

ANNUAL COMPREHENSIVE FINANCIAL REPORT



WHITE BEAR LAKE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA
FOR THE YEAR ENDED JUNE 30, 2025

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

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Assistant Superintendent for Finance and Operations
Tim Wald

Director of Finance
Andi Johnson, CPA

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SECTION I – INTRODUCTORY SECTION

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White Bear Lake Area Public Schools Independent School District 624

FINANCE DEPARTMENT

4855 BLOOM AVE
WHITE BEAR LAKE, MN 55110
(651) 407-7518 FAX (651) 407-7521

December 31, 2025

To the Board of Education, Citizens, and Employees of Independent School District No. 624:

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 624, White Bear Lake, Minnesota (the District) for the fiscal year ended June 30, 2025, is submitted herewith. The audit report was completed on December 31, 2025, and the report was subsequently issued. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, and the Certificates of Achievement for Excellence in Financial Reporting. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplementary information, as well as the independent auditor's report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

The District is required to undergo an annual Single Audit as required by the U.S. Office of Management and Budget's Uniform Guidance. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditor's reports on internal controls and compliance with applicable laws and regulations, are included in a separate report. 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 MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

In January 1857, James F. Murray and other White Bear Lake settlers decided to establish their own school district. Upon approval from the county for this new district, Murray donated property along Bald Eagle Lake for a new school. At a cost of \$100, and with the help of community labor, the first schoolhouse in White Bear Lake was opened in 1857, a year before Minnesota became the 32nd state in the Union.

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District serves about 8,327 students in pre-kindergarten through Grade 12. Geographically, the District's boundaries include portions of Anoka, Ramsey, and Washington counties, and serves all or part of the following municipalities: Birchwood, Gem Lake, Hugo, Lino Lakes, Little Canada, North Oaks, Vadnais Heights, White Bear Lake, and White Bear Township.

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

During fiscal year 2025, the District operated 18 buildings. A list of school facilities as of June 30, 2025 is included in the statistical section of this report.

Based on legislative authority, the Board of Education:

- a. has the corporate power to sue and be sued in all courts;
- b. has the power to levy and collect taxes and to issue bonds;
- c. can contract for appointed administrators, teachers, and other personnel as well as for goods and services;
- d. holds title to all district property; and
- e. appoints the treasurer who serves as legal custodian of all of the District's funds.

The mission of the White Bear Lake Area School District, the community at the forefront of educational excellence, honoring our legacy and courageously building the future, is to ensure each student realizes their unique talents and abilities, and makes meaningful contributions with local and global impact through a vital system distinguished by:

- Students who design and create their own future
- A culture that respects diverse people and ideas
- Safe, nurturing and inspiring experiences
- Exceptional staff and families committed to student success
- Abundant and engaged community partners

The District has adopted the following equity commitment: to nurture the whole student, we disrupt systemic inequities by recognizing, honoring, and embracing all cultures with humility and respect. The District has adopted a 4-way equity decision making protocol:

1. How does this help to provide opportunities to students who have been marginalized within the system in the past?
2. How does this help to ensure equitable access for all?
3. How does this help to eliminate barriers based on race/ethnicity, gender, disability, age, or other protected groups?
4. How does this ensure that the same rigorous standards for academic performance exist for all students?

The District enjoys the atmosphere of a close-knit community and the learning opportunities of a major metropolitan center. The District is proud of its reputation for excellence in every part of a student's career and of its teacher training. In comparison with other school districts in the state, the District ranks high in its educational programs and scholastic abilities of its graduates. Because of the foresight of its early settlers, the District has one of the finest educational systems in the state.

Economic Conditions

The various communities that comprise the District participate in the deep and diverse Twin Cities metropolitan area economy and enjoy strong market value growth [Source: Standard & Poor's (S&P)]. The communities are all committed to careful planning and thoughtful community renewal, range from partially to nearly fully developed, and are diverse and independent. After declining for several years as a result of the Great Recession, the market value of property within the District has increased over the past several years, to an estimated current value of \$12.1 billion. The Minnesota State Demographic Center estimated that as of 2024, the District had approximately 67,457 residents. After a drop in enrollment caused by the COVID-19 pandemic, district enrollment has stabilized over the last several years. The district's average daily membership for fiscal year 2025 was 8,327 students. The District's student enrollment for fiscal year 2026 is projected to decrease slightly but recover over the next decade, due to the strength of the local economy and continued housing development throughout the District.

The District's facilities consist of 18 buildings constructed from 1918 to 2022, with several construction projects in progress but not completed at the end of fiscal year 2025. The District is able to maintain its facilities through participation in the State of Minnesota's Long-Term Facilities Maintenance program, through which, the District maintains a comprehensive 10-year plan to address health and safety, and deferred maintenance needs.

Current Financial Conditions

The District will continue to closely monitor its General Fund reserve. As of June 30, 2025, the District's unassigned fund balance was \$12.7 million (excluding restricted account deficits). Adequate fund balances are critical during difficult financial times. For example, in order to mitigate its cash flow problems in years past, the state of Minnesota twice postponed aid payments to school districts. While the vast majority of Minnesota school districts resorted to borrowing funds to ensure an appropriate level of liquidity, the District's fund balance was sufficient so that it did not need to borrow funds to meet its financial obligations and avoided the costs associated with borrowing.

In April 2024, S&P's Rating Services assigned a rating of AA- in association with the issuance of its 2024A General Obligation School Building and Facilities Maintenance Bonds. The District's credit rating reflects S&P's opinion that the District's economy should continue to support conditions going forward, supporting stable finances and a stable overall credit profile.

Financial Future of the District

District residents have supported the District as evidenced by recent elections that have resulted in increased resources for the District.

In November 2019, White Bear Lake Area Public Schools voters approved a \$326 million building bond request to address building needs across the District by a 57–43 percent margin. The bond funding has been used to address needs throughout the District; provide safe, secure and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified Grades 9–12 high school; and create flexibly-designed learning spaces to support student-centered instruction. As a result of the resulting building additions, as well as the construction of a new elementary school to accommodate enrollment in the north side of the District, the average building age of district facilities saw a dip in recent years but will remain stable going forward.

The majority of the District’s financial resources come in the form of state aid. Since 2003, the level of funding provided by the state of Minnesota has not kept pace with inflation, resulting in a growing dependence on local levies to supplement budget shortfalls. The state general education formula allowance has increased from \$4,966 per Adjusted Daily Membership in 2003 to \$7,481 in 2026; had the formula allowance kept pace with inflation, the allowance would be \$8,901 in 2026, which would result in an additional \$13 million of revenue each year for the District.

In November 2022, a capital projects referendum renewal passed by a 60–40 percent margin and will be in effect for 10 years, beginning in taxes payable during 2024, and will provide revenue through the 2033–2034 school year. In November 2017, an operating levy renewal passed by an 80–20 percent margin. This operating levy will be in place through the 2027–2028 school year. These successful elections have brought increased financial stability to the District and will allow for continued efforts to improve and expand program offerings, maintain class sizes, and to make necessary capital investments, such as in the areas of musical instruments, technology, science labs, and curricular materials.

The District has an Executive Finance Committee that reviews pertinent finance-related topics and serves in an advisory capacity to the District’s administrative team. The committee is comprised of two Board of Education members, the Superintendent, the Director of Finance, and the Assistant Superintendent for Finance and Operations, who serves as the District’s Chief Financial Officer.

Financial Reporting Awards

For the 25th consecutive year, the District has received both the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials International awards for excellence in financial reporting. The Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting

Minnesota Statutes § 123B.77, which became law in 1976, requires all school districts within the state to comply with the Uniform Financial Accounting and Reporting Standards.

Management of the District is responsible for establishing and maintaining an internal control structure 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. Internal controls are 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.

Single Audit – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgeting Controls – In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital expenditures.

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds, except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Budgetary control is maintained at line-item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a regular basis. This report compares each line-item account balance to the annual budget with accumulation to the cost center, fund, and total district levels. For example, the District maintains an encumbered accounting system as one technique in accomplishing budgetary control. Encumbered amounts lapse at year-end.

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.

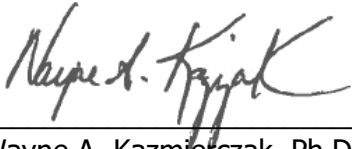
Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This requirement has been complied with and the accountant's report has been included in this report.

Closing Statement – It is the goal of this ACFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2025.

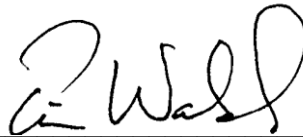
The preparation of this report on a timely basis could not be accomplished without the efforts of Stephanie Wendel, our Controller, and Andi Johnson, our Director of Finance; and the dedicated members of the Finance Office who assisted in the closing of the District's financial records and the preparation of this report.

We would like to extend our appreciation to the members of the District's Executive Finance Committee and the Board of Education for their commitment of time and support in planning and conducting the financial matters of the District in a responsible and progressive manner.

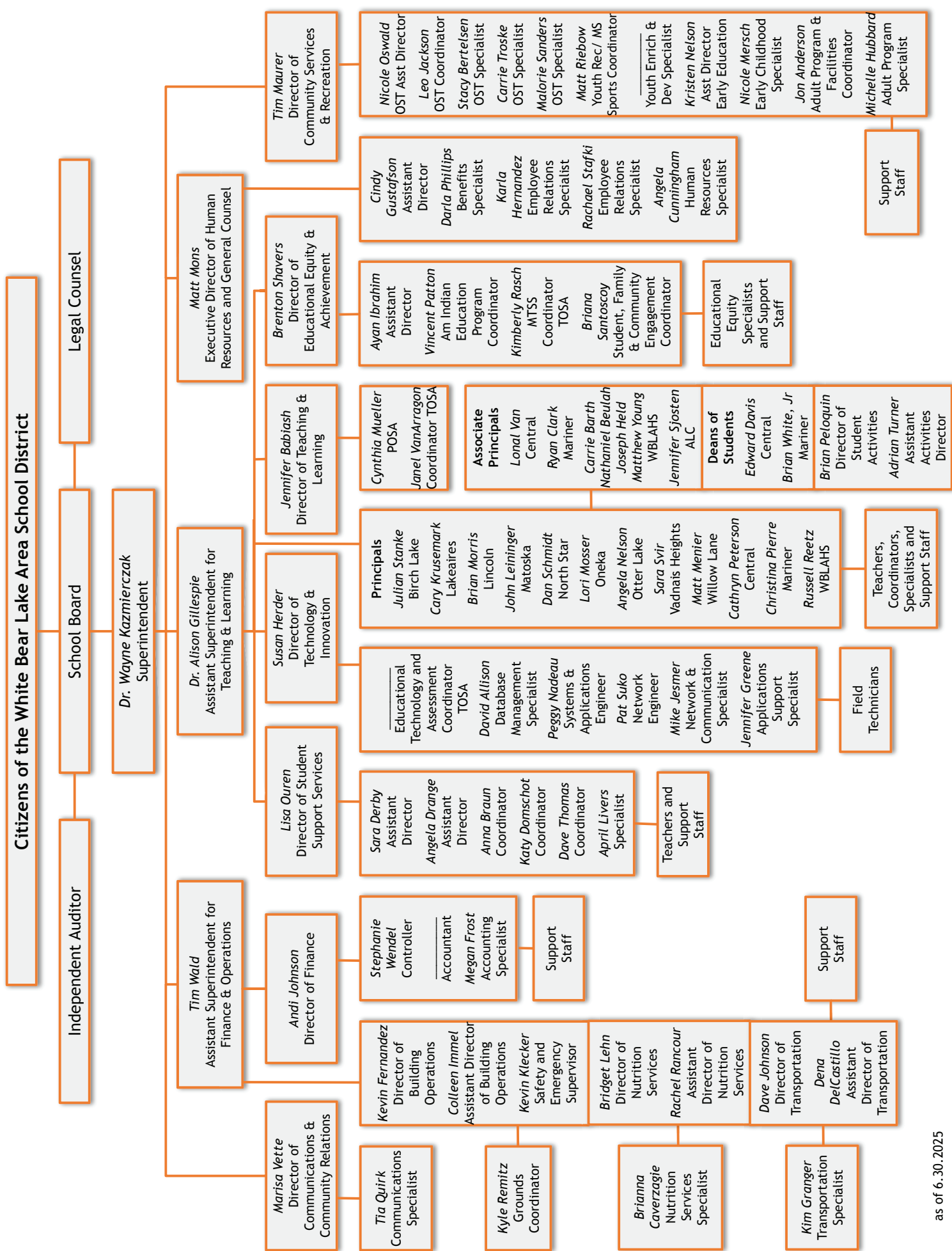
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Wayne A. Kazmierczak".

Wayne A. Kazmierczak, Ph.D.
Superintendent of Schools

A handwritten signature in black ink, appearing to read "Timothy Wald".

Timothy Wald
Assistant Superintendent for Finance and Operations



INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2025

BOARD OF EDUCATION

	<u>Term Expires</u>	<u>Position</u>
Scott Arcand	December 31, 2028	Chairperson
Angela Thompson	December 31, 2028	Vice Chairperson
Deborah Beloyed	December 31, 2026	Treasurer
Kathleen Daniels	December 31, 2026	Clerk
Jessica Ellison	December 31, 2026	Member
Dan Skaar	December 31, 2028	Member
Christina Streiff Oji	December 31, 2026	Member

ADMINISTRATION OFFICIALS

Wayne Kazmierczak, Ph.D.	Superintendent of Schools
Tim Wald	Assistant Superintendent for Finance and Operations
Alison Gillespie, Ph.D.	Assistant Superintendent for Teaching and Learning
Matthew Mons	Executive Director of Human Resources and General Counsel
Marisa Vette	Director of Communications and Community Relations
Timothy Maurer	Director of Community Services and Recreation
Lisa Ouren	Director of Student Support Services
Susan Herder	Director of Technology and Innovation
Jennifer Babiash	Director of Curriculum and Instruction
Andi Johnson	Director of Finance
Brenton Shavers	Director of Educational Equity and Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**White Bear Lake Area Schools
Independent School District #624
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Independent School District No. 624

**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**

SECTION II – FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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. 624 (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 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 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 they expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated December 30, 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 31, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "LB Carlson, LLP".

LB CARLSON, LLP
Minneapolis, Minnesota

December 31, 2025

INDEPENDENT SCHOOL DISTRICT NO. 624

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

This section of Independent School District No. 624's (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) 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. The MD&A is a narrative overview and analysis presented as required supplementary information.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources were greater than its liabilities and deferred inflows of resources at June 30, 2025 by \$21,424,698 (net position). The District's total net position increased by \$4,102,633 during the fiscal year ended June 30, 2025 which included a change in accounting principle, reducing net position by \$18,312,770. The change in compensated absences balance and 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 decrease in unrestricted net position of \$14,307,488 in the current year.
- The District's net investment in capital assets increased \$17,506,419 in 2025. This change in net position relates to the relationship between the rate at which the District is adding additional capital assets, the rate 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 General Fund's total fund balance (under the governmental fund presentation) increased \$1,374,074 from the prior year, compared to an increase of \$670,429 planned in the budget.
- As described in Note 1 of the notes to basic financial statements in fiscal 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation decreased the beginning balance in government-wide net position by \$18,312,770, including increases in long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- 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, which includes combining and individual fund 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 they have 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, transportation, administration, food service, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the financing of self-funded dental benefits and the self-funded health insurance plan. 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:

Table 1 Summary Statement of Net Position as of June 30, 2025 and 2024		
	2025	2024
Assets		
Current and other assets	\$ 196,336,942	\$ 253,129,434
Capital assets, net of depreciation/amortization	463,045,921	403,702,835
Total assets	\$ 659,382,863	\$ 656,832,269
Deferred outflows of resources		
Pension plan deferments	\$ 17,614,745	\$ 20,637,566
OPEB plan deferments	248,597	1,842,768
Total deferred outflows of resources	\$ 17,863,342	\$ 22,480,334
Liabilities		
Current and other liabilities	\$ 25,294,119	\$ 31,934,303
Long-term liabilities, including due within one year	527,387,752	547,552,345
Total liabilities	\$ 552,681,871	\$ 579,486,648
Deferred inflows of resources		
Lease revenue for subsequent years	\$ 3,840,421	\$ 3,999,663
Property taxes levied for subsequent year	68,381,622	64,435,375
Pension plan deferments	25,705,997	7,932,183
OPEB plan deferments	5,211,596	6,136,669
Total deferred inflows of resources	\$ 103,139,636	\$ 82,503,890
Net position		
Net investment in capital assets	\$ 78,717,847	\$ 61,211,428
Restricted	26,044,420	25,140,718
Unrestricted	(83,337,569)	(69,030,081)
Total net position	\$ 21,424,698	\$ 17,322,065

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 factor in determining net position as compared to fund balances is the liability for compensated absences, other post-employment benefits (OPEB), and pensions.

The issuance of facilities maintenance and school building bonds in previous years, along with the resulting capital spending resulted in a significant change in capital assets, net of depreciation/amortization, and net investment in capital assets in the current year. This capital asset spending also had an impact on current and other assets in the current year. The decline in contracts payable at year-end when compared to the prior year impacted current and other long-term liabilities in the current year. The decline in long-term liabilities in the current year is the result of payments on debt and decreases in net pension liabilities. This was offset by increases in arbitrage liabilities.

The rate at which the District is adding additional capital assets, the rate capital assets are being depreciated/amortized, and how this compares to the rate at which the District is repaying the debt issued to purchase or construct those assets is having a positive impact on net investment in capital assets.

The increase in amounts restricted for OPEB contributed to the increase in restricted net position.

The change in the District's share of the PERA and TRA pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. The decrease in net position due to the change in accounting principle as described in Note 1 of the notes to basic financial statements also impacted unrestricted net position in the current year.

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		
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 10,187,345	\$ 9,287,175
Operating grants and contributions	41,971,192	37,948,701
Capital grants and contributions	84,251	264,423
General revenues		
Property taxes	66,840,513	62,671,568
General grants and aids	76,832,704	74,506,987
Other	6,474,330	9,489,150
Total revenues	<u>202,390,335</u>	<u>194,168,004</u>
Expenses		
Administration	4,748,245	4,902,995
District support services	2,842,148	2,704,238
Elementary and secondary regular instruction	56,405,950	51,876,425
Vocational education instruction	2,024,656	1,554,349
Special education instruction	31,144,947	28,480,399
Community education	412,157	393,860
Instructional support services	10,216,735	9,246,594
Pupil support services	18,528,377	15,935,335
Sites and buildings	15,490,879	17,628,235
Fiscal and other fixed cost programs	778,891	681,258
Food service	7,377,373	6,332,324
Community service	7,990,944	7,893,699
Depreciation/amortization not allocated to other functions	4,684,643	3,498,206
Interest and fiscal charges	17,328,987	12,102,636
Total expenses	<u>179,974,932</u>	<u>163,230,553</u>
Change in net position	22,415,403	30,937,451
Net position – beginning of year, as previously reported	17,322,065	(13,615,386)
Change in accounting principle	(18,312,770)	–
Net position – beginning of year, as restated	<u>(990,705)</u>	<u>(13,615,386)</u>
Net position – end of year	<u>\$ 21,424,698</u>	<u>\$ 17,322,065</u>

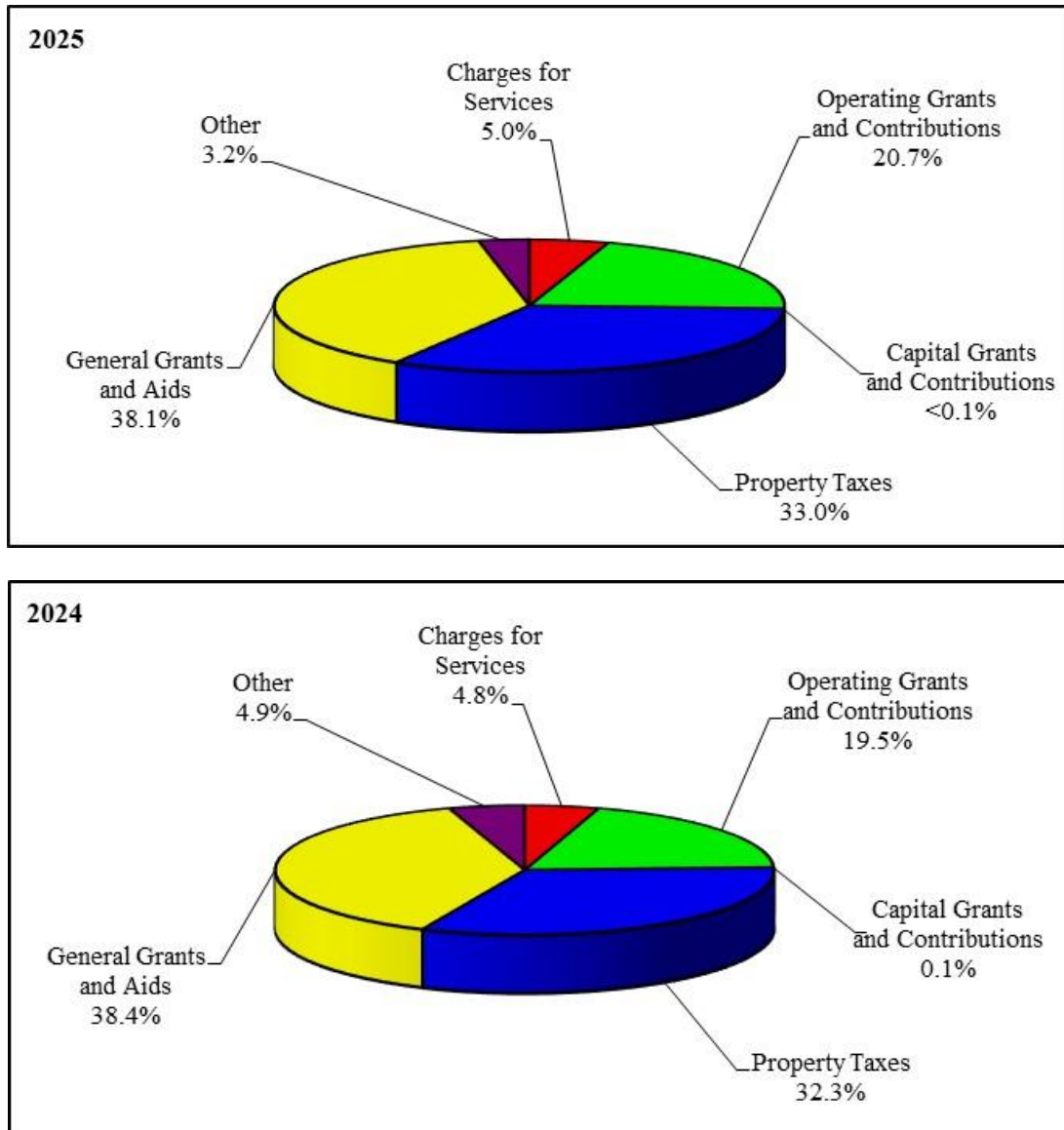
This format is presented on an accrual basis of accounting and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Operating grants and contributions increased due to the District receiving more special education aid in the current year. The increase in the approved tax levy contributed to the change in property taxes. General grants and aids increased related to increases in general education aid. Other revenue decreases were from lower investment earnings the result of the spend down of the Capital Projects – Building Construction Fund balance in the current year.

The increases in expenses within elementary and secondary regular instruction and special education instruction reflect increased program costs for salaries and benefits and the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier. The increase in interest and fiscal charges relate to additional debt service on bonds issued for capital improvements and facilities maintenance over the past three years, including arbitrage related costs. The increase in pupil support services was related to increases in purchased services for transportation. The decline in sites and buildings is mostly related to less long-term facilities maintenance (LTFM) in the current year.

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

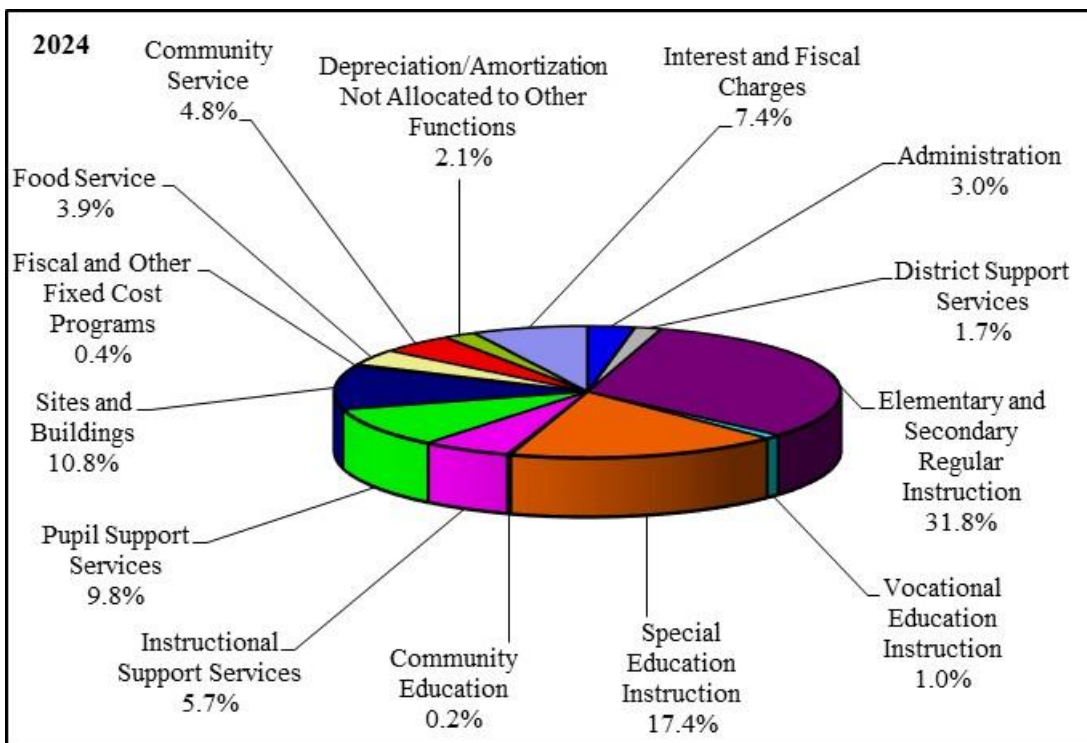
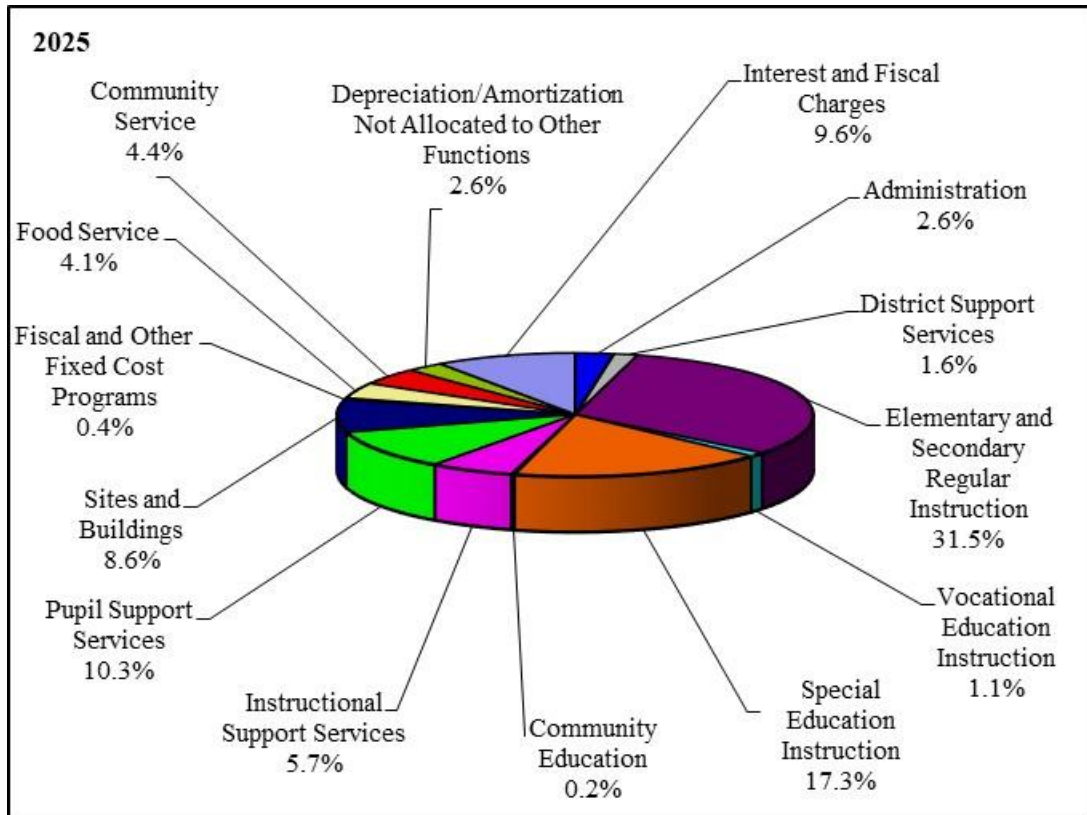
Figure A – Sources of Revenues for Fiscal Years 2025 and 2024



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

Property taxes are the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building 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 – 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.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2025 and 2024			
	2025	2024	Change
Major funds			
General	\$ 15,973,563	\$ 14,599,489	\$ 1,374,074
Capital Projects – Building Construction	54,586,559	111,487,424	(56,900,865)
Debt Service	5,933,546	6,508,028	(574,482)
Nonmajor funds			
Food Service Special Revenue	2,573,034	3,004,235	(431,201)
Community Service Special Revenue	(139,237)	(322,046)	182,809
Total governmental funds	<u>\$ 78,927,465</u>	<u>\$ 135,277,130</u>	<u>\$ (56,349,665)</u>

The significant decrease in fund balance in the Capital Projects – Building Construction Fund is related to spending of bond proceeds issued in current and prior years.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	Original Budget	Final Budget	Change	Percent Change
Revenue	<u>\$ 142,343,263</u>	<u>\$ 144,239,006</u>	<u>\$ 1,895,743</u>	<u>1.3 %</u>
Expenditures	<u>\$ 141,524,484</u>	<u>\$ 143,568,577</u>	<u>\$ 2,044,093</u>	<u>1.4 %</u>
Other financing sources	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>– %</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to previously as the original budget. During the year, the District might amend that budget for known changes in circumstances, such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2025	Over (Under) Final Budget		Over (Under) Prior Year	
	Actual	Amount	Percent	Amount	Percent
Revenues and other financing sources	\$ 148,502,704	\$ 4,263,698	3.0%	\$ 5,805,449	4.1%
Expenditures and other financing uses	<u>147,128,630</u>	\$ 3,560,053	2.5%	\$ 7,789,320	5.6%
Net change in fund balances	<u>\$ 1,374,074</u>				

State sources were over budget by \$2,709,260, mainly in general education and transportation aid categories. Other revenue was over budget by \$1,589,123, mainly the result of increased student activities and conservative budgeting in this area.

State aid increased \$5,775,307, mainly in general education and special education aid. Revenue decreased \$1,088,823 in federal aid related to decreases in spending of COVID-19 stimulus-related grants and aids as availability is declining.

Elementary and secondary regular instruction purchased services were over budget by \$1,427,650 mainly in tuition, field trips, and athletic officials. Pupil support service expenditures were over budget by \$1,784,210, due to contracted transportation expending more than budgeted. Vocational education instruction expenditures were over budget by \$837,094, due to salary and benefit expenditures being higher than anticipated. Instructional support service expenditures for supplies and materials were over budget by \$1,042,730 as technology related purchases were higher than projected. Capital expenditures were over budget by \$4,056,130 as LTFM costs were reported in this category, but budgeted as purchased services in sites and buildings. Purchased services were under budget \$3,253,340 in sites and buildings for the same reason.

Capital expenditures increased \$3,854,676, mainly in sites and buildings for LTFM program costs. Salaries and benefits increased \$2,525,504, spread across multiple programs due to contractual settlements and increased health insurance costs. Purchased services increased \$1,719,713, mainly in transportation costs.

Analysis of Other Major Governmental Funds

The Capital Projects – Building Construction Fund accounts for the costs of capital projects related to LTFM bonds and voter-approved general obligation school building bonds. In 2019, district voters approved a \$326 million building bond request to address needs throughout the District. The bond funding has been used to provide safe, secure, and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified Grades 9–12 high school; and create flexibly-designed learning spaces to support student-centered instruction.

Total Debt Service Fund revenue reflects the full levy for repayment of bonds, less a mandated reduction in the levy to reduce fund balance. Expenditures reflect the debt repayment schedule.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures greater than revenues and other financing sources, decreasing fund balance by \$431,201, compared to a planned fund balance decrease of \$699,995. Revenues were over budget by \$79,838 primarily in other local sources which is primarily meal sales. Expenditures were lower than projected by \$180,015, mainly in capital outlay.

Food service revenues were \$85,722 higher than prior year, mainly in state sources from the free meal program. Expenditures were \$1,277,784 higher than prior year, mainly in salaries for additional staffing.

The Community Service Special Revenue Fund ended the year with revenues and other financing sources greater than expenditures increasing fund balance by \$182,809, compared to a planned fund balance increase of \$91,384. Revenues were \$126,482 less than budget, primarily in state and federal grant revenue. Expenditures were lower than budget, the result of salaries and benefits being under budget \$447,124, due to having less staff than budgeted and lower than expected health insurance costs.

Community Service Fund revenues were higher in the current year by \$372,913, primarily in tuition and fees within school age care and youth recreation programs. Expenditures increased \$71,536, or 0.9 percent.

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 insurance and self-insured dental insurance. The net position balance for all internal service funds as of June 30, 2025 was a balance of \$5,845,040, which represents an \$821,374 increase from operations.

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:

Table 6 Capital Assets			
	2025	2024	Change
Land	\$ 6,576,535	\$ 6,576,535	\$ —
Land improvements	4,074,391	4,017,609	56,782
Buildings	372,650,185	199,300,351	173,349,834
Buildings – lease	963,444	963,444	—
Equipment	16,817,328	14,620,895	2,196,433
Pupil transportation vehicles	6,233,269	6,233,269	—
Technology subscriptions	388,255	388,255	—
Construction in progress	148,871,137	259,262,313	(110,391,176)
Less accumulated depreciation/amortization	(93,528,623)	(87,659,836)	(5,868,787)
Total	\$ 463,045,921	\$ 403,702,835	\$ 59,343,086
Depreciation/amortization expense	\$ 5,868,787	\$ 4,524,570	\$ 1,344,217

By the end of 2025, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

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

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2025	2024	Change
General obligation bonds payable	\$ 405,880,000	\$ 423,440,000	\$ (17,560,000)
Certificates of participation payable	3,220,000	4,010,000	(790,000)
Lease liabilities	559,963	662,294	(102,331)
Premiums (discounts) on bonds payable	23,346,812	25,396,842	(2,050,030)
Arbitrage liability	5,907,858	469,695	5,438,163
Net pension liability	68,016,511	92,852,782	(24,836,271)
Compensated absences payable	20,456,608	720,732	19,735,876
Total	\$ 527,387,752	\$ 547,552,345	\$ (20,164,593)

The decrease in general obligation bonds payable and premiums (discounts) on bonds payable is due to payment of bonds. The differences in the net pension liability reflect the change in the District's proportionate share of these state-wide pension plan obligations. The increase in compensated absences payable is due to the change in accounting principle described in Note 1 of the notes to basic financial statements. The increase in arbitrage payable is the result of investment earnings on unspent bond proceeds that is projected to be paid to the Internal Revenue Service.

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).

Table 8 Limitations on Debt	
District's market value	\$ 12,081,864,086
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,812,279,613</u></u>

Additional details of the District's capital assets and long-term liabilities activity can be found in Notes 4 and 5 of 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 Business Office, Independent School District No. 624, 2399 Cedar Avenue, White Bear Lake, Minnesota 55110.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 119,148,864	\$ 178,211,753
Receivables		
Current taxes	37,370,805	35,447,886
Delinquent taxes	936,879	807,108
Accounts and interest	809,426	233,812
Due from other governmental units	14,101,181	14,805,374
Due from Post-Employment Benefits Trust Fund	1,085,049	1,212,424
Lease	3,840,421	3,999,663
Inventory	170,033	142,288
Prepaid items	57,463	681,732
Net OPEB plan asset	18,816,821	17,492,994
Restricted assets – temporarily restricted		
Cash and investments held for capital projects	–	94,400
Capital assets		
Not depreciated/amortized	155,447,672	265,838,848
Depreciated, net of accumulated depreciation/amortization	307,598,249	137,863,987
Total capital assets, net of accumulated depreciation/amortization	<u>463,045,921</u>	<u>403,702,835</u>
Total assets	659,382,863	656,832,269
Deferred outflows of resources		
Pension plan deferments	17,614,745	20,637,566
OPEB plan deferments	248,597	1,842,768
Total deferred outflows of resources	<u>17,863,342</u>	<u>22,480,334</u>
Total assets and deferred outflows of resources	<u>\$ 677,246,205</u>	<u>\$ 679,312,603</u>
Liabilities		
Salaries payable	\$ 616,064	\$ 1,054,983
Accounts and contracts payable	15,619,591	22,083,014
Accrued interest payable	5,677,529	5,598,954
Due to other governmental units	661,112	652,209
Unearned revenue	2,022,198	1,994,965
Claims incurred, but not reported	697,625	550,178
Long-term liabilities		
Due within one year	24,904,634	18,537,445
Due in more than one year	502,483,118	529,014,900
Total long-term liabilities	<u>527,387,752</u>	<u>547,552,345</u>
Total liabilities	552,681,871	579,486,648
Deferred inflows of resources		
Lease revenue for subsequent years	3,840,421	3,999,663
Property taxes levied for subsequent year	68,381,622	64,435,375
Pension plan deferments	25,705,997	7,932,183
OPEB plan deferments	5,211,596	6,136,669
Total deferred inflows of resources	<u>103,139,636</u>	<u>82,503,890</u>
Net position		
Net investment in capital assets	78,717,847	61,211,428
Restricted for		
OPEB	18,816,821	17,492,994
Capital asset acquisition	2,659,290	2,975,910
Debt service	654,630	1,143,367
Community service	470,534	148,209
Food service	2,573,034	3,004,235
Other purposes	870,111	376,003
Unrestricted	(83,337,569)	(69,030,081)
Total net position	<u>21,424,698</u>	<u>17,322,065</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 677,246,205</u>	<u>\$ 679,312,603</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

Functions/Programs	2025				2024	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for	Operating	Capital	Revenue and	Revenue and
					Changes in	Changes in
		Services	Grants and	Grants and	Net Position	Net Position
			Contributions	Contributions	Governmental	Governmental
					Activities	Activities
Governmental activities						
Administration	\$ 4,748,245	\$ —	\$ —	\$ —	\$ (4,748,245)	\$ (4,902,995)
District support services	2,842,148	—	—	—	(2,842,148)	(2,704,238)
Elementary and secondary regular instruction	56,405,950	1,967,646	3,715,084	—	(50,723,220)	(48,790,465)
Vocational education instruction	2,024,656	—	—	—	(2,024,656)	(1,554,349)
Special education instruction	31,144,947	933,762	29,537,100	—	(674,085)	49,381
Community education	412,157	—	—	—	(412,157)	(393,860)
Instructional support services	10,216,735	27,510	144,426	84,251	(9,960,548)	(8,957,554)
Pupil support services	18,528,377	56,355	899,110	—	(17,572,912)	(14,919,090)
Sites and buildings	15,490,879	543,395	—	—	(14,947,484)	(16,778,312)
Fiscal and other fixed cost programs	778,891	—	—	—	(778,891)	(681,258)
Food service	7,377,373	615,473	6,565,820	—	(196,080)	754,032
Community service	7,990,944	6,043,204	1,109,652	—	(838,088)	(1,250,704)
Depreciation/amortization not allocated to other functions	4,684,643	—	—	—	(4,684,643)	(3,498,206)
Interest and fiscal charges	17,328,987	—	—	—	(17,328,987)	(12,102,636)
Total governmental activities	<u>\$ 179,974,932</u>	<u>\$ 10,187,345</u>	<u>\$ 41,971,192</u>	<u>\$ 84,251</u>	(127,732,144)	(115,730,254)
General revenues						
Taxes						
Property taxes, levied for general purposes					22,944,856	23,851,709
Property taxes, levied for community service					1,100,477	1,233,009
Property taxes, levied for capital projects					12,349,949	9,624,225
Property taxes, levied for debt service					30,445,231	27,962,625
General grants and aids					76,832,704	74,506,987
Other general revenues					326,900	1,099,195
Investment earnings					6,147,430	8,389,955
Total general revenues					<u>150,147,547</u>	<u>146,667,705</u>
Change in net position					22,415,403	30,937,451
Net position – beginning of year, as previously reported					17,322,065	(13,615,386)
Change in accounting principle					<u>(18,312,770)</u>	—
Net position – beginning of year, as restated					<u>(990,705)</u>	<u>(13,615,386)</u>
Net position – end of year					<u>\$ 21,424,698</u>	<u>\$ 17,322,065</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 18,553,448	\$ 66,467,576	\$ 22,419,428
Cash and investments held by trustee	–	–	–
Receivables			
Current taxes	17,970,010	–	18,679,838
Delinquent taxes	508,557	–	410,945
Accounts and interest	758,928	–	–
Due from other governmental units	13,932,927	–	7,037
Due from other funds	1,085,049	–	–
Lease	3,840,421	–	–
Inventory	–	–	–
Prepaid items	57,463	–	–
Total assets	<u>\$ 56,706,803</u>	<u>\$ 66,467,576</u>	<u>\$ 41,517,248</u>
Liabilities			
Salaries payable	\$ 457,382	\$ 1,572	\$ –
Accounts and contracts payable	3,063,108	11,879,445	549
Due to other governmental units	567,262	–	–
Unearned revenue	472,486	–	–
Total liabilities	<u>4,560,238</u>	<u>11,881,017</u>	<u>549</u>
Deferred inflows of resources			
Lease revenue for subsequent years	3,840,421	–	–
Unavailable revenue – delinquent taxes	493,463	–	398,613
Property taxes levied for subsequent year	31,839,118	–	35,184,540
Total deferred inflows of resources	<u>36,173,002</u>	<u>–</u>	<u>35,583,153</u>
Fund balances (deficit)			
Nonspendable	57,463	–	–
Restricted	3,529,401	54,586,559	5,933,546
Assigned	225,717	–	–
Unassigned	12,160,982	–	–
Total fund balances	<u>15,973,563</u>	<u>54,586,559</u>	<u>5,933,546</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,706,803</u>	<u>\$ 66,467,576</u>	<u>\$ 41,517,248</u>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 3,711,229	\$ 111,151,681	\$ 170,964,846
—	—	94,400
720,957	37,370,805	35,447,886
17,377	936,879	807,108
50,498	809,426	233,812
161,217	14,101,181	14,805,374
—	1,085,049	1,212,424
—	3,840,421	3,999,663
170,033	170,033	142,288
—	57,463	681,732
<u>\$ 4,831,311</u>	<u>\$ 169,522,938</u>	<u>\$ 228,389,533</u>
\$ 157,110	\$ 616,064	\$ 1,054,983
490,761	15,433,863	21,605,407
93,850	661,112	652,209
280,922	753,408	799,509
<u>1,022,643</u>	<u>17,464,447</u>	<u>24,112,108</u>
—	3,840,421	3,999,663
16,907	908,983	565,257
1,357,964	68,381,622	64,435,375
<u>1,374,871</u>	<u>73,131,026</u>	<u>69,000,295</u>
170,033	227,496	824,020
2,856,628	66,906,134	124,345,861
—	225,717	62,117
<u>(592,864)</u>	<u>11,568,118</u>	<u>10,045,132</u>
<u>2,433,797</u>	<u>78,927,465</u>	<u>135,277,130</u>
<u>\$ 4,831,311</u>	<u>\$ 169,522,938</u>	<u>\$ 228,389,533</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2025	2024
Total fund balances – governmental funds	\$ 78,927,465	\$ 135,277,130
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	556,574,544	491,362,671
Accumulated depreciation/amortization	(93,528,623)	(87,659,836)
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	(405,880,000)	(423,440,000)
Certificates of participation payable	(3,220,000)	(4,010,000)
Lease liabilities	(559,963)	(662,294)
Premium (discount) on bonds payable	(23,346,812)	(25,396,842)
Arbitrage liability	(5,907,858)	(469,695)
Net pension liability	(68,016,511)	(92,852,782)
Compensated absences payable	(20,456,608)	(720,732)
Net OPEB plan assets reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.	18,816,821	17,492,994
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.	5,845,040	5,023,666
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(5,677,529)	(5,598,954)
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	17,614,745	20,637,566
Deferred inflows of resources – pension plan deferments	(25,705,997)	(7,932,183)
Deferred outflows of resources – OPEB plan deferments	248,597	1,842,768
Deferred inflows of resources – OPEB plan deferments	(5,211,596)	(6,136,669)
Deferred inflows of resources – delinquent property taxes	908,983	565,257
Total net position – governmental activities	\$ 21,424,698	\$ 17,322,065

INDEPENDENT SCHOOL DISTRICT NO. 624

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)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 35,120,646	\$ –	\$ 30,280,911
Investment earnings	324,497	5,363,876	288,088
Other	3,781,709	20,000	–
State sources	105,857,706	–	71,403
Federal sources	3,388,228	–	–
Total revenue	148,472,786	5,383,876	30,640,402
Expenditures			
Current			
Administration	4,834,144	–	–
District support services	2,917,164	–	–
Elementary and secondary regular instruction	56,494,190	–	–
Vocational education instruction	2,042,771	–	–
Special education instruction	31,634,098	–	–
Community education	413,170	–	–
Instructional support services	10,975,407	–	–
Pupil support services	18,460,627	–	–
Sites and buildings	17,447,505	–	–
Fiscal and other fixed cost programs	778,891	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	62,284,741	–
Debt service			
Principal	892,331	–	17,560,000
Interest and fiscal charges	207,395	–	13,654,884
Total expenditures	147,097,693	62,284,741	31,214,884
Excess (deficiency) of revenue over expenditures	1,375,093	(56,900,865)	(574,482)
Other financing sources (uses)			
Bonds issued	–	–	–
Premium on issuance of bonds	–	–	–
Proceeds from sale of assets	–	–	–
Transfers in	–	–	–
Transfers (out)	(30,937)	–	–
Insurance recovery	29,918	–	–
Total other financing sources (uses)	(1,019)	–	–
Net change in fund balances	1,374,074	(56,900,865)	(574,482)
Fund balances			
Beginning of year	14,599,489	111,487,424	6,508,028
End of year	\$ 15,973,563	\$ 54,586,559	\$ 5,933,546

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 1,095,230	\$ 66,496,787	\$ 62,789,682
62,989	6,039,450	8,257,506
6,658,677	10,460,386	10,008,485
4,688,901	110,618,010	104,755,605
2,986,571	6,374,799	7,600,316
15,492,368	199,989,432	193,411,594
—	4,834,144	5,212,280
—	2,917,164	2,931,237
—	56,494,190	57,062,749
—	2,042,771	1,663,151
—	31,634,098	30,117,726
—	413,170	399,171
—	10,975,407	10,056,848
—	18,460,627	16,006,995
—	17,447,505	14,118,009
—	778,891	681,258
7,259,161	7,259,161	6,113,675
8,095,249	8,095,249	8,034,484
441,228	62,725,969	71,559,370
—	18,452,331	15,404,329
—	13,862,279	13,279,057
15,795,638	256,392,956	252,640,339
(303,270)	(56,403,524)	(59,228,745)
—	—	42,835,000
—	—	4,426,809
23,941	23,941	2,918
30,937	30,937	—
—	(30,937)	—
—	29,918	374,967
54,878	53,859	47,639,694
(248,392)	(56,349,665)	(11,589,051)
2,682,189	135,277,130	146,866,181
\$ 2,433,797	\$ 78,927,465	\$ 135,277,130

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INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ (56,349,665)	\$ (11,589,051)
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	65,211,873	70,032,857
Depreciation/amortization expense	(5,868,787)	(4,524,570)
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.		
	821,374	749,270
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not resources in the Statement of Activities, but rather constitutes long-term liabilities.		
General obligation bonds payable	–	(42,835,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	17,560,000	14,560,000
Certificates of participation payable	790,000	745,000
Lease liabilities	102,331	99,329
Net OPEB plan assets reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	1,323,827	4,179,590
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.		
	(78,575)	(237,921)
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.		
	2,050,030	(2,542,772)
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	(5,438,163)	(469,695)
Net pension liability	24,836,271	5,898,355
Compensated absences payable	(1,423,106)	241,176
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	(3,022,821)	(9,230,956)
Deferred inflows of resources – pension plan deferments	(17,773,814)	9,612,643
Deferred outflows of resources – OPEB plan deferments	(1,594,171)	(1,423,827)
Deferred inflows of resources – OPEB plan deferments	925,073	(2,208,863)
Deferred inflows of resources – delinquent property taxes	343,726	(118,114)
Change in net position – governmental activities	<u>\$ 22,415,403</u>	<u>\$ 30,937,451</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources				
Property taxes	\$ 35,187,157	\$ 35,374,896	\$ 35,120,646	\$ (254,250)
Investment earnings	150,000	200,000	324,497	124,497
Other	2,355,231	2,192,586	3,781,709	1,589,123
State sources	101,475,083	103,148,446	105,857,706	2,709,260
Federal sources	3,175,792	3,323,078	3,388,228	65,150
Total revenue	<u>142,343,263</u>	<u>144,239,006</u>	<u>148,472,786</u>	<u>4,233,780</u>
Expenditures				
Current				
Administration	5,130,558	5,062,020	4,834,144	(227,876)
District support services	3,049,202	2,987,475	2,917,164	(70,311)
Elementary and secondary regular instruction	53,820,650	56,404,164	56,494,190	90,026
Vocational education instruction	1,587,452	1,205,677	2,042,771	837,094
Special education instruction	31,637,202	31,802,868	31,634,098	(168,770)
Community education	—	—	413,170	413,170
Instructional support services	11,308,865	10,229,489	10,975,407	745,918
Pupil support services	16,194,348	16,676,417	18,460,627	1,784,210
Sites and buildings	16,264,048	17,236,121	17,447,505	211,384
Fiscal and other fixed cost programs	772,261	772,261	778,891	6,630
Debt service				
Principal	1,516,548	948,735	892,331	(56,404)
Interest and fiscal charges	243,350	243,350	207,395	(35,955)
Total expenditures	<u>141,524,484</u>	<u>143,568,577</u>	<u>147,097,693</u>	<u>3,529,116</u>
Excess of revenue over expenditures	818,779	670,429	1,375,093	704,664
Other financing sources (uses)				
Transfer out	—	—	(30,937)	(30,937)
Insurance recovery	—	—	29,918	29,918
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(1,019)</u>	<u>(1,019)</u>
Net change in fund balances	<u>\$ 818,779</u>	<u>\$ 670,429</u>	<u>1,374,074</u>	<u>\$ 703,645</u>
Fund balances				
Beginning of year			<u>14,599,489</u>	
End of year			<u>\$ 15,973,563</u>	

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 7,997,183	\$ 7,246,907
Liabilities		
Current liabilities		
Accounts and contracts payable	185,728	477,607
Claims incurred, but not reported	697,625	550,178
Unearned revenue	<u>1,268,790</u>	<u>1,195,456</u>
Total liabilities	<u>2,152,143</u>	<u>2,223,241</u>
Net position		
Unrestricted	<u>\$ 5,845,040</u>	<u>\$ 5,023,666</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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		
Contributions from governmental funds	\$ 16,749,212	\$ 16,257,510
Rebates and other	<u>1,007,610</u>	<u>—</u>
Total operating revenues	<u>17,756,822</u>	<u>16,257,510</u>
Operating expenses		
Health benefit claims	14,826,957	12,930,461
Dental benefit claims	1,046,354	1,053,061
Administrative costs	<u>1,170,117</u>	<u>1,657,167</u>
Total operating expenses	<u>17,043,428</u>	<u>15,640,689</u>
Operating income	713,394	616,821
Nonoperating revenue		
Investment earnings	<u>107,980</u>	<u>132,449</u>
Change in net position	821,374	749,270
Net position		
Beginning of year	<u>5,023,666</u>	<u>4,274,396</u>
End of year	<u>\$ 5,845,040</u>	<u>\$ 5,023,666</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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		
Received from assessments made to other funds	\$ 16,822,546	\$ 16,321,268
Self-insurance claims and payments	(17,187,860)	(16,247,303)
Rebates and other	<u>1,007,610</u>	<u>—</u>
Net cash flows from operating activities	642,296	73,965
Cash flows from investing activities		
Investment income received	<u>107,980</u>	<u>132,449</u>
Net change in cash and cash equivalents	750,276	206,414
Cash and cash equivalents		
Beginning of year	<u>7,246,907</u>	<u>7,040,493</u>
End of year	<u><u>\$ 7,997,183</u></u>	<u><u>\$ 7,246,907</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 713,394	\$ 616,821
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	—	1,918
Accounts and contracts payable	(291,879)	136,351
Claims incurred, but not reported	147,447	(742,965)
Unearned revenue	<u>73,334</u>	<u>61,840</u>
Net cash flows from operating activities	<u><u>\$ 642,296</u></u>	<u><u>\$ 73,965</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Post-Employment Benefits Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	\$ —	\$ 204,852
Investments held by trustee		
Money market mutual fund	72,901	—
Domestic equity mutual fund	6,893,963	—
International mutual fund	3,413,761	—
Bond mutual fund	23,585,241	—
Receivables		
Accounts and interest	—	106,380
Total assets	33,965,866	311,232
Liabilities		
Accounts and contracts payable	—	758
Due to other governmental units	—	151,120
Due to governmental funds	1,085,049	—
Total liabilities	1,085,049	151,878
Net position		
Restricted for scholarships	—	10,260
Restricted for other purposes	—	149,094
Restricted for OPEB	32,880,817	—
Total net position	\$ 32,880,817	\$ 159,354

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

	Post-Employment Benefits Trust Fund	Custodial Fund
Additions		
Contributions		
Private donations	\$ —	\$ 226,817
Investment earnings	2,775,684	3,245
Total additions	2,775,684	230,062
Deductions		
Benefits	1,085,049	—
Other private-purpose expenses	—	271,497
Total deductions	1,085,049	271,497
Change in net position	1,690,635	(41,435)
Net position		
Beginning of year	31,190,182	200,789
End of year	\$ 32,880,817	\$ 159,354

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 624 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. It is governed by a seven-member Board of Education elected by the voters of the District to four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board 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 component units.

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation/amortization expense not allocated to other functions.” 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. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and custodial. 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.

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. Property tax revenue is generally considered to be available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Other revenue is considered available if collected within 60 days. Debt proceeds 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 expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

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.

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 used primarily to record financial activities of the District's child nutrition program.

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

Proprietary Funds

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

Fiduciary Funds

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

Custodial Fund – The Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to other organizations, with no financial benefit to the District.

E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Expenditures exceeded budgeted amounts in the General Fund and the Debt Service Fund by \$3,529,116 and \$10,489, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund cash and investments are held by trustee for future capital projects. In the Post-Employment Benefits Trust Fund, this represents assets deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment benefits (OPEB) as specified in the trust agreement. Interest earned on these investments was allocated directly to those accounts.

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

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; 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.

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.

Due from governmental units at fiscal year-end consists of the following:

MDE	\$ 13,847,123
Minnesota school districts	186,261
Other governments	<u>67,797</u>
Total	<u>\$ 14,101,181</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a 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 in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recoded as expenditures/expenses at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the tax shift, as mandated by legislation, recognizes \$2,035,319 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 deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified by 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 which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the current operations of the District. No allowance for uncollectible taxes is considered necessary.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Technology subscription capital assets are recorded based on the measurement of any subscription liability plus the payments due to the vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. The District defines capital assets as those with an initial, individual cost of \$10,000 or more, or \$175,000 in the aggregate, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when 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 equipment and pupil transportation vehicles. Leased assets are amortized over the term of the lease or over the remaining useful life of the applicable asset class previously described, if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, 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. Arbitrage liabilities are reported as expenditures when paid.

M. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's 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 technology subscriptions for education solutions and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 4.

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 experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, 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.

The District reports deferred inflows of resources related to lease receivables, which require 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

O. Compensated Absences

The District recognizes a liability or 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 during or upon separation from employment. Based on this criteria, the types of leave that qualify for liability recognition for compensated absences benefits include: *vacation*, *personal leave*, and *sick pay*. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

P. Vacation and Personal Leave

The District's policy permits employees to accumulate earned but unused personal and vacation leave benefits, which are eligible for payment at the employee's current rate of pay upon separation from employment.

Q. Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. Unused sick leave enters the calculation of severance benefits for some employees upon termination. Additionally, the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Severance benefits consist of lump sum early retirement incentive payments, including provisions for salary-related payments and convertible sick leave. The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. These benefits are paid to a tax-sheltered annuity plan on behalf of the employee. These benefits are offset in certain instances by the amount of matching contributions made by the District to retirement plans of the employee during the years of employment of each individual.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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 the 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.

S. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability (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 may also be reported at amortized cost.

T. 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 was several changes in insurance coverages in the current fiscal year to better reflect the size and appropriate risks of loss of the District at the current time.
- 2. Self-Insurance** – The District has established two internal service funds 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 funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 36,484	\$ 1,086,867	\$ 1,084,374	\$ 38,977
2025	\$ 38,977	\$ 1,110,467	\$ 1,099,180	\$ 50,264

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 1,256,659	\$ 14,417,471	\$ 15,162,929	\$ 511,201
2025	\$ 511,201	\$ 16,224,840	\$ 16,088,680	\$ 647,361

U. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as bond indenture. Restricted assets are only reported in government-wide financial statements. In the fund financial statements these assets are reported as “cash and investments held by trustee.”

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

W. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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 Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education 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 Board of Education resolution, the District’s superintendent and assistant superintendent for finance and operations are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

X. Use of Estimates

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

Y. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2024, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 consist of the following:

Capital assets, net of depreciation/amortization	\$ 463,045,921
Bonds used for capital asset purposes	(405,880,000)
Certificates of participation	(3,220,000)
Lease liabilities	(559,963)
Premiums (discounts) on bonds	(23,346,812)
Accounts and contracts payable	(11,879,445)
Unused bond proceeds	<u>60,558,146</u>
Total	<u>\$ 78,717,847</u>

AA. 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 financial reporting for compensated absences. Certain amounts necessary to fully restate 2024 financial information are not determinable; therefore, prior year comparative amounts have not been restated. This implementation of this new guidance resulted in the District reporting a compensated absences liability, which decreased the beginning net position in the government-wide financial statements by \$18,312,770 in the current year, representing the cumulative effect of this change. See Note 5 of the notes to basic financial statements for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 636,427
Investments	152,677,257
Cash on hand	5,898
Total	\$ 153,319,582

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

Statement of Net Position	
Cash and temporary investments	\$ 119,148,864
Statement of Fiduciary Net Position	
Cash and cash equivalents – Custodial Fund	204,852
Investments held by trustee – Post-Employment Benefits Trust Fund	
Money market mutual fund	72,901
Domestic equity mutual fund	6,893,963
International mutual fund	3,413,761
Bond mutual fund	23,585,241
Total	\$ 153,319,582

B. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$636,427 while the balance on the bank records was \$922,162. At June 30, 2025, deposits fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		No Maturity		
Investment pools/mutual funds						
First American Government						
Obligations mutual fund	AAA	S&P	Level 1	\$	72,901	\$ 72,901
Domestic equity mutual fund	N/R	N/A	Level 1	\$	6,893,963	6,893,963
International mutual fund	N/R	N/A	Level 1	\$	3,413,761	3,413,761
Bond mutual fund	N/R	N/A	Level 1	\$	23,585,241	23,585,241
MSDLAF Liquid Class	AAA	S&P	A/C	\$	96,602,560	96,602,560
MSDLAF MAX Class	AAA	S&P	A/C	\$	22,108,831	22,108,831
Total investments						\$ 152,677,257

A/C – Amortized Cost

N/R – Not Rated

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities and Exchange Commission. The District's investments in the MSDLAF are measured at the net asset value per share provided by the pool, which is based on amortized cost methods that approximate fair value.

For this investment pool, there is no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class; redemption notice period is 14 days for the MSDLAF MAX Class 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.

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. The District's investment policy does 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.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District’s OPEB Trust Fund investment managers. The District’s investment policy, discussed previously, extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers’ acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency; and in the State Board of Investments. Investments are stated at fair value.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policy does not address concentration risk.

The investment policy of the OPEB Trust Fund limits investments in equities of one corporation to 5.0 percent, ownership of one company should not exceed five percent of those outstanding, and not more than 40.0 percent of the portfolio should be invested in equities. Fixed income securities shall not exceed 5.0 percent of the portfolio excluding U.S. treasuries or other Federal agencies. The total allocation of alternative investments should not exceed 30.0 percent of the overall portfolio.

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 policy does not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – LEASE RECEIVABLE

The District is the lessor in an agreement that conveys the right to use building space owned by the District. This agreement is reported as a \$3,840,421 lease receivable and offsetting deferred inflow of resources in the General Fund. The lease is reported using an incremental rate of 3.00 percent with a final maturity in 2043. During the current year, the District received principal and interest payments on this lease of \$279,232.

NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation/amortization activity for the year ended June 30, 2025 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 6,576,535	\$ –	\$ –	\$ –	\$ 6,576,535
Construction in progress	259,262,313	62,102,229	–	(172,493,405)	148,871,137
Total capital assets, not depreciated/amortized	265,838,848	62,102,229	–	(172,493,405)	155,447,672
Capital assets, depreciated/amortized					
Land improvements	4,017,609	56,782	–	–	4,074,391
Buildings	199,300,351	856,429	–	172,493,405	372,650,185
Buildings – lease	963,444	–	–	–	963,444
Equipment	14,620,895	2,196,433	–	–	16,817,328
Pupil transportation vehicles	6,233,269	–	–	–	6,233,269
Technology subscriptions	388,255	–	–	–	388,255
Total capital assets, depreciated/amortized	225,523,823	3,109,644	–	172,493,405	401,126,872
Less accumulated depreciation/amortization for					
Land improvements	(2,688,295)	(98,834)	–	–	(2,787,129)
Buildings	(71,614,862)	(4,099,748)	–	–	(75,714,610)
Buildings – lease	(321,147)	(107,049)	–	–	(428,196)
Equipment	(7,958,197)	(1,262,175)	–	–	(9,220,372)
Pupil transportation vehicles	(5,035,078)	(226,009)	–	–	(5,261,087)
Technology subscriptions	(42,257)	(74,972)	–	–	(117,229)
Total accumulated depreciation/amortization	(87,659,836)	(5,868,787)	–	–	(93,528,623)
Net capital assets, depreciated/amortized	137,863,987	(2,759,143)	–	172,493,405	307,598,249
Total capital assets, net	\$ 403,702,835	\$ 59,343,086	\$ –	\$ –	\$ 463,045,921

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

Elementary and secondary regular instruction	\$ 339,317
Vocational education instruction	1,438
Special education instruction	56,794
Instructional support services	380,463
Pupil support services	262,434
Depreciation/amortization not allocated to other functions	4,684,643
Community service	2,699
Food service	140,999
Total depreciation/amortization expense	<u>\$ 5,868,787</u>

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2015A Alternative Facilities Bonds	06/04/2015	2.000–2.125%	\$ 9,370,000	02/01/2026	\$ 6,185,000
2018A Facilities Maintenance Bonds	03/29/2018	3.000%	\$ 15,970,000	02/01/2032	15,650,000
2020A School Building Bonds	03/05/2020	2.250–4.000%	\$ 250,000,000	02/01/2045	230,105,000
2021A Facilities Maintenance Bonds	07/08/2021	2.000–4.000%	\$ 27,865,000	02/01/2030	18,775,000
2022A School Building Bonds	04/07/2022	3.000–5.000%	\$ 63,000,000	02/01/2040	62,310,000
2023A Facilities Maintenance Bonds	01/26/2023	4.000–5.000%	\$ 33,415,000	02/01/2032	30,085,000
2024A School Building and Facilities Maintenance Bonds	05/02/2024	4.000–5.000%	\$ 42,835,000	02/01/2034	42,770,000
Total general obligation bonds payable					<u>\$ 405,880,000</u>

B. Description of Long-Term Liabilities

General Obligation School Building, Refunding, Alternative Facilities, and Facilities Maintenance Bonds – These bonds were issued to finance acquisition and/or construction of capital facilities or to refinance the retirement (refund) 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 are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

C. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2020B Certificates of Participation	07/30/2020	3.000–5.000%	\$ 6,485,000	04/01/2029	<u>\$ 3,220,000</u>

On July 30, 2020, the District issued \$6,485,000 of Certificates of Participation, Series 2020B. The certificates were issued for the purpose of refunding three outstanding financed purchases totaling \$7,439,586. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Lease Liabilities

The District has obtained the use of certain building space through a lease financing agreement. The total amount of the 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 this agreement 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 any losses upon default. The District currently has the following lease liability obligation outstanding:

<u>Lease Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Pool and building space	3.00%	08/01/2020	07/31/2030	<u>\$ 559,963</u>

E. Arbitrage Liabilities

The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund or the Debt Service Fund.

F. Legal Debt Limit

The state of Minnesota sets the amount of general obligation debt the District can issue to 15 percent of market value of all taxable property within the District. At June 30, 2025, the District's legal debt limit is \$1,812,279,613.

G. Other Long-Term Liabilities

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

District employees participate in two defined benefit pension plans, both cost-sharing, multiple-employer plans administered by the PERA and the TRA. 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:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
State-wide, multiple-employer – PERA	\$ 10,109,584	\$ 3,045,487	\$ 6,691,780	\$ 876,422
State-wide, multiple-employer – TRA	<u>57,906,927</u>	<u>14,569,258</u>	<u>19,014,217</u>	<u>4,660,000</u>
Total	<u>\$ 68,016,511</u>	<u>\$ 17,614,745</u>	<u>\$ 25,705,997</u>	<u>\$ 5,536,422</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

H. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 20,855,000	\$ 13,547,556	\$ 830,000	\$ 130,850	\$ 105,424	\$ 16,014
2027	22,175,000	12,776,325	865,000	89,350	108,611	12,828
2028	23,595,000	11,820,075	900,000	54,750	111,893	9,545
2029	24,045,000	10,880,675	625,000	18,750	115,275	6,163
2030	24,790,000	9,926,375	—	—	118,760	2,679
2031–2035	116,175,000	35,625,925	—	—	—	—
2036–2040	92,925,000	19,002,325	—	—	—	—
2041–2045	81,320,000	6,950,300	—	—	—	—
	<u>\$ 405,880,000</u>	<u>\$ 120,529,556</u>	<u>\$ 3,220,000</u>	<u>\$ 293,700</u>	<u>\$ 559,963</u>	<u>\$ 47,229</u>

I. Changes in Long-Term Liabilities

	Balance – Beginning of Year as Previously Reported	Change in Accounting Principle*	Beginning Balance as Restated	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 423,440,000	\$ —	\$ 423,440,000	\$ —	\$ 17,560,000	\$ 405,880,000	\$ 20,855,000
Certificates of participation payable	4,010,000	—	4,010,000	—	790,000	3,220,000	830,000
Lease liabilities	662,294	—	662,294	—	102,331	559,963	105,424
Premiums (discounts) on bonds payable	25,396,842	—	25,396,842	—	2,050,030	23,346,812	—
Arbitrage liability	469,695	—	469,695	5,438,163	—	5,907,858	—
Net pension liability	92,852,782	—	92,852,782	8,864,836	33,701,107	68,016,511	—
Compensated absences payable**	720,732	18,312,770	19,033,502	1,423,106	—	20,456,608	3,114,210
	<u>\$ 547,552,345</u>	<u>\$ 18,312,770</u>	<u>\$ 565,865,115</u>	<u>\$ 15,726,105</u>	<u>\$ 54,203,468</u>	<u>\$ 527,387,752</u>	<u>\$ 24,904,634</u>

* The change in accounting principle related to the implementation of GASB Statement No. 101, *Compensated Absences*, in the current year. See Note 1 of the notes to basic financial statements for more information.

** The change in compensated absences is presented net.

NOTE 6 – FUND BALANCES

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.

A. Classifications

At June 30, 2025, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 170,033	\$ 170,033
Prepaid items	57,463	–	–	–	57,463
Total nonspendable	57,463	–	–	170,033	227,496
Restricted					
Student activities	413,153	–	–	–	413,153
Capital projects levy	1,089,610	–	–	–	1,089,610
Operating capital	1,569,680	–	–	–	1,569,680
Food service	–	–	–	2,403,001	2,403,001
Community education	–	–	–	298,434	298,434
Early childhood family education	–	–	–	155,193	155,193
Literacy aid	307,907	–	–	–	307,907
Teacher compensation for READ Act	145,597	–	–	–	145,597
Student support personnel	3,454	–	–	–	3,454
Long-term facilities maintenance	–	8,707,116	–	–	8,707,116
Capital projects	–	45,879,443	–	–	45,879,443
Debt service	–	–	5,933,546	–	5,933,546
Total restricted	3,529,401	54,586,559	5,933,546	2,856,628	66,906,134
Assigned					
Achievement and integration	20,304	–	–	–	20,304
Assigned for subsequent year's budget deficit	205,413	–	–	–	205,413
Total assigned	225,717	–	–	–	225,717
Unassigned					
School readiness program restricted account deficit	–	–	–	(554,342)	(554,342)
Community services restricted account deficit	–	–	–	(38,522)	(38,522)
Long-term facilities maintenance restricted account deficit	(552,721)	–	–	–	(552,721)
Unassigned	12,713,703	–	–	–	12,713,703
Total unassigned	12,160,982	–	–	(592,864)	11,568,118
Total	<u>\$ 15,973,563</u>	<u>\$ 54,586,559</u>	<u>\$ 5,933,546</u>	<u>\$ 2,433,797</u>	<u>\$ 78,927,465</u>

B. Minimum Unassigned Fund Balance Policy

The Board of Education has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent, which equates to one month of operating expenditures excluding Long-term Facilities Maintenance expenditures. This policy shall also apply to the administration of the Food Service Special Revenue Fund and the Community Service Special Revenue Fund, with proper consideration and adjustment to conform with reserve limits established by state statutes. At June 30, 2025, the unassigned fund balance of the General Fund was 8.6 percent of total fiscal 2025 expenditures, or 4.5 weeks of operating expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

1. GERF Benefits

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

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

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

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

2. TRA Benefits

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

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

NOTE 7 – 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 7 – 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 \$1,872,794. 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 \$5,418,854. 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 \$10,109,584 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 \$261,413.

District's proportionate share of the net pension liability	\$ 10,109,584
State's proportionate share of the net pension liability associated with the District	<u>261,413</u>
Total	<u>\$ 10,370,997</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 0.2735 percent at the end of the measurement period and 0.2735 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$869,414 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$7,008 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 7 – 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 \$465,135 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 950,129	\$ –
Changes in actuarial assumptions	48,968	3,826,729
Net difference between projected and actual investment earnings on pension plan investments	–	2,863,329
Changes in proportion	173,596	1,722
District's contributions to the GERF subsequent to the measurement date	1,872,794	–
Total	<u>\$ 3,045,487</u>	<u>\$ 6,691,780</u>

The \$1,872,794 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (2,982,364)
2027	\$ (522,615)
2028	\$ (1,239,269)
2029	\$ (774,839)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$57,906,927 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.9113 percent at the end of the measurement period and 0.9394 percent for the beginning of the period.

NOTE 7 – 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	\$ 57,906,927
State's proportionate share of the net pension liability associated with the District	<u>3,787,339</u>
Total	<u><u>\$ 61,694,266</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$4,451,808. It also recognized \$208,192 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,605,406 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	\$ 2,783,099	\$ 778,622
Changes in actuarial assumptions	6,167,303	6,905,558
Net difference between projected and actual investment earnings on pension plan investments	—	8,001,442
Changes in proportion	200,002	3,328,595
District's contributions to the TRA subsequent to the measurement date	<u>5,418,854</u>	<u>—</u>
Total	<u><u>\$ 14,569,258</u></u>	<u><u>\$ 19,014,217</u></u>

The \$5,418,854 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	\$ (4,332,129)
2027	\$ 5,065,537
2028	\$ (5,042,690)
2029	\$ (4,254,005)
2030	\$ (1,300,526)

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

H. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount 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	\$ 22,080,959	\$ 10,109,584	\$ 262,037
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 101,977,486	\$ 57,906,927	\$ 21,635,811

I. Pension Plan Fiduciary Net Position

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

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

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

A. Plan Description

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

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

Under the terms of certain collectively bargained employment contracts, the District is required to pay the health insurance premiums for retired employees until they reach certain age levels. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. These contributions are not actuarially determined, statutorily mandated, or contractually established. The District's contributions in the current year totaled \$1,085,049 as all benefits were paid by the Post-Employment Benefits Trust Fund.

D. Membership

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

Retirees and beneficiaries receiving benefits	96
Active plan members	<u>1,147</u>
Total members	<u><u>1,243</u></u>

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, 2023. Updated procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 14,063,996
Plan fiduciary net position	<u>32,880,817</u>
District's net OPEB Plan liability (asset)	<u><u>\$ (18,816,821)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>233.8%</u></u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 with a measurement date of June 30, 2025, using the entry-age method. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.60%
Expected long-term investment return	5.60% (net of investment expenses)
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 5 years, then 4.00% over the next 48 years
Dental trend rate	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables 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 Board of Education by a majority vote of its members. It is the policy of the Board of Education 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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	20.00 %	7.20 %
International equity	10.00	6.90 %
Fixed income	<u>70.00</u>	5.00 %
Total	<u><u>100.00 %</u></u>	5.60 %

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 9.1 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 5.60 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.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2024	\$ 13,697,188	\$ 31,190,182	\$ (17,492,994)
Changes for the year			
Service cost	754,534	–	754,534
Interest	765,409	–	765,409
Net investment income	–	2,828,456	(2,828,456)
Benefit payments	(1,085,049)	(1,085,049)	–
Assumption changes	(68,086)	–	(68,086)
Administrative expenses	–	(52,772)	52,772
Total net changes	366,808	1,690,635	(1,323,827)
Ending balance – June 30, 2025	\$ 14,063,996	\$ 32,880,817	\$ (18,816,821)

Assumption changes since the prior measurement date include the following:

- The long-term expected investment return was changed from 5.50 percent to 5.60 percent.
- The discount rate was changed from 5.50 percent to 5.60 percent.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (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	4.60%	5.60%	6.60%
Net OPEB liability (asset)	\$ (17,999,216)	\$ (18,816,821)	\$ (19,588,615)

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

	<u>1% Decrease in Medical Cost Trend Rate</u>	<u>Current Medical Cost Trend Rate</u>	<u>1% Increase in Medical Cost Trend Rate</u>
Healthcare trend rate	5.75% decreasing to 4.00%, then 3.00%	6.25% decreasing to 5.00%, then 4.00%	7.25% decreasing to 6.00%, then 5.00%
Dental trend rate	2.00%	3.00%	4.00%
Net OPEB liability (asset)	\$ (20,021,541)	\$ (18,816,821)	\$ (17,422,236)

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

For the current year ended, the District recognized OPEB expense of \$430,321. 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>
Difference between projected and actual investment experience	\$ 101,420	\$ –
Differences between expected and actual economic experience	–	4,922,132
Changes in actuarial assumptions	147,177	289,464
Total	<u>\$ 248,597</u>	<u>\$ 5,211,596</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	\$ 7,119
2027	\$ (1,058,778)
2028	\$ (1,111,768)
2029	\$ (943,508)
2030	\$ (727,150)
Thereafter	\$ (1,128,914)

NOTE 9 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from October 1 to September 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for 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 and dental) 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 District’s Self-Insured Health Benefits Internal Service Fund.

Amounts withheld for medical reimbursement and dependent care are held in the District’s cash account. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity is included in the financial statements in the General Fund.

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

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.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these 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.

C. Construction Commitments

At June 30, 2025, the District has contract commitments on outstanding capital projects totaling \$18,448,949.

NOTE 11 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The District had the following interfund receivables and payables at June 30, 2025:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,085,049	\$ –
Post-Employment Benefits Trust Fund	–	1,085,049
	<u>\$ 1,085,049</u>	<u>\$ 1,085,049</u>

The balance of \$1,085,049 represents interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2025.

B. Interfund Transfers

The District transferred \$30,937 from the General Fund to the Community Service Special Revenue Fund to help finance program costs.

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

NOTE 12 – DEFICIT FUND BALANCE

At June 30, 2025, the Community Service Special Revenue Fund had a deficit fund balance of \$139,237. This deficit will be funded by future revenues of the fund or transfers from the District's General Fund.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Guaranteed Energy Savings Commitment

The District has entered into guaranteed energy savings agreements under Minnesota Statutes § 471.345, Subd. 12. These agreements are for the purpose of utility cost-saving measures to improve energy efficiency of district facilities. As of June 30, 2025, the District has 14 agreements related to these energy savings contracts, committing between \$139,756 to \$260,387 annually through 2044. The District is also required to purchase energy generated by the solar panels that are installed on various buildings of the District.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

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	0.2621%	\$ 13,593,383	\$ —	\$ 13,593,383	\$ 15,392,229	88.31%	78.20%
06/30/2017	06/30/2016	0.2617%	\$ 21,248,742	\$ 277,498	\$ 21,526,240	\$ 16,247,523	130.78%	68.90%
06/30/2018	06/30/2017	0.2649%	\$ 16,911,041	\$ 212,658	\$ 17,123,699	\$ 17,079,232	99.02%	75.90%
06/30/2019	06/30/2018	0.2664%	\$ 14,778,779	\$ 484,879	\$ 15,263,658	\$ 17,884,311	82.64%	79.50%
06/30/2020	06/30/2019	0.2754%	\$ 15,226,250	\$ 473,146	\$ 15,699,396	\$ 19,464,670	78.23%	80.20%
06/30/2021	06/30/2020	0.2735%	\$ 16,397,576	\$ 505,762	\$ 16,903,338	\$ 19,502,696	84.08%	79.10%
06/30/2022	06/30/2021	0.2632%	\$ 11,239,820	\$ 343,320	\$ 11,583,140	\$ 18,890,240	59.50%	87.00%
06/30/2023	06/30/2022	0.2713%	\$ 21,487,049	\$ 629,815	\$ 22,116,864	\$ 20,363,339	105.52%	76.70%
06/30/2024	06/30/2023	0.2735%	\$ 15,293,814	\$ 421,688	\$ 15,715,502	\$ 21,769,755	70.25%	83.10%
06/30/2025	06/30/2024	0.2735%	\$ 10,109,584	\$ 261,413	\$ 10,370,997	\$ 23,145,894	43.68%	89.08%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 1,217,164	\$ 1,217,164	\$ —	\$ 16,247,523	7.49%
06/30/2017	\$ 1,279,881	\$ 1,279,881	\$ —	\$ 17,079,232	7.49%
06/30/2018	\$ 1,308,024	\$ 1,308,024	\$ —	\$ 17,884,311	7.31%
06/30/2019	\$ 1,461,462	\$ 1,461,462	\$ —	\$ 19,464,670	7.51%
06/30/2020	\$ 1,461,838	\$ 1,461,838	\$ —	\$ 19,502,696	7.50%
06/30/2021	\$ 1,417,454	\$ 1,417,454	\$ —	\$ 18,890,240	7.50%
06/30/2022	\$ 1,523,905	\$ 1,523,905	\$ —	\$ 20,363,339	7.48%
06/30/2023	\$ 1,631,372	\$ 1,631,372	\$ —	\$ 21,769,755	7.49%
06/30/2024	\$ 1,735,822	\$ 1,735,822	\$ —	\$ 23,145,894	7.50%
06/30/2025	\$ 1,872,794	\$ 1,872,794	\$ —	\$ 24,980,062	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.8865%	\$ 54,838,792	\$ 6,726,246	\$ 61,565,038	\$ 45,042,877	121.75%	76.80%
06/30/2017	06/30/2016	0.8942%	\$213,288,036	\$ 21,409,547	\$234,697,583	\$ 46,555,078	458.14%	44.88%
06/30/2018	06/30/2017	0.9179%	\$183,229,491	\$ 17,711,671	\$200,941,162	\$ 49,460,864	370.45%	51.57%
06/30/2019	06/30/2018	0.9513%	\$ 59,750,544	\$ 5,613,868	\$ 65,364,412	\$ 52,725,107	113.32%	78.07%
06/30/2020	06/30/2019	0.9597%	\$ 61,171,480	\$ 5,413,333	\$ 66,584,813	\$ 54,458,685	112.33%	78.21%
06/30/2021	06/30/2020	0.9565%	\$ 70,667,502	\$ 5,922,384	\$ 76,589,886	\$ 55,665,004	126.95%	75.48%
06/30/2022	06/30/2021	0.9624%	\$ 42,117,502	\$ 3,552,249	\$ 45,669,751	\$ 57,587,737	73.14%	86.63%
06/30/2023	06/30/2022	0.9649%	\$ 77,264,088	\$ 5,730,060	\$ 82,994,148	\$ 59,664,657	129.50%	76.17%
06/30/2024	06/30/2023	0.9394%	\$ 77,558,968	\$ 5,432,877	\$ 82,991,845	\$ 59,794,309	129.71%	76.42%
06/30/2025	06/30/2024	0.9113%	\$ 57,906,927	\$ 3,787,339	\$ 61,694,266	\$ 60,386,842	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	\$ 3,470,600	\$ 3,470,600	\$ —	\$ 46,555,078	7.45%
06/30/2017	\$ 3,705,834	\$ 3,705,834	\$ —	\$ 49,460,864	7.49%
06/30/2018	\$ 3,909,984	\$ 3,909,984	\$ —	\$ 52,725,107	7.42%
06/30/2019	\$ 4,204,342	\$ 4,204,342	\$ —	\$ 54,458,685	7.72%
06/30/2020	\$ 4,402,820	\$ 4,402,820	\$ —	\$ 55,665,004	7.91%
06/30/2021	\$ 4,682,353	\$ 4,682,353	\$ —	\$ 57,587,737	8.13%
06/30/2022	\$ 4,974,303	\$ 4,974,303	\$ —	\$ 59,664,657	8.34%
06/30/2023	\$ 5,106,575	\$ 5,106,575	\$ —	\$ 59,794,309	8.54%
06/30/2024	\$ 5,291,420	\$ 5,291,420	\$ —	\$ 60,386,842	8.76%
06/30/2025	\$ 5,418,854	\$ 5,418,854	\$ —	\$ 61,926,184	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	\$ 623,228	\$ 588,099	\$ 798,772	\$ 777,702	\$ 799,784	\$ 809,009	\$ 833,279	\$ 743,285	\$ 754,534
Interest	1,017,110	1,020,084	952,900	848,893	777,409	903,452	852,143	873,263	765,409
Plan changes	–	770,441	869,885	–	1,791,586	2,062,912	–	123,474	–
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)	(2,528,532)	(1,742,959)	(1,164,550)	(1,212,424)	(1,085,049)
Assumption changes	–	(173,787)	1,180,644	(791,972)	(405,326)	218,837	–	20,414	(68,086)
Difference between expected and actual experience	–	(1,966,026)	–	(495,690)	–	(3,548,318)	–	(3,500,141)	–
Net change in total OPEB liability	(250,488)	(971,716)	1,863,671	(911,118)	434,921	(1,297,067)	520,872	(2,952,129)	366,808
Total OPEB liability – beginning of year	17,260,242	17,009,754	16,038,038	17,901,709	16,990,591	17,425,512	16,128,445	16,649,317	13,697,188
Total OPEB liability – end of year	17,009,754	16,038,038	17,901,709	16,990,591	17,425,512	16,128,445	16,649,317	13,697,188	14,063,996
Plan fiduciary net position									
Net investment income (losses)	2,955,759	2,047,451	2,279,203	2,182,122	5,045,592	(4,359,030)	1,014,604	2,489,218	2,828,456
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)	(2,528,532)	(1,742,959)	(1,164,550)	(1,212,424)	(1,085,049)
Administrative expenses	(121,014)	(117,870)	(62,189)	(79,342)	(66,214)	(73,490)	(61,711)	(49,333)	(52,772)
Net change in plan fiduciary net position	943,919	719,054	278,484	852,729	2,450,846	(6,175,479)	(211,657)	1,227,461	1,690,635
Plan fiduciary net position – beginning of year	31,104,825	32,048,744	32,767,798	33,046,282	33,899,011	36,349,857	30,174,378	29,962,721	31,190,182
Plan fiduciary net position – end of year	32,048,744	32,767,798	33,046,282	33,899,011	36,349,857	30,174,378	29,962,721	31,190,182	32,880,817
Net OPEB liability (asset)	<u>\$ (15,038,990)</u>	<u>\$ (16,729,760)</u>	<u>\$ (15,144,573)</u>	<u>\$ (16,908,420)</u>	<u>\$ (18,924,345)</u>	<u>\$ (14,045,933)</u>	<u>\$ (13,313,404)</u>	<u>\$ (17,492,994)</u>	<u>\$ (18,816,821)</u>
Fiduciary net position as a percentage of the total OPEB liability	188.41%	204.31%	184.60%	199.52%	208.60%	187.09%	179.96%	227.71%	233.79%
Covered-employee payroll	<u>\$ 56,513,934</u>	<u>\$ 63,541,808</u>	<u>\$ 65,488,063</u>	<u>\$ 72,403,729</u>	<u>\$ 74,575,841</u>	<u>\$ 76,137,330</u>	<u>\$ 78,421,450</u>	<u>\$ 79,119,033</u>	<u>\$ 81,492,604</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(26.61%)</u>	<u>(26.33%)</u>	<u>(23.13%)</u>	<u>(23.35%)</u>	<u>(25.38%)</u>	<u>(18.45%)</u>	<u>(16.98%)</u>	<u>(22.11%)</u>	<u>(23.09%)</u>

Note 1: The 2017 information has been updated to reflect the prior period adjustment reported in the year ended June 30, 2018.

Note 2: 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. 624

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

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	9.5%
2018	6.4%
2019	7.0%
2020	6.6%
2021	14.9%
2022	(12.0%)
2023	3.4%
2024	8.3%
2025	9.1%

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.

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INDEPENDENT SCHOOL DISTRICT NO. 624

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.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The long-term expected investment return was changed from 5.50 percent to 5.60 percent.
- The discount rate was changed from 5.50 percent to 5.60 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2024 CHANGES IN PLAN PROVISIONS

- The Assistant Superintendent of Finance and Operations' post-employment medical, dental, and life insurance subsidies now continue for 15 years after retirement instead of 10 years. The life insurance post-employment subsidy also increased from a \$150,000 policy to a \$300,000 policy.
- Teachers who attain age 55 with 3 years of service will receive a \$6,800 lump sum to an HRA for each year they substitute at least 50 days per year after retirement, up to a maximum of 10 years. Previously, they were required to substitute 65 days to receive this benefit.
- The Superintendent is now entitled to post-employment medical, dental, and life insurance subsidies payable for 10 years after retirement.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates and mortality tables were updated.
- The long-term expected investment return was changed from 5.20 percent to 5.50 percent.
- The discount rate was changed from 5.20 percent to 5.50 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The inflation rate was changed from 2.00 percent to 2.50 percent.

2022 CHANGES IN PLAN PROVISIONS

- The administrators' and principals' district-paid life insurance face amounts increased from \$150,000 to \$200,000 and \$300,000, respectively.
- Teachers and principals who attain age 55 with 15 years of service will receive a lump sum to a Health Reimbursement Account (HRA) at retirement. The amount is based on having unused sick days at retirement for eligibility with lump sum amounts resulting at \$10,000, \$12,500 or \$15,000.
- Teachers who attain age 55 with 3 years of service will receive a \$6,800 lump sum to an HRA for each year they substitute at least 65 days per year after retirement, up to a maximum of 10 years. We have assumed 10 percent of retired teachers will receive this benefit.

2022 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 with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2020 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.

2021 CHANGES IN PLAN PROVISIONS

- Twenty-three teachers each received \$50,000 and fourteen other employees received \$10,000 paid to an HRA from a severance incentive program.
- One employee received a lump sum payment to an HRA instead of five years of district-paid health insurance premiums.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The expected long-term investment return and discount rate was changed from 4.70 percent to 5.20 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 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.

2019 CHANGES IN PLAN PROVISIONS

- Twenty-three teachers received \$30,000 in contributions during the 2018–2019 plan year from a severance incentive program. The retirement rates for these teachers were adjusted to reflect their actual retirement dates.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.00 percent to 4.70 percent.
- The discount rate was changed from 6.00 percent to 4.70 percent.

2018 CHANGES IN PLAN PROVISIONS

- Administrators added a sunset date of January 1, 2016. Employees hired after this date are no longer eligible for subsidized post-employment medical, dental, and life insurance benefits.
- After January 1, 2017, teachers who are eligible for subsidized post-employment medical and dental benefits, but who elect to waive coverage at retirement, will receive lump sum payments. The lump sum amount will equal the medical and dental premiums at the time of retirement, multiplied by the lesser of eight years or the number of years to Medicare eligibility.
- Teachers hired between 1985 and 2003, who are not eligible for subsidized post-employment insurance benefits, will receive a contribution to an HRA upon retirement. The amount of the contribution varies by hire year, multiplied by the number of years of service after July 1, 2017.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The medical trend rate was changed from 7.00 percent grading to 5.00 percent over eight years, to 6.50 percent grading to 5.00 percent over six years.
- 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-2016 Generational Improvement Scale.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.50 percent to 6.00 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 2,782,940	\$ 928,289	\$ 3,711,229
Receivables			
Current taxes	–	720,957	720,957
Delinquent taxes	–	17,377	17,377
Accounts and interest	21,252	29,246	50,498
Due from other governmental units	34,890	126,327	161,217
Inventory	170,033	–	170,033
Total assets	<u>\$ 3,009,115</u>	<u>\$ 1,822,196</u>	<u>\$ 4,831,311</u>
Liabilities			
Salaries payable	\$ 12,324	\$ 144,786	\$ 157,110
Accounts and contracts payable	334,471	156,290	490,761
Due to other governmental units	–	93,850	93,850
Unearned revenue	89,286	191,636	280,922
Total liabilities	<u>436,081</u>	<u>586,562</u>	<u>1,022,643</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	16,907	16,907
Property taxes levied for subsequent year	–	1,357,964	1,357,964
Total deferred inflows of resources	<u>–</u>	<u>1,374,871</u>	<u>1,374,871</u>
Fund balances (deficit)			
Nonspendable for inventory	170,033	–	170,033
Restricted	2,403,001	453,627	2,856,628
Unassigned	–	(592,864)	(592,864)
Total fund balances (deficit)	<u>2,573,034</u>	<u>(139,237)</u>	<u>2,433,797</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 3,009,115</u>	<u>\$ 1,822,196</u>	<u>\$ 4,831,311</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,095,230	\$ 1,095,230
Investment earnings	45,476	17,513	62,989
Other	615,473	6,043,204	6,658,677
State sources	3,579,249	1,109,652	4,688,901
Federal sources	2,986,571	—	2,986,571
Total revenue	7,226,769	8,265,599	15,492,368
Expenditures			
Current			
Food service	7,259,161	—	7,259,161
Community service	—	8,095,249	8,095,249
Capital outlay	422,750	18,478	441,228
Total expenditures	7,681,911	8,113,727	15,795,638
Excess (deficiency) of revenue over expenditures	(455,142)	151,872	(303,270)
Other financing sources			
Transfers in	—	30,937	30,937
Proceeds from sale of assets	23,941	—	23,941
Total other financing sources	23,941	30,937	54,878
Net change in fund balance	(431,201)	182,809	(248,392)
Fund balances (deficit)			
Beginning of year	3,004,235	(322,046)	2,682,189
End of year	\$ 2,573,034	\$ (139,237)	\$ 2,433,797

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 18,553,448	\$ 18,291,538
Receivables		
Current taxes	17,970,010	18,659,364
Delinquent taxes	508,557	448,459
Accounts and interest	758,928	136,721
Due from other governmental units	13,932,927	13,829,606
Due from other funds	1,085,049	1,212,424
Lease	3,840,421	3,999,663
Prepaid items	<u>57,463</u>	<u>681,732</u>
Total assets	<u><u>\$ 56,706,803</u></u>	<u><u>\$ 57,259,507</u></u>
Liabilities		
Salaries payable	\$ 457,382	\$ 661,920
Accounts and contracts payable	3,063,108	3,892,674
Due to other governmental units	567,262	637,935
Unearned revenue	<u>472,486</u>	<u>470,246</u>
Total liabilities	4,560,238	5,662,775
Deferred inflows of resources		
Lease revenue for subsequent years	3,840,421	3,999,663
Unavailable revenue – delinquent taxes	493,463	319,304
Property taxes levied for subsequent year	<u>31,839,118</u>	<u>32,678,276</u>
Total deferred inflows of resources	36,173,002	36,997,243
Fund balances		
Nonspendable for prepaid items	57,463	681,732
Restricted for student activities	413,153	376,003
Restricted for capital projects levy	1,089,610	883,136
Restricted for operating capital	1,569,680	2,092,774
Restricted for literacy aid	307,907	–
Restricted for teacher compensation for READ Act	145,597	–
Restricted for student support personnel	3,454	–
Assigned for achievement and integration	20,304	62,117
Assigned for subsequent year's budget deficit	205,413	–
Unassigned for long-term facilities maintenance		
restricted account deficit	(552,721)	–
Unassigned	<u>12,713,703</u>	<u>10,503,727</u>
Total fund balances	<u><u>15,973,563</u></u>	<u><u>14,599,489</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 56,706,803</u></u>	<u><u>\$ 57,259,507</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 35,374,896	\$ 35,120,646	\$ (254,250)	\$ 33,545,724
Investment earnings	200,000	324,497	124,497	332,248
Other	2,192,586	3,781,709	1,589,123	3,884,866
State sources	103,148,446	105,857,706	2,709,260	100,082,399
Federal sources	3,323,078	3,388,228	65,150	4,477,051
Total revenue	144,239,006	148,472,786	4,233,780	142,322,288
Expenditures				
Current				
Administration				
Salaries	3,500,104	3,325,750	(174,354)	3,624,475
Employee benefits	1,257,703	1,239,771	(17,932)	1,279,519
Purchased services	226,708	172,775	(53,933)	214,369
Supplies and materials	16,321	28,755	12,434	25,087
Other expenditures	61,184	67,093	5,909	68,830
Total administration	5,062,020	4,834,144	(227,876)	5,212,280
District support services				
Salaries	1,629,371	1,659,416	30,045	1,633,538
Employee benefits	645,857	652,739	6,882	602,250
Purchased services	473,457	451,500	(21,957)	640,977
Supplies and materials	213,247	136,272	(76,975)	113,835
Other expenditures	25,543	17,237	(8,306)	(59,363)
Total district support services	2,987,475	2,917,164	(70,311)	2,931,237
Elementary and secondary regular instruction				
Salaries	38,656,385	37,977,582	(678,803)	36,940,059
Employee benefits	13,672,721	13,233,202	(439,519)	13,192,851
Purchased services	1,173,660	2,601,310	1,427,650	2,713,927
Supplies and materials	2,438,091	2,071,594	(366,497)	3,547,577
Capital expenditures	213,418	161,506	(51,912)	147,134
Other expenditures	249,889	448,996	199,107	521,201
Total elementary and secondary regular instruction	56,404,164	56,494,190	90,026	57,062,749

INDEPENDENT SCHOOL DISTRICT NO. 624

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	695,924	1,247,329	551,405
Employee benefits	223,957	427,973	204,016
Purchased services	242,796	293,354	50,558
Supplies and materials	43,000	66,871	23,871
Capital expenditures	—	—	—
Other expenditures	—	7,244	7,244
Total vocational education instruction	1,205,677	2,042,771	837,094
Special education instruction			
Salaries	21,103,939	20,853,776	(250,163)
Employee benefits	8,454,989	8,219,871	(235,118)
Purchased services	2,073,189	2,291,890	218,701
Supplies and materials	120,198	168,233	48,035
Capital expenditures	20,000	—	(20,000)
Other expenditures	30,553	100,328	69,775
Total special education instruction	31,802,868	31,634,098	(168,770)
Community education			
Salaries	—	302,312	302,312
Employee benefits	—	110,858	110,858
Supplies and materials	—	—	—
Total community education	—	413,170	413,170
Instructional support services			
Salaries	5,969,350	5,859,659	(109,691)
Employee benefits	1,862,489	1,850,963	(11,526)
Purchased services	586,133	800,573	214,440
Supplies and materials	1,302,924	2,345,654	1,042,730
Capital expenditures	500,000	39,467	(460,533)
Other expenditures	8,593	79,091	70,498
Total instructional support services	10,229,489	10,975,407	745,918
Pupil support services			
Salaries	6,543,212	6,083,250	(459,962)
Employee benefits	2,455,851	2,398,937	(56,914)
Purchased services	6,671,695	9,232,554	2,560,859
Supplies and materials	495,659	588,723	93,064
Capital expenditures	510,000	133,183	(376,817)
Other expenditures	—	23,980	23,980
Total pupil support services	16,676,417	18,460,627	1,784,210

INDEPENDENT SCHOOL DISTRICT NO. 624

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	4,268,912	4,072,894	(196,018)	4,217,204
Employee benefits	2,102,329	1,801,068	(301,261)	1,577,421
Purchased services	9,205,041	5,951,701	(3,253,340)	6,943,216
Supplies and materials	1,131,678	1,024,992	(106,686)	908,195
Capital expenditures	498,976	4,555,106	4,056,130	455,888
Other expenditures	29,185	41,744	12,559	16,085
Total sites and buildings	17,236,121	17,447,505	211,384	14,118,009
Fiscal and other fixed cost programs				
Purchased services	772,261	778,891	6,630	681,258
Debt service				
Principal	948,735	892,331	(56,404)	844,329
Interest and fiscal charges	243,350	207,395	(35,955)	245,557
Total debt service	1,192,085	1,099,726	(92,359)	1,089,886
Total expenditures	143,568,577	147,097,693	3,529,116	139,339,310
Excess (deficiency) of revenue over expenditures	670,429	1,375,093	704,664	2,982,978
Other financing sources (uses)				
Transfers (out)	—	(30,937)	(30,937)	—
Insurance recovery	—	29,918	29,918	374,967
Total other financing sources (uses)	—	(1,019)	(1,019)	374,967
Net change in fund balances	\$ 670,429	1,374,074	\$ 703,645	3,357,945
Fund balances				
Beginning of year		14,599,489		11,241,544
End of year		\$ 15,973,563		\$ 14,599,489

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 2,782,940	\$ 2,282,991
Receivables		
Accounts and interest	21,252	809
Due from other governmental units	34,890	878,095
Inventory	<u>170,033</u>	<u>142,288</u>
Total assets	<u><u>\$ 3,009,115</u></u>	<u><u>\$ 3,304,183</u></u>
Liabilities		
Salaries payable	\$ 12,324	\$ 31,477
Accounts and contracts payable	334,471	174,420
Unearned revenue	<u>89,286</u>	<u>94,051</u>
Total liabilities	436,081	299,948
Fund balances		
Nonspendable for inventory	170,033	142,288
Restricted for food service	<u>2,403,001</u>	<u>2,861,947</u>
Total fund balances	<u><u>2,573,034</u></u>	<u><u>3,004,235</u></u>
Total liabilities and fund balances	<u><u>\$ 3,009,115</u></u>	<u><u>\$ 3,304,183</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ —	\$ 45,476	\$ 45,476	\$ 54,691
Other – primarily meal sales	488,400	615,473	127,073	655,578
State sources	3,635,000	3,579,249	(55,751)	3,307,513
Federal sources	3,023,531	2,986,571	(36,960)	3,123,265
Total revenue	<u>7,146,931</u>	<u>7,226,769</u>	<u>79,838</u>	<u>7,141,047</u>
Expenditures				
Current				
Salaries	2,737,098	2,906,148	169,050	2,122,680
Employee benefits	916,720	776,235	(140,485)	729,017
Purchased services	286,177	266,722	(19,455)	159,100
Supplies and materials	3,335,131	3,296,633	(38,498)	3,086,793
Other expenditures	16,800	13,423	(3,377)	16,085
Capital outlay	570,000	422,750	(147,250)	290,452
Total expenditures	<u>7,861,926</u>	<u>7,681,911</u>	<u>(180,015)</u>	<u>6,404,127</u>
Excess (deficiency) of revenue over expenditures	(714,995)	(455,142)	259,853	736,920
Other financing sources				
Proceeds from sale of assets	<u>15,000</u>	<u>23,941</u>	<u>8,941</u>	<u>2,918</u>
Net change in fund balances	<u>\$ (699,995)</u>	<u>(431,201)</u>	<u>\$ 268,794</u>	<u>739,838</u>
Fund balances				
Beginning of year		<u>3,004,235</u>		<u>2,264,397</u>
End of year		<u>\$ 2,573,034</u>		<u>\$ 3,004,235</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 928,289	\$ 789,550
Receivables		
Current taxes	720,957	585,659
Delinquent taxes	17,377	16,348
Accounts and interest	29,246	44,160
Due from other governmental units	<u>126,327</u>	<u>78,453</u>
Total assets	<u><u>\$ 1,822,196</u></u>	<u><u>\$ 1,514,170</u></u>
Liabilities		
Salaries payable	\$ 144,786	\$ 326,163
Accounts and contracts payable	156,290	141,256
Due to other governmental units	93,850	14,095
Unearned revenue	<u>191,636</u>	<u>235,212</u>
Total liabilities	586,562	716,726
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	16,907	11,660
Property taxes levied for subsequent year	<u>1,357,964</u>	<u>1,107,830</u>
Total deferred inflows of resources	1,374,871	1,119,490
Fund balances (deficit)		
Restricted for community education	298,434	53,061
Restricted for early childhood family education	155,193	81,703
Restricted for adult basic education	–	1,785
Unassigned – school readiness program restricted account deficit	(554,342)	(418,645)
Unassigned – community services restricted account deficit	<u>(38,522)</u>	<u>(39,950)</u>
Total fund balances (deficit)	<u>(139,237)</u>	<u>(322,046)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u><u>\$ 1,822,196</u></u>	<u><u>\$ 1,514,170</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,158,683	\$ 1,095,230	\$ (63,453)	\$ 1,235,527
Investment earnings	500	17,513	17,013	14,164
Other – primarily tuition and fees	5,745,575	6,043,204	297,629	5,468,041
State sources	1,277,323	1,109,652	(167,671)	1,174,954
Federal sources	210,000	–	(210,000)	–
Total revenue	<u>8,392,081</u>	<u>8,265,599</u>	<u>(126,482)</u>	<u>7,892,686</u>
Expenditures				
Current				
Salaries	5,213,068	5,047,706	(165,362)	5,220,012
Employee benefits	1,744,961	1,463,199	(281,762)	1,493,662
Purchased services	1,055,015	1,235,966	180,951	946,786
Supplies and materials	270,218	336,535	66,317	360,787
Other expenditures	6,685	11,843	5,158	13,237
Capital outlay	10,750	18,478	7,728	7,707
Total expenditures	<u>8,300,697</u>	<u>8,113,727</u>	<u>(186,970)</u>	<u>8,042,191</u>
Excess (deficiency) of revenue over expenditures	91,384	151,872	60,488	(149,505)
Other financing sources				
Transfers in	<u>–</u>	<u>30,937</u>	<u>30,937</u>	<u>–</u>
Net change in fund balances	<u>\$ 91,384</u>	<u>182,809</u>	<u>\$ 91,425</u>	<u>(149,505)</u>
Fund balances (deficit)				
Beginning of year		<u>(322,046)</u>		<u>(172,541)</u>
End of year		<u>\$ (139,237)</u>		<u>\$ (322,046)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 66,467,576	\$ 128,774,037
Cash and investments held by trustee	—	94,400
Receivables		
Accounts and interest	—	51,646
	<u>—</u>	<u>51,646</u>
Total assets	<u>\$ 66,467,576</u>	<u>\$ 128,920,083</u>
Liabilities		
Salaries payable	\$ 1,572	\$ 35,423
Accounts and contracts payable	11,879,445	17,397,057
Due to other governmental units	—	179
Total liabilities	<u>11,881,017</u>	<u>17,432,659</u>
Fund balances		
Restricted for long-term facilities maintenance	8,707,116	51,459,655
Restricted for capital projects	45,879,443	60,027,769
Total fund balances	<u>54,586,559</u>	<u>111,487,424</u>
	<u>\$ 66,467,576</u>	<u>\$ 128,920,083</u>
Total liabilities and fund balances		

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Local sources		
Investment earnings	\$ 5,363,876	\$ 7,530,763
Other	20,000	–
Total revenue	<u>5,383,876</u>	<u>7,530,763</u>
Expenditures		
Capital outlay		
Salaries	531,609	698,220
Employee benefits	154,843	201,666
Purchased services	8,598,259	14,937,215
Supplies and materials	383,336	412,152
Capital expenditures	52,579,132	54,979,716
Other expenditures	37,562	32,242
Debt service		
Fiscal charges and other	–	302,739
Total expenditures	<u>62,284,741</u>	<u>71,563,950</u>
Excess (deficiency) of revenue over expenditures	(56,900,865)	(64,033,187)
Other financing sources		
Bonds issued	–	41,763,297
Premium on issuance of bonds	–	4,426,809
Total other financing sources	<u>–</u>	<u>46,190,106</u>
Net change in fund balances	(56,900,865)	(17,843,081)
Fund balances		
Beginning of year	<u>111,487,424</u>	<u>129,330,505</u>
End of year	<u>\$ 54,586,559</u>	<u>\$ 111,487,424</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 22,419,428	\$ 20,826,730
Receivables		
Current taxes	18,679,838	16,202,863
Delinquent taxes	410,945	342,301
Accounts and interest	—	476
Due from other governmental units	<u>7,037</u>	<u>19,220</u>
Total assets	<u><u>\$ 41,517,248</u></u>	<u><u>\$ 37,391,590</u></u>
Liabilities		
Accounts and contracts payable	\$ 549	\$ —
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	398,613	234,293
Property taxes levied for subsequent year	<u>35,184,540</u>	<u>30,649,269</u>
Total deferred inflows of resources	<u>35,583,153</u>	<u>30,883,562</u>
Fund balances		
Restricted for debt service	<u>5,933,546</u>	<u>6,508,028</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 41,517,248</u></u>	<u><u>\$ 37,391,590</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 30,610,105	\$ 30,280,911	\$ (329,194)	\$ 28,008,431
Investment earnings	—	288,088	288,088	325,640
State sources	—	71,403	71,403	190,739
Total revenue	<u>30,610,105</u>	<u>30,640,402</u>	<u>30,297</u>	<u>28,524,810</u>
Expenditures				
Debt service				
Principal	17,560,000	17,560,000	—	14,560,000
Interest	13,644,395	13,644,395	—	12,720,110
Fiscal charges and other	—	10,489	10,489	10,651
Total expenditures	<u>31,204,395</u>	<u>31,214,884</u>	<u>10,489</u>	<u>27,290,761</u>
Excess (deficiency) of revenue over expenditures	(594,290)	(574,482)	19,808	1,234,049
Other financing sources				
Bonds issued	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,071,703</u>
Net change in fund balances	<u>\$ (594,290)</u>	<u>(574,482)</u>	<u>\$ 19,808</u>	<u>2,305,752</u>
Fund balances				
Beginning of year		<u>6,508,028</u>		<u>4,202,276</u>
End of year		<u>\$ 5,933,546</u>		<u>\$ 6,508,028</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
			2025	2024
Assets				
Current assets				
Cash and temporary investments	\$ 7,634,607	\$ 362,576	\$ 7,997,183	\$ 7,246,907
Liabilities				
Current liabilities				
Accounts and contracts payable	170,962	14,766	185,728	477,607
Claims incurred, but not reported	647,361	50,264	697,625	550,178
Unearned revenue	1,193,514	75,276	1,268,790	1,195,456
Total liabilities	2,011,837	140,306	2,152,143	2,223,241
Net position				
Unrestricted	\$ 5,622,770	\$ 222,270	\$ 5,845,040	\$ 5,023,666

INDEPENDENT SCHOOL DISTRICT NO. 624

Proprietary Funds
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)

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
			2025	2024
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 15,684,028	\$ 1,065,184	\$ 16,749,212	\$ 16,257,510
Rebates and other	1,007,610	—	1,007,610	—
Total operating revenue	16,691,638	1,065,184	17,756,822	16,257,510
Operating expenses				
Health benefit claims	14,826,957	—	14,826,957	12,930,461
Dental benefit claims	—	1,046,354	1,046,354	1,053,061
Administrative costs	1,125,856	44,261	1,170,117	1,657,167
Total operating expenses	15,952,813	1,090,615	17,043,428	15,640,689
Operating income (loss)	738,825	(25,431)	713,394	616,821
Nonoperating revenue				
Investment earnings	102,447	5,533	107,980	132,449
Change in net position	841,272	(19,898)	821,374	749,270
Net position				
Beginning of year	4,781,498	242,168	5,023,666	4,274,396
End of year	\$ 5,622,770	\$ 222,270	\$ 5,845,040	\$ 5,023,666

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Total	
			2025	2024
Cash flows from operating activities				
Received from assessments made to other funds	\$ 15,753,824	\$ 1,068,722	\$ 16,822,546	\$ 16,321,268
Self-insurance claims and payments	(16,088,680)	(1,099,180)	(17,187,860)	(16,247,303)
Rebates and other	1,007,610	—	1,007,610	—
Net cash flows from operating activities	672,754	(30,458)	642,296	73,965
Cash flows from investing activities				
Investment income received	102,447	5,533	107,980	132,449
Net change in cash and cash equivalents	775,201	(24,925)	750,276	206,414
Cash and cash equivalents				
Beginning of year	6,859,406	387,501	7,246,907	7,040,493
End of year	<u>\$ 7,634,607</u>	<u>\$ 362,576</u>	<u>\$ 7,997,183</u>	<u>\$ 7,246,907</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 738,825	\$ (25,431)	\$ 713,394	\$ 616,821
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	—	—	—	1,918
Accounts and contracts payable	(272,027)	(19,852)	(291,879)	136,351
Claims incurred, but not reported	136,160	11,287	147,447	(742,965)
Unearned revenue	69,796	3,538	73,334	61,840
Net cash flows from operating activities	<u>\$ 672,754</u>	<u>\$ (30,458)</u>	<u>\$ 642,296</u>	<u>\$ 73,965</u>

SECTION III –STATISTICAL SECTION

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STATISTICAL SECTION
(Unaudited)

This part of Independent School District No. 624's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Pages</u>
Contents	
Financial Trends	106
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	125
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	136
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	142
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	144
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. 624

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	\$ 2,724,245	\$ 392,746	\$ 1,189,216	\$ 1,586,630
Restricted	4,232,013	5,311,541	5,107,192	6,877,281
Unrestricted	(34,024,878)	(83,723,241)	(110,887,928)	(84,766,866)
Total governmental activities net position	<u>\$ (27,068,620)</u>	<u>\$ (78,018,954)</u>	<u>\$ (104,591,520)</u>	<u>\$ (76,302,955)</u>

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$20.4 million. Prior years were not restated.

Note 2: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Note 3: The District reported a change in accounting principle in fiscal 2024 that increased net position by \$412,873. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Note 4: The District reported a change in accounting principle in fiscal 2025 that decreased net position by \$18,312,770. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

2020	2021	2022	2023	2024	2025
\$ 5,686,148	\$ 15,910,496	\$ 27,685,397	\$ 43,576,487	\$ 61,211,428	\$ 78,717,847
7,836,207	20,803,510	20,465,027	18,595,309	25,140,718	26,044,420
(86,731,311)	(93,117,872)	(89,849,921)	(76,200,055)	(69,030,081)	(83,337,569)
<u>\$ (73,208,956)</u>	<u>\$ (56,403,866)</u>	<u>\$ (41,699,497)</u>	<u>\$ (14,028,259)</u>	<u>\$ 17,322,065</u>	<u>\$ 21,424,698</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities				
Administration	\$ 4,643,864	\$ 5,928,267	\$ 5,769,605	\$ 3,526,940
District support services	2,019,904	2,253,207	2,402,738	2,359,021
Elementary and secondary regular instruction	46,747,667	68,377,262	68,598,151	33,989,388
Vocational education instruction	881,627	1,762,643	1,920,274	1,393,443
Special education instruction	21,078,601	27,522,420	28,707,069	17,297,032
Community education	—	—	—	—
Instructional support services	8,681,086	9,556,148	10,287,078	7,151,776
Pupil support services	10,551,058	13,297,720	13,988,252	11,771,090
Sites and buildings	13,350,160	12,714,729	8,519,866	10,487,501
Fiscal and other fixed cost programs	318,315	318,782	295,206	293,113
Food service	4,192,500	4,482,465	4,421,186	4,510,000
Community service	5,250,991	6,111,162	6,661,744	6,357,060
Depreciation/amortization not included in other functions	2,585,565	2,550,231	2,460,982	2,492,595
Interest and fiscal charges	3,637,370	3,271,662	3,510,445	3,063,233
Total governmental activities expenses	123,938,708	158,146,698	157,542,596	104,692,192
Program revenues				
Governmental activities				
Charges for services				
Food service	2,258,254	2,326,238	2,297,045	2,345,752
Community service	3,681,104	3,882,256	4,390,909	4,562,874
All other	1,880,192	2,197,083	2,507,761	2,696,667
Operating grants and contributions	18,447,942	19,931,774	20,164,119	22,617,917
Capital grants and contributions	1,030,957	—	—	—
Total governmental activities program revenues	27,298,449	28,337,351	29,359,834	32,223,210
Net (expense) revenue	(96,640,259)	(129,809,347)	(128,182,762)	(72,468,982)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	20,142,501	20,854,762	20,018,385	21,329,896
Property taxes, levied for capital projects	3,040,084	2,827,643	3,806,093	4,586,658
Property taxes, levied for community service	1,043,053	994,784	897,666	979,104
Property taxes, levied for debt service	11,013,828	10,930,437	10,748,427	11,068,394
Unrestricted grants and contributions	57,107,216	62,299,098	62,758,162	60,829,833
Other general revenues	1,773,329	1,036,621	1,020,920	912,726
Investment earnings (charges)	153,392	346,582	606,426	1,050,936
Total general revenues and other changes in net position	94,273,403	99,289,927	99,856,079	100,757,547
Change in net position	\$ (2,366,856)	\$ (30,519,420)	\$ (28,326,683)	\$ 28,288,565

Note: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

2020	2021	2022	2023	2024	2025
\$ 5,070,472	\$ 4,919,742	\$ 4,688,375	\$ 4,248,882	\$ 4,902,995	\$ 4,748,245
2,577,725	2,237,564	2,481,138	2,701,391	2,704,238	2,842,148
56,797,734	58,447,015	52,924,261	43,661,852	51,876,425	56,405,950
1,685,647	1,178,880	1,201,920	1,559,255	1,554,349	2,024,656
25,958,489	27,336,918	25,983,741	24,392,796	28,480,399	31,144,947
—	—	182,603	318,509	393,860	412,157
10,911,975	9,300,831	10,506,017	8,889,914	9,246,594	10,216,735
13,412,477	12,777,966	14,912,442	14,744,264	15,935,335	18,528,377
9,038,418	9,870,490	15,851,701	16,920,276	17,628,235	15,490,879
326,531	489,542	466,359	600,003	681,258	778,891
4,220,848	4,536,347	4,927,006	5,313,481	6,332,324	7,377,373
7,108,410	6,480,611	7,113,877	7,910,049	7,893,699	7,990,944
2,562,513	2,676,851	2,720,457	2,923,287	3,498,206	4,684,643
4,267,078	8,226,489	8,396,438	10,733,565	12,102,636	17,328,987
143,938,317	148,479,246	152,356,335	144,917,524	163,230,553	179,974,932
1,729,584	45,569	245,625	2,148,597	655,578	615,473
4,131,639	3,766,945	4,883,703	5,201,931	5,468,041	6,043,204
1,890,485	1,837,263	2,550,708	2,512,902	3,163,556	3,528,668
23,418,865	28,132,055	29,734,127	27,710,488	37,948,701	41,971,192
98,464	185,354	705,483	258,641	264,423	84,251
31,269,037	33,967,186	38,119,646	37,832,559	47,500,299	52,242,788
(112,669,280)	(114,512,060)	(114,236,689)	(107,084,965)	(115,730,254)	(127,732,144)
21,711,186	23,131,500	19,775,571	21,660,354	23,851,709	22,944,856
4,729,951	5,636,562	12,015,594	11,385,974	9,624,225	12,349,949
1,122,545	1,087,949	1,166,133	1,164,585	1,233,009	1,100,477
14,907,766	25,890,298	24,041,401	23,569,528	27,962,625	30,445,231
66,568,401	72,606,053	72,754,487	70,561,794	74,506,987	76,832,704
1,260,113	974,436	747,733	745,390	1,099,195	326,900
5,463,317	1,990,352	(1,559,861)	5,668,578	8,389,955	6,147,430
115,763,279	131,317,150	128,941,058	134,756,203	146,667,705	150,147,547
\$ 3,093,999	\$ 16,805,090	\$ 14,704,369	\$ 27,671,238	\$ 30,937,451	\$ 22,415,403

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local sources				
Taxes	\$ 35,221,900	\$ 35,802,955	\$ 35,528,658	\$ 37,919,198
Investment earnings (charges)	103,638	311,131	573,551	972,085
Other	9,576,917	9,442,198	10,211,671	10,518,019
State sources	72,091,177	74,746,927	78,253,127	82,296,921
Federal sources	4,494,938	4,777,798	4,697,630	5,370,277
Total revenues	<u>121,488,570</u>	<u>125,081,009</u>	<u>129,264,637</u>	<u>137,076,500</u>
Expenditures				
Current				
Administration	4,319,876	4,428,948	4,439,908	4,767,244
District support services	1,927,834	2,150,921	2,294,145	2,486,960
Elementary and secondary regular instruction	46,242,132	47,911,170	50,957,061	51,578,338
Vocational education instruction	880,860	1,534,004	1,466,872	1,781,712
Special education instruction	19,818,791	20,846,113	22,539,239	23,855,666
Community education	—	—	—	—
Instructional support services	8,247,943	7,901,076	8,699,660	8,842,082
Pupil support services	10,489,544	11,625,539	12,723,412	13,093,273
Sites and buildings	8,619,133	8,382,462	8,271,678	9,332,455
Fiscal and other fixed cost programs	318,315	318,782	295,206	293,113
Food service	4,201,804	4,382,438	4,335,235	4,515,036
Community service	5,223,576	5,450,159	6,122,643	6,888,584
Capital outlay	5,587,987	4,848,594	1,232,886	4,202,130
Debt service				
Principal	7,956,156	8,219,137	8,705,181	8,962,193
Interest and fiscal charges	4,094,070	3,800,779	3,776,909	3,464,192
Total expenditures	<u>127,928,021</u>	<u>131,800,122</u>	<u>135,860,035</u>	<u>144,062,978</u>
Excess of revenues over (under) expenditures	(6,439,451)	(6,719,113)	(6,595,398)	(6,986,478)
Other financing sources (uses)				
Debt issued	—	—	26,245,000	—
Premium on bonds issued	—	—	1,425,751	—
Payments to refunded bond escrow agent	—	—	(11,065,000)	—
Sales of assets	29,540	2,387	4,964	—
Insurance recovery	—	—	—	—
Transfers in	1,340,000	—	—	—
Transfers out	—	—	—	—
Total other financing sources (uses)	<u>1,369,540</u>	<u>2,387</u>	<u>16,610,715</u>	<u>—</u>
Net change in fund balances	<u>\$ (5,069,911)</u>	<u>\$ (6,716,726)</u>	<u>\$ 10,015,317</u>	<u>\$ (6,986,478)</u>
Debt service as a percentage of noncapital expenditures	<u>9.6%</u>	<u>9.2%</u>	<u>9.3%</u>	<u>8.8%</u>

2020	2021	2022	2023	2024	2025
\$ 42,318,235	\$ 55,907,683	\$ 56,924,765	\$ 57,467,595	\$ 62,789,682	\$ 66,496,787
5,387,019	1,982,641	(1,564,956)	5,566,511	8,257,506	6,039,450
9,007,221	6,624,213	8,366,418	10,531,985	10,008,485	10,460,386
84,285,721	86,466,422	87,733,580	89,298,121	104,755,605	110,618,010
5,353,084	14,284,546	15,910,891	8,764,345	7,600,316	6,374,799
146,351,280	165,265,505	167,370,698	171,628,557	193,411,594	199,989,432
4,754,277	4,680,935	4,859,360	4,949,923	5,212,280	4,834,144
2,482,463	2,259,769	2,571,817	2,712,964	2,931,237	2,917,164
52,869,123	55,688,571	54,434,812	54,249,852	57,062,749	56,494,190
1,571,515	1,101,205	1,225,126	1,745,537	1,663,151	2,042,771
24,453,211	25,963,933	26,765,265	27,970,498	30,117,726	31,634,098
—	—	182,603	317,632	399,171	413,170
8,398,544	7,883,565	10,594,212	9,365,907	10,056,848	10,975,407
12,929,240	12,694,704	14,992,963	15,247,597	16,006,995	18,460,627
8,369,840	12,434,965	16,109,378	14,934,054	14,118,009	17,447,505
326,531	489,542	466,359	600,003	681,258	778,891
3,991,746	4,113,935	5,105,642	5,613,335	6,113,675	7,259,161
6,888,649	6,394,672	7,228,621	8,145,962	8,034,484	8,095,249
19,649,016	39,213,649	132,128,045	102,446,061	71,559,370	62,725,969
12,775,262	17,162,911	14,790,406	14,111,415	15,404,329	18,452,331
3,108,548	9,454,449	9,820,154	11,730,475	13,279,057	13,862,279
162,567,965	199,536,805	301,274,763	274,141,215	252,640,339	256,392,956
(16,216,685)	(34,271,300)	(133,904,065)	(102,512,658)	(59,228,745)	(56,403,524)
250,000,000	15,160,000	99,145,000	33,415,000	42,835,000	—
13,257,479	1,469,939	8,774,270	3,430,079	4,426,809	—
—	(16,439,586)	(8,850,000)	—	—	—
4,600	—	61,351	26,242	2,918	23,941
—	—	—	50,593	374,967	29,918
—	—	—	—	—	30,937
—	—	—	—	—	(30,937)
263,262,079	190,353	99,130,621	36,921,914	47,639,694	53,859
\$ 247,045,394	\$ (34,080,947)	\$ (34,773,444)	\$ (65,590,744)	\$ (11,589,051)	\$ (56,349,665)
10.9%	16.7%	8.2%	14.9%	15.7%	16.9%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 97,470	\$ 315,203	\$ 515,138	\$ 407,677
Restricted	1,638,862	2,117,835	1,360,676	3,723,893
Assigned	10,494,185	10,458,808	5,572,835	3,344,748
Unassigned	15,274,627	12,147,758	12,426,576	9,602,192
Total General Fund	<u>\$ 27,505,144</u>	<u>\$ 25,039,604</u>	<u>\$ 19,875,225</u>	<u>\$ 17,078,510</u>
All other governmental funds				
Nonspendable	\$ 105,040	\$ 128,309	\$ 136,834	\$ 118,871
Restricted				
Special revenue funds	1,694,251	2,029,228	2,133,818	1,849,465
Capital Projects – Building				
Construction Fund	6,439,036	1,675,062	16,397,271	12,556,918
Debt service funds	2,210,338	2,364,880	2,709,252	2,662,158
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 10,448,665</u>	<u>\$ 6,197,479</u>	<u>\$ 21,377,175</u>	<u>\$ 17,187,412</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 14,573	\$ 62,849	\$ 712,804	\$ 44,626	\$ 681,732	\$ 57,463
6,540,545	4,505,782	3,530,300	3,366,230	3,351,913	3,529,401
2,000,000	2,000,000	—	—	62,117	225,717
<u>7,228,288</u>	<u>10,235,873</u>	<u>9,912,959</u>	<u>7,830,688</u>	<u>10,503,727</u>	<u>12,160,982</u>
<u>\$ 15,783,406</u>	<u>\$ 16,804,504</u>	<u>\$ 14,156,063</u>	<u>\$ 11,241,544</u>	<u>\$ 14,599,489</u>	<u>\$ 15,973,563</u>
\$ 261,435	\$ 200,837	\$ 216,649	\$ 211,423	\$ 142,288	\$ 170,033
1,022,193	2,038,557	3,620,519	2,351,285	2,998,496	2,856,628
261,314,543	224,512,987	189,563,404	129,330,505	111,487,424	54,586,559
2,929,739	3,712,552	4,975,001	4,202,276	6,508,028	5,933,546
<u>—</u>	<u>(39,068)</u>	<u>(74,711)</u>	<u>(470,852)</u>	<u>(458,595)</u>	<u>(592,864)</u>
<u>\$ 265,527,910</u>	<u>\$ 230,425,865</u>	<u>\$ 198,300,862</u>	<u>\$ 135,624,637</u>	<u>\$ 120,677,641</u>	<u>\$ 62,953,902</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2016	\$ 23,170,610 23%	\$ 71,248,577 70%	\$ 2,544,801 3%	\$ 3,713,551 4%	\$ 100,677,539 100%
2017	23,808,740 23%	73,684,350 71%	2,732,657 3%	3,475,642 3%	103,701,389 100%
2018	23,936,695 22%	77,099,110 71%	2,693,184 3%	3,864,518 4%	107,593,507 100%
2019	25,808,561 23%	81,061,081 70%	3,378,693 3%	4,056,534 4%	114,304,869 100%
2020	26,346,415 23%	82,882,935 71%	3,291,408 3%	3,405,038 3%	115,925,796 100%
2021	28,893,600 23%	85,036,779 68%	8,519,267 7%	2,835,871 2%	125,285,517 100%
2022	31,751,273 24%	86,374,136 66%	9,200,177 7%	3,247,999 3%	130,573,585 100%
2023	32,871,766 25%	87,901,945 67%	5,937,405 5%	3,507,362 3%	130,218,478 100%
2024	33,545,724 24%	100,082,399 70%	4,477,051 3%	4,217,114 3%	142,322,288 100%
2025	35,120,646 24%	105,857,706 71%	3,388,228 2%	4,106,206 3%	148,472,786 100%

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2016	\$ 4,319,876 4%	\$ 1,927,834 2%	\$ 46,242,132 46%	\$ 880,860 1%	\$ 19,818,791 20%
2017	4,428,948 5%	2,150,921 2%	47,911,170 45%	1,534,004 1%	20,846,113 20%
2018	4,439,908 4%	2,294,145 2%	50,957,061 45%	1,466,872 1%	22,539,239 20%
2019	4,767,244 4%	2,486,960 2%	51,578,338 44%	1,781,712 2%	23,855,666 20%
2020	4,754,277 4%	2,482,463 2%	52,869,123 45%	1,571,515 1%	24,453,211 21%
2021	4,680,935 4%	2,259,769 2%	55,688,571 45%	1,101,205 1%	25,963,933 21%
2022	4,859,360 4%	2,571,817 2%	54,434,812 41%	1,225,126 1%	26,765,265 20%
2023	4,949,923 4%	2,712,964 2%	54,249,852 41%	1,745,537 1%	27,970,498 21%
2024	5,212,280 4%	2,931,237 2%	57,062,749 41%	1,663,151 1%	30,117,726 22%
2025	4,834,144 3%	2,917,164 2%	56,494,190 39%	2,042,771 1%	31,634,098 22%

Community Education		Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal, Other Fixed Cost Programs, and Debt Service	Total
\$	—	\$ 8,247,943	\$ 10,489,544	\$ 8,619,133	\$ 1,484,470	\$ 102,030,583
	—	8%	10%	8%	1%	100%
	—	7,901,076	11,625,539	8,382,462	1,389,083	106,169,316
	—	7%	11%	8%	1%	100%
	—	8,699,660	12,723,412	8,271,678	1,365,911	112,757,886
	—	8%	11%	8%	1%	100%
	—	8,842,082	13,093,273	9,332,455	1,363,854	117,101,584
	—	8%	11%	8%	1%	100%
	—	8,398,544	12,929,240	8,369,840	1,397,287	117,225,500
	—	7%	11%	7%	1%	100%
	—	7,883,565	12,694,704	12,434,965	1,556,772	124,264,419
	—	6%	10%	10%	1%	100%
182,603		10,594,212	14,992,963	16,109,378	1,545,147	133,280,683
	—	8%	11%	12%	1%	100%
317,632		9,365,907	15,247,597	14,934,054	1,689,626	133,183,590
	—	7%	12%	11%	1%	100%
399,171		10,056,848	16,006,995	14,118,009	1,771,144	139,339,310
	—	7%	12%	10%	1%	100%
413,170		10,975,407	18,460,627	17,447,505	1,878,617	147,097,693
	—	7%	13%	12%	1%	100%

INDEPENDENT SCHOOL DISTRICT NO. 624

Summary of Revenues and Expenditures
for Governmental Funds
Last Ten Fiscal Years

				Fiscal Year
	2016	2017	2018	2019
Revenues				
General Fund	\$ 100,677,539	\$ 103,701,389	\$ 107,593,507	\$ 114,304,869
Special revenue funds				
Food Service	4,432,336	4,607,261	4,558,208	4,610,762
Community Service	5,343,584	5,647,653	6,081,836	6,544,785
Capital Projects – Building				
Construction Fund	19,955	20,549	129,387	307,534
Debt Service Fund	11,015,156	11,104,157	10,901,699	11,308,550
Total revenues	<u>\$ 121,488,570</u>	<u>\$ 125,081,009</u>	<u>\$ 129,264,637</u>	<u>\$ 137,076,500</u>
Expenditures				
General Fund	\$ 102,030,583	\$ 106,169,316	\$ 112,757,886	\$ 117,101,584
Special revenue funds				
Food Service	4,347,742	4,426,363	4,375,549	4,552,813
Community Service	5,250,818	5,470,711	6,147,818	6,905,050
Capital Projects – Building				
Construction Fund	5,414,807	4,784,117	1,167,397	4,147,887
Debt Service Fund	10,884,071	10,949,615	11,411,385	11,355,644
Total expenditures	<u>\$ 127,928,021</u>	<u>\$ 131,800,122</u>	<u>\$ 135,860,035</u>	<u>\$ 144,062,978</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 115,925,796	\$ 125,285,517	\$ 130,573,585	\$ 130,218,478	\$ 142,322,288	\$ 148,472,786
3,982,048	5,397,288	6,995,661	5,283,769	7,141,047	7,226,769
6,390,640	6,491,551	7,159,633	7,335,528	7,892,686	8,265,599
4,972,161	1,948,559	(1,588,548)	4,944,585	7,530,763	5,383,876
<u>15,080,635</u>	<u>26,142,590</u>	<u>24,230,367</u>	<u>23,846,197</u>	<u>28,524,810</u>	<u>30,640,402</u>
<u>\$ 146,351,280</u>	<u>\$ 165,265,505</u>	<u>\$ 167,370,698</u>	<u>\$ 171,628,557</u>	<u>\$ 193,411,594</u>	<u>\$ 199,989,432</u>
\$ 117,225,500	\$ 124,264,419	\$ 133,280,683	\$ 133,183,590	\$ 139,339,310	\$ 147,097,693
4,148,747	4,572,349	5,308,456	6,140,663	6,404,127	7,681,911
6,908,649	6,399,792	7,287,401	8,175,477	8,042,191	8,113,727
19,472,015	38,750,115	131,866,451	102,022,563	71,563,950	62,284,741
<u>14,813,054</u>	<u>25,550,130</u>	<u>23,531,772</u>	<u>24,618,922</u>	<u>27,290,761</u>	<u>31,214,884</u>
<u>\$ 162,567,965</u>	<u>\$ 199,536,805</u>	<u>\$ 301,274,763</u>	<u>\$ 274,141,215</u>	<u>\$ 252,640,339</u>	<u>\$ 256,392,956</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
General Fund	\$ 30,436,088	\$ 25,600,462	\$ 20,379,909	\$ 15,758,533
Special revenue funds				
Food Service	295,187	463,293	627,316	613,620
Community Service	1,990,015	2,250,731	2,307,797	2,025,694
Capital Projects – Building Construction Fund	7,130,933	1,718,169	16,508,518	12,595,789
Debt Service Fund	7,241,862	7,259,123	7,886,379	9,572,210
Internal service funds	4,079,603	3,663,757	4,477,099	5,066,433
Post-Employment Benefits Trust Fund	31,104,825	32,185,452	34,115,030	35,121,517
Scholarship Private-Purpose Trust Fund	167,025	153,728	243,000	172,078
Custodial Fund	—	—	—	—
	<u>\$ 82,445,538</u>	<u>\$ 73,294,715</u>	<u>\$ 86,545,048</u>	<u>\$ 80,925,874</u>

Note 1: The District implemented GASB Statement No. 84, *Fiduciary Fund*, in fiscal 2020. As a result of implementing this standard, the District started to report a Custodial Fund. Prior year amounts have not been restated.

Note 2: This table includes cash and investments held by trustee.

2020	2021	2022	2023	2024	2025
\$ 18,163,217	\$ 11,205,708	\$ 9,797,829	\$ 14,875,234	\$ 18,291,538	\$ 18,553,448
285,169	1,099,873	2,716,218	2,270,974	2,282,991	2,782,940
1,307,493	1,259,679	1,610,031	856,214	789,550	928,289
259,965,642	229,911,496	226,233,509	151,617,305	128,868,437	66,467,576
14,516,319	10,824,021	15,995,723	17,403,677	20,826,730	22,419,428
5,672,784	6,461,794	7,038,911	7,040,493	7,246,907	7,997,183
35,149,062	38,878,391	34,445,871	31,127,271	32,402,606	33,965,866
—	—	—	—	—	—
220,371	232,500	229,201	275,579	213,978	204,852
<u>\$335,280,057</u>	<u>\$299,873,462</u>	<u>\$298,067,293</u>	<u>\$225,466,747</u>	<u>\$210,922,737</u>	<u>\$153,319,582</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Expenditures per student				
General Fund				
District-level administration	\$ 365	\$ 374	\$ 400	\$ 436
School-level administration	488	502	499	404
Regular instruction	5,292	5,343	5,542	5,655
Career and technical instruction	106	181	168	206
Special education	2,387	2,447	2,584	2,758
Student activities/athletics	255	253	276	332
Instructional support services	640	652	659	890
Pupil support services	516	512	543	560
Operations, maintenance, and other	874	879	866	992
Student transportation	702	825	874	920
Capital	673	512	531	415
Total General Fund expenditures per student	<u>\$ 12,300</u>	<u>\$ 12,479</u>	<u>\$ 12,943</u>	<u>\$ 13,568</u>
Food Service Special Revenue Fund	<u>\$ 524</u>	<u>\$ 522</u>	<u>\$ 719</u>	<u>\$ 557</u>

Source: Minnesota Department of Education

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 267	\$ 225	\$ 250	\$ 255	\$ 474	\$ 474
560	597	647	652	642	457
5,731	6,276	6,202	6,063	6,506	6,573
180	130	148	206	213	245
2,787	3,073	3,210	3,310	3,606	3,799
308	296	358	357	360	368
721	792	1,259	1,068	1,067	1,314
625	647	805	688	772	817
957	1,489	1,972	1,719	1,137	1,621
843	846	1,004	1,051	1,122	1,384
485	341	228	397	846	613
<u>\$ 13,464</u>	<u>\$ 14,712</u>	<u>\$ 16,083</u>	<u>\$ 15,766</u>	<u>\$ 16,745</u>	<u>\$ 17,665</u>
<u>\$ 476</u>	<u>\$ 541</u>	<u>\$ 641</u>	<u>\$ 628</u>	<u>\$ 772</u>	<u>\$ 926</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2016	\$ 23,170,610	\$ 1,042,443	\$ 11,008,847	\$	35,221,900
2017	23,808,740	1,000,767	10,993,448		35,802,955
2018	23,936,695	851,605	10,740,358		35,528,658
2019	25,808,561	1,025,846	11,084,791		37,919,198
2020	26,346,415	1,118,903	14,852,917		42,318,235
2021	28,893,600	1,093,150	25,920,933		55,907,683
2022	31,751,273	1,164,816	24,008,676		56,924,765
2023	32,871,766	1,158,557	23,437,272		57,467,595
2024	33,545,724	1,235,527	28,008,431		62,789,682
2025	35,120,646	1,095,230	30,280,911		66,496,787

INDEPENDENT SCHOOL DISTRICT NO. 624

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Agricultural Net Tax Capacity	Personal Property	Nonagricultural Net Tax Capacity	Fiscal Disparities	
				Contribution Net Tax Capacity	Distribution Net Tax Capacity
2016	\$ 414,264	\$ 1,186,977	\$ 72,619,763	\$ (7,523,002)	\$ 7,099,529
2017	422,640	1,281,958	76,741,560	(7,795,352)	7,815,144
2018	430,930	1,362,746	84,067,538	(8,448,877)	8,337,120
2019	417,860	1,327,082	90,414,147	(9,221,744)	8,812,128
2020	407,075	1,346,317	96,683,531	(9,897,728)	9,482,997
2021	388,885	1,477,006	103,045,446	(9,770,932)	9,907,598
2022	228,356	992,677	106,502,088	(10,907,778)	10,876,891
2023	424,889	1,055,827	123,551,382	(10,896,552)	10,215,078
2024	304,413	1,064,368	135,232,643	(11,460,375)	10,638,644
2025	334,219	1,080,722	138,646,232	(13,422,515)	11,521,873

Note: The District has presented estimated market value, which is the best information available to represent estimated actual value of property.

Source: State of Minnesota School Tax Report

<u>Tax Increment Net Tax Capacity</u>	<u>Total Taxable Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Percentage Tax Capacity to Market Value</u>
\$ (1,418,213)	\$ 72,379,318	0.26236	\$ 6,573,881,600	1.10 %
(1,266,217)	77,199,733	0.23476	6,904,085,300	1.12
(1,221,355)	84,528,102	0.23685	7,484,891,300	1.13
(1,238,186)	90,511,287	0.26081	7,995,141,000	1.13
(1,182,453)	96,839,739	0.36777	8,549,395,400	1.13
(1,254,737)	103,793,266	0.37074	9,058,861,658	1.15
(1,042,473)	106,649,761	0.34805	9,311,445,133	1.15
(656,474)	123,694,150	0.32398	10,817,452,770	1.14
(742,145)	135,037,548	0.34006	11,661,514,775	1.16
(806,038)	137,354,493	0.35285	12,081,864,086	1.14

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INDEPENDENT SCHOOL DISTRICT NO. 624

School Tax Levies,
Tax Rates (1), and Market Value Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund (2)	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2016	\$ 24,217,987	\$ 999,958	\$ 10,987,335	\$ 36,205,280
	2017	24,311,613	907,449	10,863,759	36,082,821
	2018	26,510,297	1,023,603	11,060,925	38,594,825
	2019	27,730,600	1,097,369	15,074,825	43,902,794
	2020	28,727,888	1,098,027	26,057,403	55,883,318
	2021	31,833,679	1,135,435	23,996,527	56,965,641
	2022	32,407,159	1,169,689	23,672,582	57,249,430
	2023	32,586,114	1,180,612	28,217,881	61,984,607
	2024	34,981,198	1,106,264	30,605,962	66,693,424
	2025	33,903,757	1,359,138	35,214,967	70,477,861
Tax rates					
	2016	0.09700	0.01379	0.15156	0.26236
	2017	0.08408	0.05446	0.09622	0.23476
	2018	0.09376	0.04893	0.09416	0.23685
	2019	0.08052	0.01223	0.16805	0.26081
	2020	0.07914	0.01167	0.27697	0.36777
	2021	0.12842	0.01095	0.23137	0.37074
	2022	0.11665	0.01090	0.22050	0.34805
	2023	0.08776	0.00949	0.22673	0.32398
	2024	0.10431	0.00822	0.22753	0.34006
	2025	0.08576	0.00993	0.25716	0.35285
Market value rates					
	2016	0.00235	—	—	0.00235
	2017	0.00230	—	—	0.00230
	2018	0.00230	—	—	0.00230
	2019	0.00232	—	—	0.00232
	2020	0.00224	—	—	0.00224
	2021	0.00181	—	—	0.00181
	2022	0.00193	—	—	0.00193
	2023	0.00183	—	—	0.00183
	2024	0.00164	—	—	0.00164
	2025	0.00169	—	—	0.00169

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

(2) A tax rate based on market value is used for a portion of the District’s referendum levy.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Property Tax Rates (1)
Last Ten Fiscal Years

For Taxes Collectible	ISD No. 624		Counties			Special Taxing Districts		
	Total Direct Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
2016	26.236	0.235	58.885	30.564	38.894	9.052	4.568	5.728
2017	23.476	0.230	55.850	30.448	37.273	8.558	4.345	5.087
2018	23.685	0.230	53.962	29.983	35.820	8.249	4.175	4.902
2019	26.081	0.232	52.879	29.682	34.908	8.265	3.994	2.015
2020	36.777	0.224	52.302	28.944	33.483	8.249	3.738	1.956
2021	37.074	0.181	47.760	27.435	31.316	7.822	3.593	1.883
2022	34.805	0.193	48.067	27.532	29.614	9.971	3.483	1.826
2023	32.398	0.183	44.901	23.625	24.474	8.740	2.974	1.564
2024	34.006	0.164	45.455	27.319	25.629	8.964	2.833	1.592
2025	35.285	0.017	47.476	30.401	30.171	9.238	3.107	1.595

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically, based on state legislation.

(2) Tax rates per \$100 of tax capacity.

Source: Anoka, Washington, and Ramsey counties

Municipalities					Average Total Rates by Area				
White Bear Lake	White Bear Township	Hugo	Lino Lakes	Vadnais Heights	White Bear Lake Resident	White Bear Township Resident	Hugo Resident	Vadnais Heights Resident	Lino Lakes Resident
19.690	22.875	36.323	46.019	26.820	114.098	117.283	97.926	121.228	117.113
18.969	21.976	36.356	45.140	26.845	107.083	110.090	94.854	114.959	111.206
19.058	21.623	36.330	42.826	24.872	105.184	107.749	94.402	110.998	107.463
20.190	21.722	36.274	41.817	24.127	107.647	109.179	96.263	111.584	105.053
20.629	21.760	39.279	39.870	24.583	118.181	119.312	108.962	122.135	112.310
20.355	24.142	39.294	39.437	23.298	113.192	116.979	107.577	116.135	109.891
22.271	27.181	39.403	40.154	26.135	115.307	120.217	105.415	119.171	106.592
24.054	25.857	36.371	34.974	25.860	110.276	112.079	95.552	112.082	93.593
27.319	24.913	36.522	36.098	26.757	115.908	113.502	100.844	115.346	97.489
30.401	26.650	39.321	40.214	32.091	122.416	118.666	108.130	124.107	107.282

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
Xcel Energy	\$ 797,800	1	0.58 %	\$ 574,364	1	0.79 %
HB Fuller	769,344	2	0.56	406,845	2	0.56
At Home Apartments	740,056	3	0.54	-	-	-
Dakota Upreit LP	730,254	4	0.53	-	-	-
White Bear Woods Apartments	603,151	5	0.44	366,575	3	0.51
Tundra Companies	555,988	6	0.40	-	-	-
The Barnum	500,433	7	0.36	-	-	-
Walmart	458,282	8	0.33	327,594	4	0.45
Specialty Manufacturing	441,454	9	0.32	241,134	7	0.33
White Bear Marketplace	376,194	10	0.27	-	-	-
Vadnais Square, LLC	-	-	-	262,342	5	0.36
Trane Company	-	-	-	246,482	6	0.34
Sams Real Estate Business Trust	-	-	-	218,364	8	0.30
Wilson Tool International, Inc.	-	-	-	211,040	9	0.29
MSP Vadnais LLP	-	-	-	209,250	10	0.29
Total	<u>\$ 5,972,956</u>		<u>4.35 %</u>	<u>\$ 3,063,990</u>		<u>4.23 %</u>

Source: City of White Bear Lake, White Bear Township, City of Hugo, and City of Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 32,555,594	\$ 3,649,686	\$ 36,205,280	\$ 35,980,466	99.4 %	\$ 224,814
2017	32,180,096	3,902,725	36,082,821	35,808,331	99.2	274,490
2018	34,729,868	3,864,957	38,594,825	38,347,361	99.4	247,464
2019	39,886,903	4,015,891	43,902,794	43,629,296	99.4	247,431
2020	51,253,317	4,630,001	55,883,318	55,612,921	99.5	220,596
2021	51,149,060	5,816,581	56,965,641	56,589,315	99.3	338,615
2022	51,321,048	5,928,382	57,249,430	56,862,635	99.3	222,342
2023	56,516,596	5,468,011	61,984,607	61,519,651	99.2	287,735
2024	61,392,581	5,300,843	66,693,424	66,211,798	99.3	—
2025	64,729,864	5,687,077	70,416,941	33,046,136	46.9	—

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

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
\$ 36,205,280	100.0 %	\$ —	— %	\$ —	— %
36,082,821	100.0	—	—	—	—
38,594,825	100.0	—	—	—	—
43,876,727	99.9	26,067	0.1	—	—
55,833,517	99.9	49,801	0.1	—	—
56,927,930	99.9	37,711	0.1	—	—
57,084,977	99.7	164,453	0.3	—	—
61,807,386	99.7	177,221	0.3	—	—
66,211,798	99.3	481,626	0.7	—	—
33,046,136	46.9	—	—	37,370,805	53.1
		<u>\$ 936,879</u>		<u>\$ 37,370,805</u>	

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Net Debt
to Net Tax Capacity and Market Value and
Net Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Financed Purchases	Lease Liabilities	Premium (Discount) on Debt	Balance on Hand Value	Net Debt	Net Tax Capacity
2016	\$ 86,195,000	\$ 10,639,270	\$ —	\$ 1,958,524	\$ 2,210,338	\$ 96,582,456	\$ 72,379,318
2017	78,640,000	9,975,133	—	1,586,574	2,364,880	87,836,827	77,199,733
2018	85,805,000	9,284,952	—	2,515,596	2,709,252	94,896,296	84,528,102
2019	77,560,000	8,567,759	—	1,986,644	2,662,158	85,452,245	90,511,287
2020	315,530,000	7,822,497	—	14,538,405	2,929,739	334,961,163	96,839,739
2021	298,760,000	—	—	14,340,352	3,712,552	309,387,800	103,793,266
2022	380,520,000	—	858,038	21,199,531	4,975,001	397,602,568	106,649,761
2023	399,920,000	—	761,623	22,854,070	4,202,276	419,333,417	123,694,150
2024	427,450,000	—	662,294	25,396,842	6,508,028	447,001,108	135,037,548
2025	409,100,000	—	559,963	23,346,812	5,933,546	427,073,229	137,354,493

Note 1: The District implemented GASB Statement No. 87, *Leases*, for the year ended June 30, 2022.

Note 2: Balance on hand values are restricted for the repayment of debt principal based on Minnesota Statutes.

Source: State of Minnesota School Tax Report and Metropolitan Council

Percent of Net Debt to Net Tax Capacity Value	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Debt per Capita	Total Debt per Capita	Percent of Net Debt to Personal Income	Percent of Total Debt to Personal Income
133.44 %	\$6,573,881,600	1.47 %	49,189	\$ 1,963	\$ 2,008	3.50 %	3.58 %
113.78	6,904,085,300	1.27	49,739	1,766	1,814	3.15	3.23
112.27	7,484,891,300	1.27	50,734	1,870	1,924	3.24	3.33
94.41	7,995,141,000	1.07	51,749	1,651	1,703	2.74	2.82
345.89	8,549,395,400	3.92	65,782	5,092	5,137	8.17	8.24
298.08	9,058,861,658	3.42	65,782	4,703	4,760	6.83	6.91
372.81	9,311,445,133	4.27	64,625	6,152	6,229	8.72	8.83
339.01	10,817,452,770	3.88	64,625	6,489	6,554	8.64	8.73
331.02	11,661,514,775	3.83	65,312	6,844	6,944	8.76	8.89
310.93	12,081,864,086	3.53	67,457	6,331	6,419	8.08	8.20

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Annual Debt Expenditures
to General Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Other Charges	Total Debt Service Expenditures	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2016	\$ 7,956,156	\$ 4,094,070	\$ 12,050,227	\$ 102,030,583	11.81 %
2017	8,219,137	3,800,779	12,019,916	106,169,316	11.32
2018	8,705,181	3,776,909	12,482,090	112,757,886	11.07
2019	8,962,193	3,464,192	12,426,385	117,101,584	10.61
2020	12,775,262	3,108,548	15,883,810	117,225,500	13.55
2021	17,162,911	9,454,449	26,617,360	124,264,419	21.42
2022	14,790,406	9,820,154	24,610,560	133,280,683	18.47
2023	14,111,415	11,730,475	25,841,890	133,183,590	19.40
2024	15,404,329	13,279,057	28,683,386	139,339,310	20.59
2025	18,452,331	13,862,279	32,314,610	147,097,693	21.97

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2025

	General Obligation Debt	2025 Tax Capacity Value	Percent of Debt Applicable (1)	Amount of Debt Applicable
Taxing unit				
Overlapping debt				
Counties				
Anoka	\$ 43,245,000	\$ 618,737,895	0.97 %	\$ 418,174
Ramsey	188,305,000	873,807,438	11.89	22,386,963
Washington	99,350,000	508,753,421	5.40	5,367,748
Cities				
Gem Lake	645,000	1,868,545	100.00	645,000
Hugo	14,530,000	28,907,808	86.40	12,554,173
Lino lakes	15,295,000	39,936,327	14.98	2,291,446
Little Canada	1,480,000	17,912,102	9.30	137,679
Maplewood	45,410,000	66,923,426	1.79	814,289
North Oaks	1,075,000	23,118,929	27.94	300,378
Vadnais Heights	3,667,000	27,712,174	87.18	3,196,976
White Bear Lake	37,905,000	45,836,242	98.51	37,340,845
White Bear Township	7,455,000	22,746,689	99.82	7,441,536
Special districts				
Metropolitan Council	235,750,000	6,330,160,332	2.17	5,115,403
Total overlapping debt	694,112,000	8,606,421,328		98,010,609
Direct debt				
ISD No. 624	433,006,775	137,354,493	100.00	433,006,775
Total direct and overlapping debt	\$ 1,127,118,775	\$ 8,743,775,821		\$ 531,017,384

(1) The percent overlap is based on the percentage of tax capacity of the individual entities in ISD No. 624.

Source: The Official Statement associated with the District's 2024A School Building and Facilities Maintenance Bonds.

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 986,082,240	\$ 1,035,612,795	\$ 1,122,733,695	\$ 1,199,271,150
Total net debt applicable to the limit	83,984,662	81,004,880	88,514,252	80,222,158
Legal debt margin	<u>\$ 902,097,578</u>	<u>\$ 954,607,915</u>	<u>\$ 1,034,219,443</u>	<u>\$ 1,119,048,992</u>
Total net debt applicable to the limit as a percentage of debt limit	8.52%	7.82%	7.88%	6.69%

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: State of Minnesota School Tax Report

2020	2021	2022	2023	2024	2025
\$ 1,282,409,310	\$ 1,358,829,249	\$ 1,396,716,770	\$ 1,622,617,916	\$ 1,749,227,216	\$ 1,812,279,613
312,600,261	295,047,448	375,544,999	395,717,724	420,941,972	403,166,454
<u>\$ 969,809,049</u>	<u>\$ 1,063,781,801</u>	<u>\$ 1,021,171,771</u>	<u>\$ 1,226,900,192</u>	<u>\$ 1,328,285,244</u>	<u>\$ 1,409,113,159</u>
24.38%	21.71%	26.89%	24.39%	24.06%	22.25%

Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$12,081,864,086
Debt limit (15% of market value)	1,812,279,613
Debt applicable to limit	
General obligation bonds	409,100,000
Less amount set aside for repayment of general obligation debt	<u>(5,933,546)</u>
Total net debt applicable to the limit	<u>403,166,454</u>
Legal debt margin	<u>\$ 1,409,113,159</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (3)	Median Age (3)	School Enrollment (4)	Ramsey County Unemployment Rate (2)
2016	49,189	\$ 2,760,634,247	\$ 56,123	41.4	8,117	3.7 %
2017	49,739	2,790,556,856	56,104	44.1	8,312	3.6
2018	50,734	2,928,214,278	57,717	43.8	8,661	2.6
2019	51,749	3,120,516,449	60,301	44.2	8,765	3.1
2020	65,782	4,098,481,728	62,304	44.3	8,802	9.2
2021	65,782	4,530,472,122	68,871	44.1	8,612	4.1
2022	64,625	4,557,225,750	70,518	43.5	8,379	2.3
2023	64,625	4,854,177,625	75,113	36.5	8,429	3.3
2024	65,312	5,101,389,696	78,108	36.4	8,424	3.9
2025	67,457	5,283,164,783	78,319	36.7	8,413	3.9

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year.
 Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.
 School enrollment is based on the census at the start of the school year.

Data sources:

- (1) Bureau of the Census/County Regional Planning Commission
- (2) Minnesota Department of Employment and Economic Development
- (3) Bureau of the Census
- (4) ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Employers
Current Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
ISD No. 624	1,235	1	N/A	1,206	1	N/A
Century College	857	2	N/A	1,106	2	N/A
Taymark Corporation	600	3	N/A	600	3	N/A
I.C. Systems	564	4	N/A	564	4	N/A
Bal Seal Engineering	500	5	N/A	—	—	N/A
NAC Mechanical	500	5	N/A	—	—	N/A
Wilson Tools	448	7	N/A	402	6	N/A
Walmart	410	8	N/A	410	5	N/A
HB Fuller	400	9	N/A	—	—	N/A
Heraeus Medical Components	350	10	N/A	400	7	N/A
Taymark Corporation	—	—	N/A	250	8	N/A
Cerenity Care Center	—	—	N/A	237	9	N/A
Super Target	—	—	N/A	227	10	N/A
	<u>5,864</u>		N/A	<u>5,402</u>		N/A
Total district employment	<u>N/A</u>			<u>N/A</u>		

N/A – Not Available

Note: This table includes the City of White Bear Lake, White Bear Township, City of Vadnais Heights, and City of Hugo.

Source: State Department of Commerce

INDEPENDENT SCHOOL DISTRICT NO. 624

Employees by Classification
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Board of Education (1)	7	7	7	7
Cabinet/Administrators/Principals (2)	33	34	30	31
Nonaffiliated (3)	62	72	80	88
Teachers (4)	620	607	616	636
Support services (5)	101	103	99	111
Paraprofessionals (6)	163	164	174	197
Custodians (7)	67	71	70	76
Nutritional services (8)	71	76	70	76
Extended day (9)	34	39	43	73
Bus drivers (10)	48	46	44	43
Total	1,206	1,219	1,233	1,338

- (1) Board of Education consists of seven elected officials.
- (2) Cabinet/Administrators/Principals include the Cabinet, the White Bear Lake Principal's Association, and the White Bear Lake Administrator's Association.
- (3) Nonaffiliated includes positions that are not affiliated with any other listed group and are directed by individual compensation plans.
- (4) Teachers include members of the White Bear Lake Teachers Association.
- (5) Support services include members of the Service Employees International Union (SEIU) Local 284 and the Confidential Employee Group.
- (6) Paraprofessionals include members of the SEIU Local 284.
- (7) Custodians include members of the International Union of Operating Engineers (IUOE) Local 70.
- (8) Nutritional services include members of the White Bear Lake Nutrition Services Association.
- (9) Extended day includes members of the White Bear Lake Extended Day Program Association.
- (10) Bus drivers include members of the IUOE Local 70.
- (11) Due to a legislative change during 2024, preschool teachers were reclassified from nonaffiliated to teachers.

Source: ISD No. 624

2020	2021	2022	2023	2024 (11)	2025
7	7	7	7	7	7
29	30	31	32	31	32
86	91	102	110	87	80
606	597	598	567	573	582
112	116	117	106	96	84
182	174	173	161	169	186
64	64	62	63	68	72
60	49	61	61	80	66
65	62	89	103	99	92
33	31	33	30	32	35
1,244	1,221	1,273	1,240	1,242	1,236

INDEPENDENT SCHOOL DISTRICT NO. 624

Teacher Data
Last Ten Fiscal Years

Fiscal Year	Minimum Salary		Maximum Salary		Average Salary		Number of Teachers With	
							B.A. Degree	M.A. Degree
2016	\$	40,350	\$	88,615	\$	64,483	184	457
2017		41,425		90,040		65,733	147	459
2018		42,357		92,590		67,474	175	434
2019		43,310		94,482		68,896	142	502
2020		44,720		97,213		70,967	122	484
2021		45,659		99,242		72,451	115	482
2022		47,368		101,140		74,254	104	489
2023		48,315		102,986		75,651	86	480
2024		49,764		105,810		77,787	81	465
2025		51,257		108,719		79,988	91	470

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	ISD No. 624 Student to Teacher Ratios	Minnesota Department of Education
		Student to Staff Ratio
		ISD No. 624
2016	17.00	14.00
2017	17.00	13.00
2018	17.00	13.00
2019	16.00	13.00
2020	N/A	N/A
2021	16.00	13.00
2022	16.00	13.00
2023	16.00	13.00
2024	15.00	12.00
2025	15.00	12.00

N/A – Not Available

Source: Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 624

Operating Indicators by Function
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Standardized Tests				
MCA Reading (1)				
Grade 3	64.00 %	65.00 %	65.10 %	62.60 %
Grade 4	62.60	64.20	67.70	66.70
Grade 5	77.10	74.10	76.20	74.00
Grade 6	66.10	67.20	68.20	68.00
Grade 7	58.00	56.30	61.10	60.90
Grade 8	62.80	60.30	55.80	60.60
Grade 10	62.70	65.10	55.70	63.70
MCA Math (1)				
Grade 3	79.70	74.30	75.90	74.00
Grade 4	75.40	78.50	72.10	72.60
Grade 5	70.90	66.70	68.10	57.90
Grade 6	52.90	61.40	55.10	57.00
Grade 7	54.60	56.30	57.40	57.80
Grade 8	68.30	64.70	63.70	65.40
Grade 11	60.50	59.60	56.50	54.40
MCA Science (1)				
Grade 5	70.20	66.10	67.40	61.50
Grade 7	53.60	55.00	49.70	47.60
Grade 11	63.50	64.20	54.30	54.50
ACT				
Average composite score	21.80	22.00	21.90	21.86
Graduation data				
ISD No. 624 rate	89.70	87.70	88.70	88.10
Post-graduation				
4-year college/university	66.00	61.00	57.00	61.00
2-year college	23.00	28.00	26.00	22.00
Other	11.00	11.00	17.00	17.00

N/A – Not Available

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

(2) 2020 data not available due to COVID-19.

Source: Minnesota Department of Education

2020 (2)	2021	2022	2023	2024	2025
N/A %	53.70 %	51.90 %	48.10 %	44.10 %	48.70 %
N/A	55.00	58.00	56.80	54.90	50.80
N/A	68.00	64.20	66.10	62.80	66.30
N/A	57.60	59.80	57.50	57.30	57.50
N/A	50.00	47.10	46.30	44.80	49.60
N/A	49.80	45.10	47.30	41.70	48.90
N/A	57.50	58.10	42.80	45.70	42.90
N/A	56.90	58.60	61.00	58.60	59.10
N/A	56.30	58.50	58.90	60.00	61.60
N/A	45.30	43.80	44.90	48.40	47.30
N/A	32.00	40.60	40.20	41.10	41.20
N/A	32.80	41.60	46.40	39.90	43.00
N/A	45.30	45.70	50.00	45.10	49.50
N/A	33.70	44.60	33.60	28.80	30.30
N/A	54.60	47.10	53.70	46.80	25.70
N/A	42.00	31.00	32.10	27.50	18.50
N/A	42.20	44.30	32.80	37.70	25.30
N/A	N/A	20.80	21.37	20.88	20.49
91.20	90.10	91.30	89.10	89.00	91.60
N/A	N/A	47.00	49.00	50.00	N/A
N/A	N/A	18.00	18.00	19.00	N/A
N/A	N/A	35.00	33.00	31.00	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 624

Food Service
School Lunch Program
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Total Lunches Served	Days	Average Daily Participation (ADP)	Percent of ADP	Free Lunch		Reduced-Price Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2016	7,683	859,192	172	4,995	65.01 %	245,745	28.60 %	85,592	9.96 %
2017	7,821	870,053	172	5,058	65.00	242,242	27.84	84,705	10.05
2018	7,998	876,171	172	5,094	63.69	235,303	26.86	93,842	10.71
2019	8,286	898,412	172	5,223	63.04	223,814	24.91	97,003	10.80
2020	8,539	680,867	172	3,959	46.36	208,197	30.58	63,355	9.31
2021 (1)	8,204	553,614	172	3,219	39.23	553,614	100.00	—	—
2022 (2)	7,333	869,732	170	5,116	69.77	869,732	100.00	—	—
2023	8,281	808,682	166	4,872	58.83	234,144	28.95	72,595	8.98
2024	8,402	848,370	171	4,961	59.05	235,769	27.79	28,143	3.32
2025	7,924	999,152	169	5,912	74.61	264,909	26.51	55,886	5.59

(1) Due to the COVID-19 pandemic, all meals were classified as free under the Summer Food Service Program for Children during 2021.

(2) Due to the COVID-19 pandemic, all meals were classified as free under the Seamless Summer Option for Children during 2022.

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2025

Facility	Usage	Constructed	Acres
District Service Center at Sunrise Park	School – office – classrooms	1959	23.14
White Bear Lake High School	School – office – classrooms	1963/2023	50.58
Central Middle	School – office – classrooms	1918	28.99
Oneka Elementary	School – office – classrooms	2006	48.82
Otter Lake Elementary	School – office – classrooms	1987	41.35
Vadnais Heights Elementary	School – office – classrooms	1950	16.38
Lincoln Elementary	School – office – classrooms	1952	11.07
Birch Lake Elementary	School – office – classrooms	1966	10.13
Matoska International	School – office – classrooms	1962	10.02
Lakeaires Elementary	School – office – classrooms	1960	8.54
Bellaire Elementary	School – office – classrooms	1956	9.68
Hugo Elementary/Transition Education Center	School – office – classrooms	1961	9.68
Willow Lane Elementary	School – office – classrooms	1965	14.09
North Star Elementary	School – office – classrooms	2022	134.00
Golfview – ALC	School – office – classrooms	1964	10.22
Normandy Park Center	School – office – classrooms	1960	3.94
Transportation Facility	Shops/storage	2022	7.06
Grounds Facility	Shops/storage	2005	9.20

N/A – Not Applicable

Note: Design capacity calculated at 25 elementary students per kindergarten through Grade 6 classroom and 28 secondary students per classroom.

Source: ISD No. 624

Regular Classrooms	Square Feet	Capacity	2024–2025 Enrollment
30	126,979	450	–
130	659,906	3,200	2,499
68	275,805	1,400	927
22	131,183	624	442
33	116,939	580	464
25	69,731	420	397
26	59,928	468	472
26	63,651	280	222
23	74,873	580	546
23	88,276	396	379
24	55,433	400	–
17	58,801	328	46
23	87,749	420	267
34	102,042	720	468
19	46,872	134	177
11	31,389	275	271
–	13,005	N/A	–
–	25,400	N/A	–

INDEPENDENT SCHOOL DISTRICT NO. 624

Insurance Coverage
as of June 30, 2025

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$201,000,000 on a replacement cost basis
Comprehensive general liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Boiler and machinery liability	\$250,000,000 on a replacement cost basis
Automobile	\$4,000,000 each occurrence
Workers' compensation	\$1,000,000 per employee
Employee benefits liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Employee dishonesty, Forgery or Alteration Money and Securities	\$1,000,000 each coverage line
School Board legal liability and Law Enforcement activities (includes school leaders errors and omissions)	\$4,000,000 each occurrence \$8,000,000 aggregate
Cyber liability	\$2,000,000 each occurrence
Pollution liability	\$3,000,000 each occurrence \$10,000,000 aggregate

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	173	578	3,823	3,646	8,220	8,949
2017	181	564	4,007	3,653	8,405	9,136
2018	208	578	4,119	3,728	8,633	9,379
2019	241	585	4,137	3,744	8,707	9,456
2020	255	579	4,075	3,798	8,707	9,466
2021	231	536	3,855	3,834	8,456	9,223
2022	248	535	3,710	3,794	8,287	9,045
2023	298	507	3,650	3,842	8,297	9,065
2024	219	587	3,674	3,818	8,298	9,062
2025	173	544	3,742	3,868	8,327	9,101

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	Secondary
Fiscal 2016 through 2025	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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