated population times per capita personal income
- (3) Bureau of Economic Analysis
- (4) United States Bureau of Labor Statistics
- (5) The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Employers
as of June 30, 2025 and 2016

Employer	2025 (1)		2016	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,500	1	4,100	1
Boston Scientific	3,250	2	2,200	2
University of Northwestern (Arden Hills and Roseville)	2,122	3	–	–
Independent School District No. 621	1,706	4	1,618	3
Land O’ Lakes, Inc.	1,500	5	800	7
Roseville Area Schools	1,490	6	–	–
Wells Fargo	1,200	7	1,200	4
Bethel University	1,000	8	970	6
MN Department of Transportation	800	9	–	–
Old Dutch Foods	600	10	–	–
Presbyterian Homes	600	10	–	–
Deluxe Corporation	–	–	1,150	5
Cummins Power Generation	–	–	600	8
H.B. Fuller	–	–	600	8
Medtox Laboratory	–	–	517	10
Total	<u>18,768</u>		<u>13,755</u>	

(1) Information is from 2024. Information for 2025 is not yet available.

Note: Total employment in the District’s boundaries was not readily available.

Source: Cities of Arden Hills, Mounds View, New Brighton, Shoreview, and Roseville

INDEPENDENT SCHOOL DISTRICT NO. 621

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2016	2017	2018	2019
District directors/superintendent	8	10	11	14
Principals	23	25	24	24
Teachers (2)	884	892	893	919
Managers, coordinators, supervisors, specialists, and technical support	83	83	86	86
Paraprofessionals	402	390	394	412
Food service	78	77	75	80
Custodians	72	72	76	72
Clerical	54	51	55	56
Community education and Laurentian Environmental Center	14	11	7	7
Total	<u>1,618</u>	<u>1,611</u>	<u>1,621</u>	<u>1,670</u>

(1) This schedule is a headcount based on a contract group. Full-time and part-time employees count the same.

(2) Includes nurses, social workers, psychologists, speech pathologists, occupational therapists, physical therapists, adult basic education, early childhood family education, and learning resource teachers.

Source: The District's Human Resource Department

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
15	15	15	15	14	16
26	25	25	27	31	30
904	908	892	879	908	891
102	81	106	97	110	107
401	412	420	418	385	430
73	76	81	84	73	92
76	74	74	71	76	77
52	55	63	54	58	60
<u>1</u>	<u>11</u>	<u>5</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u><u>1,650</u></u>	<u><u>1,657</u></u>	<u><u>1,681</u></u>	<u><u>1,648</u></u>	<u><u>1,658</u></u>	<u><u>1,706</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020 (3)
Standardized tests					
MCA reading (1)					
Grade 3	67.30 %	64.70 %	66.10 %	62.40 %	N/A %
Grade 5	75.70	73.80	75.30	70.60	N/A
Grade 7	70.50	67.80	69.70	67.50	N/A
Grade 10	70.80	70.20	63.10	64.60	N/A
MCA math (1)					
Grade 3	78.00	74.00	76.30	76.00	N/A
Grade 5	67.00	63.80	66.10	61.40	N/A
Grade 7	71.80	70.30	69.40	67.20	N/A
Grade 11	62.40	62.90	58.80	55.60	N/A
ACT					
Average composite score	23.20 (2)	23.50 (2)	23.60 (2)	23.40 (2)	22.80 (2)
Graduation data					
ISD No. 621 graduation rate	90.90	91.20	91.10	90.40	92.40
State graduation rate	81.90	82.20	82.70	83.20	83.77

N/A – Not Available

- (1) Percentage of students scoring at or above proficiency on the MCA Test (level 3 or higher).
- (2) ACT administered to all students.
- (3) 2020 – Minnesota granted testing waiver based on COVID-19.
- (4) 2021 – participant rates were below 95.0 percent.
- (5) 2022 – participant rates for Grade 11 math were 49.4 percent.

Source: State graduation rate obtained from the Minnesota Department of Education

2021 (4)	2022 (5)	2023	2024	2025	State Average 2025
62.70 %	53.40 %	50.80 %	54.10 %	51.60 %	45.90 %
65.60	64.90	68.50	62.40	61.60	57.00
61.00	57.60	53.30	53.50	57.20	46.10
69.40	65.60	60.90	60.90	55.50	51.10
68.80	66.00	64.80	67.80	65.60	57.80
59.60	52.90	56.40	53.30	54.30	42.80
51.30	45.20	49.50	52.80	56.40	40.80
59.10	47.70	57.70	49.30	46.40	34.90
23.60	21.90	21.90	22.20	22.20	20.60
92.40	92.20	90.60	91.20	91.10	N/A
83.77	83.30	83.60	83.30	84.20	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities
as of June 30, 2025

Facility	Original Year Constructed	Use	Grades/Programs Housed	Square Footage
Bel Air Elementary	1966	School	Kindergarten–Grade 5	93,406
Island Lake Elementary	1956	School	Kindergarten–Grade 5	98,587
Pinewood Elementary	1955	School	Kindergarten–Grade 5	87,189
Sunnyside Elementary	1950	School	Kindergarten–Grade 5	83,603
Turtle Lake Elementary	1958	School	Kindergarten–Grade 5	126,552
Valentine Hills Elementary	1968	School	Kindergarten–Grade 5	86,615
Chippewa Middle School	1973	School	Grades 6–8	194,499
Edgewood Middle School	1957	School	Grades 6–8	183,554
Highview Middle School	1967	School	Grades 6–8	170,112
Irondale High School	1965	School	Grades 9–12	362,686
Mounds View High School	1952	School	Grades 9–12	407,964
Early Childhood Education Center	1990	Multi-purpose	Early Childhood	20,028
Pike Lake Education Center	1962	Multi-purpose	Kindergarten Center/ early childhood programs	85,236
Snail Lake Education Center	1952	Multi-purpose	Kindergarten Center/ early childhood programs	82,054
District Center	1992	Multi-purpose	District offices/ community education	28,462
Lexington Education Center	1982	Multi-purpose	Reach Academy, Bridges	56,344

Source: The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Administration	\$ 540	\$ 530	\$ 555	\$ 578	\$ 570
District support services	332	348	348	341	351
Elementary and secondary regular instruction	5,779	5,774	5,878	5,938	5,959
Vocational education instruction	157	175	224	196	194
Special education instruction	2,568	2,349	2,389	2,307	2,415
Instructional support services	783	828	846	837	924
Pupil support services	1,307	1,327	1,400	1,491	1,588
Sites and buildings	1,213	2,062	1,694	1,651	1,588
Fiscal and other fixed cost programs	20	25	23	23	33
Food service	511	506	506	501	467
Community service	449	464	561	603	606
Capital outlay	357	27	294	2,073	8,613
Debt service	<u>1,221</u>	<u>1,223</u>	<u>1,279</u>	<u>1,707</u>	<u>1,664</u>
Total expenditures	<u>\$ 15,237</u>	<u>\$ 15,639</u>	<u>\$ 15,997</u>	<u>\$ 18,245</u>	<u>\$ 24,972</u>
Average daily membership	<u>11,146</u>	<u>11,297</u>	<u>11,389</u>	<u>11,656</u>	<u>11,726</u>

Note: Includes all governmental fund expenditures.

Source: Minnesota Department of Education student reporting system

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	589	\$ 609	\$ 620	\$ 653	\$ 678
	456	510	590	582	636
	6,234	6,305	6,380	6,888	7,431
	193	172	184	208	229
	2,343	2,629	2,768	3,043	3,331
	984	1,034	1,227	1,426	1,432
	1,477	1,848	1,881	2,083	2,189
	1,679	1,883	1,653	1,499	1,760
	49	60	66	86	94
	414	589	538	654	684
	383	524	665	755	696
	2,792	149	587	1,026	2,473
	<u>1,659</u>	<u>1,745</u>	<u>1,799</u>	<u>1,876</u>	<u>1,462</u>
\$	<u>19,251</u>	<u>18,057</u>	<u>18,959</u>	<u>20,778</u>	<u>23,096</u>
	<u>11,507</u>	<u>11,478</u>	<u>11,402</u>	<u>11,257</u>	<u>11,330</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic Statistics – Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	103.96	802.73	5,008.01	5,231.04	11,145.74	12,189.62
2017	112.24	835.35	5,049.79	5,299.83	11,297.21	12,350.88
2018	116.99	851.06	5,131.03	5,290.26	11,389.34	12,446.64
2019	164.62	873.59	5,244.17	5,373.91	11,656.29	12,731.08
2020	155.68	882.96	5,301.42	5,385.78	11,725.84	12,803.02
2021	124.95	830.47	5,113.30	5,438.75	11,507.47	12,595.21
2022	147.03	810.89	5,064.25	5,456.04	11,478.21	12,569.41
2023	173.30	785.31	5,092.77	5,350.53	11,401.91	12,472.01
2024	199.77	769.65	4,996.22	5,290.88	11,256.52	12,314.70
2025	201.00	775.00	5,029.00	5,325.00	11,330.00	12,395.00

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

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–6	Secondary 7–12+
All years presented	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Meals Served and Pricing
Last Ten Fiscal Years

Year Ended June 30,	Lunches Served to Students				Lunches Served to Adults
	Regular Priced Lunches	Reduced-Price Lunches	Free Lunches	Total	
2016	665,291	106,120	382,128	1,153,539	29,804
2017	674,980	109,053	377,482	1,161,515	30,010
2018	667,555	121,083	352,874	1,141,512	28,956
2019	664,517	122,251	321,340	1,108,108	28,831
2020	(1) 490,791	86,875	325,362	903,028	21,714
2021	(2) –	–	1,021,233	1,021,233	12,076
2022	(3) –	–	1,249,628	1,249,628	24,239
2023	(4) 701,195	87,084	365,176	1,153,455	26,545
2024	(5) 851,857	87,441	374,247	1,313,545	25,967
2025	(5) 882,052	89,663	378,820	1,350,535	24,116

Year Ended June 30,	Student Regular Lunch Prices		
	Regular Priced Lunches		Adult Lunches
	Elementary	Secondary	
2016	\$ 2.45	\$ 2.70	\$ 3.60
2017	2.55	2.80	3.60
2018	2.55	2.80	3.85
2019	2.55	2.80	4.00
2020	2.55	2.80	4.00
2021	–	–	4.00
2022	–	–	4.00
2023	2.70	2.95	4.95
2024	–	–	4.95
2025	–	–	5.00

- (1) In 2020, regular and reduced-price lunches decreased, due to the COVID-19 school closure. Free lunches include curbside pick-up.
- (2) In 2021, all students received free lunch, due to COVID-19.
- (3) In 2022, all students received free lunch, due to COVID-19.
- (4) In 2023, returned to regular and reduced-price lunches.
- (5) In 2024 and 2025, all students received free lunch per Minnesota Department of Education regulation.

Source: The District's Nutrition Service Department

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