

SPECIAL SCHOOL DISTRICT NO. 6
SOUTH ST. PAUL, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2025



Certified Public Accountants Business Consultants

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SPECIAL SCHOOL DISTRICT NO. 6

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INTRODUCTORY SECTION

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SPECIAL SCHOOL DISTRICT NO. 6

School Board and Administration
Year Ended June 30, 2025

SCHOOL BOARD

	<u>Board Position</u>
Kim Humann	Chair
Anne Claflin	Vice Chair
Paul Cumings	Treasurer
Wendy Felton	Clerk
Ryan Duffy	Director
Tim Felton	Director
Monica Weber	Director

ADMINISTRATION

Brian Zambreno	Superintendent of Schools
Ra Chhoth	Finance and Operations Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the UFARS Compliance Table 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 other district information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated October 22, 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 30, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

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

LB CARLSON, LLP
Minneapolis, Minnesota

December 30, 2025

SPECIAL SCHOOL DISTRICT NO. 6

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

This section of Special School District No. 6's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2025 by \$11,194,403. The District's total net position increased by \$7,334,377 from operations in the current year, not including the change in accounting principle discussed below.
- Government-wide revenues totaled \$63,754,350 and were \$7,334,377 more than expenses of \$56,419,973.
- The District adopted new accounting guidance for compensated absences in the current year, which reduced beginning net position by \$5,607,843. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased by \$1,313,605 from the prior year, compared to an increase of \$274,938 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food 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 Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplementary information section.

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

The District maintains the following types of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2025	2024
Assets		
Current and other assets	\$ 56,208,179	\$ 53,038,658
Capital assets, net of depreciation/amortization	39,531,418	39,141,609
Total assets	\$ 95,739,597	\$ 92,180,267
Deferred outflows of resources		
Pension plan deferments	\$ 6,683,588	\$ 7,040,601
OPEB plan deferments	710,412	563,752
Total deferred outflows of resources	\$ 7,394,000	\$ 7,604,353
Liabilities		
Current and other liabilities	\$ 7,414,666	\$ 6,565,762
Long-term liabilities, including due within one year	56,684,971	61,050,562
Total liabilities	\$ 64,099,637	\$ 67,616,324
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 14,824,553	\$ 14,593,342
Pension plan deferments	9,531,776	4,606,616
OPEB plan deferments	3,483,228	3,500,469
Total deferred inflows of resources	\$ 27,839,557	\$ 22,700,427
Net position		
Net investment in capital assets	\$ 17,729,999	\$ 14,501,534
Restricted	7,266,414	5,776,074
Unrestricted	(13,802,010)	(10,809,739)
Total net position	\$ 11,194,403	\$ 9,467,869

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 and amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the liabilities for long-term pension, OPEB, and compensated absences, which impact the unrestricted portion of net position.

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

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	\$ 1,586,172	\$ 1,616,196
Operating grants and contributions	12,556,226	11,886,214
General revenues		
Property taxes	15,210,672	15,150,665
General grants and aids	31,791,982	32,513,703
Other	2,609,298	2,699,155
Total revenues	63,754,350	63,865,933
Expenses		
Administration	1,669,685	1,378,956
District support services	2,657,647	2,589,598
Elementary and secondary regular instruction	20,469,255	18,190,771
Vocational education instruction	234,291	188,712
Special education instruction	10,979,419	9,175,453
Instructional support services	4,072,290	3,296,190
Pupil support services	4,668,826	4,033,285
Sites and buildings	4,764,732	4,823,508
Fiscal and other fixed cost programs	358,803	333,884
Food service	2,075,942	2,139,738
Community service	2,186,999	2,036,031
Depreciation/amortization not allocated to other functions	1,693,127	1,565,447
Interest and fiscal charges	588,957	726,870
Total expenses	56,419,973	50,478,443
Change in net position	7,334,377	13,387,490
Net position – beginning, as previously reported	9,467,869	(3,919,621)
Change in accounting principle	(5,607,843)	–
Net position – beginning, restated	3,860,026	(3,919,621)
Net position – ending	\$ 11,194,403	\$ 9,467,869

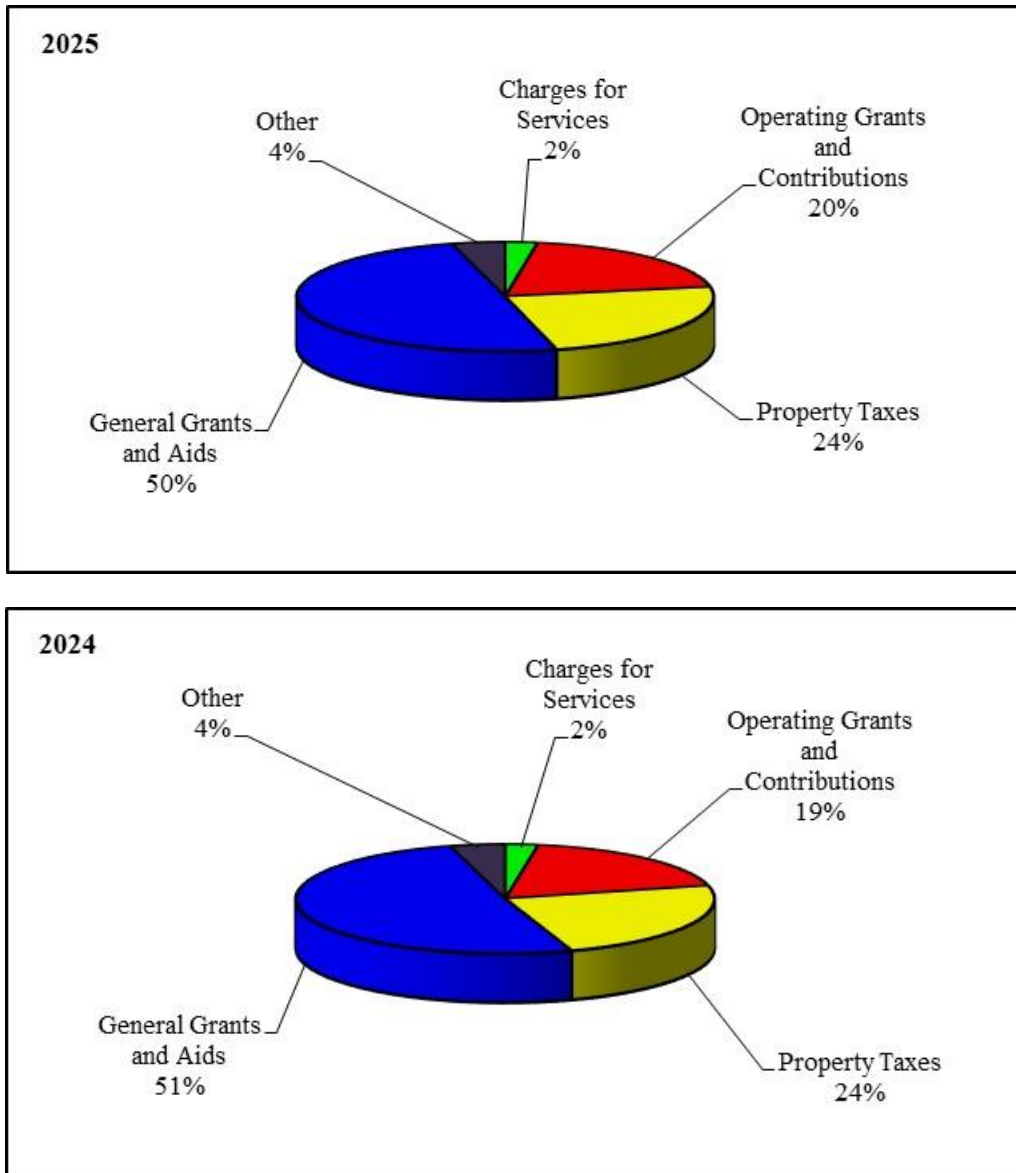
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Revenues decreased \$111,583 in the current year. Funding improvements in state special education funding and the basic formula allowance were offset with fewer students served in the current year and the end of several federal pandemic grants.

Expenses increased by \$5,941,530, mainly in elementary and secondary regular instruction and special education. The increase was due to contractual settlements, natural inflationary increases, and changes in pension expense for the District’s participation in two state-wide pension plans.

Figure A shows further analysis of these revenue sources:

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

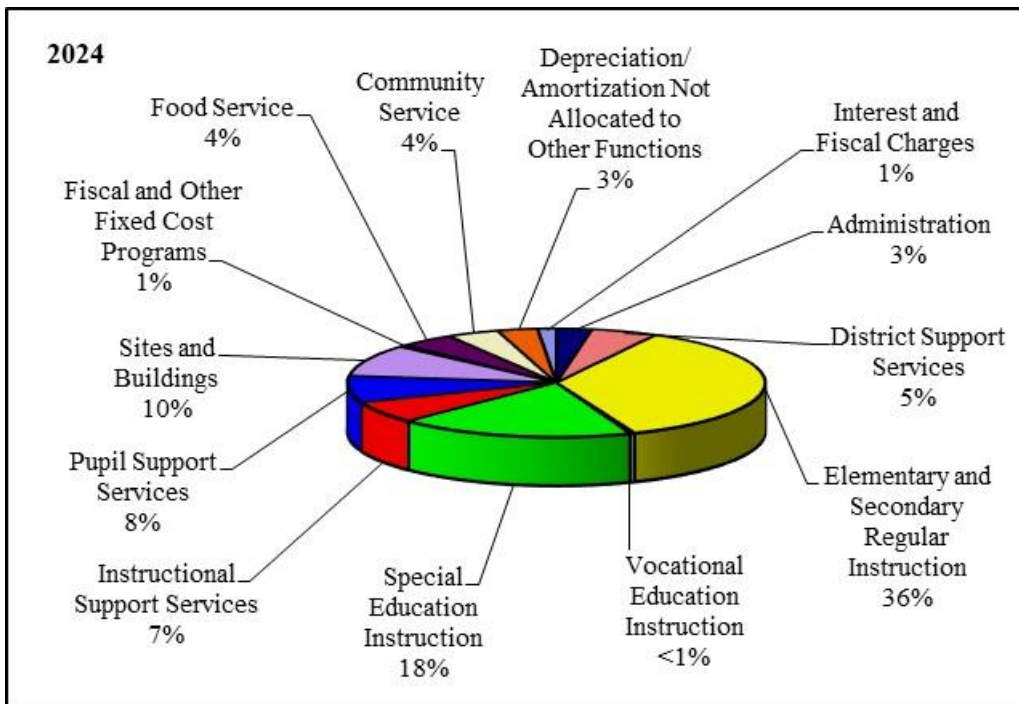
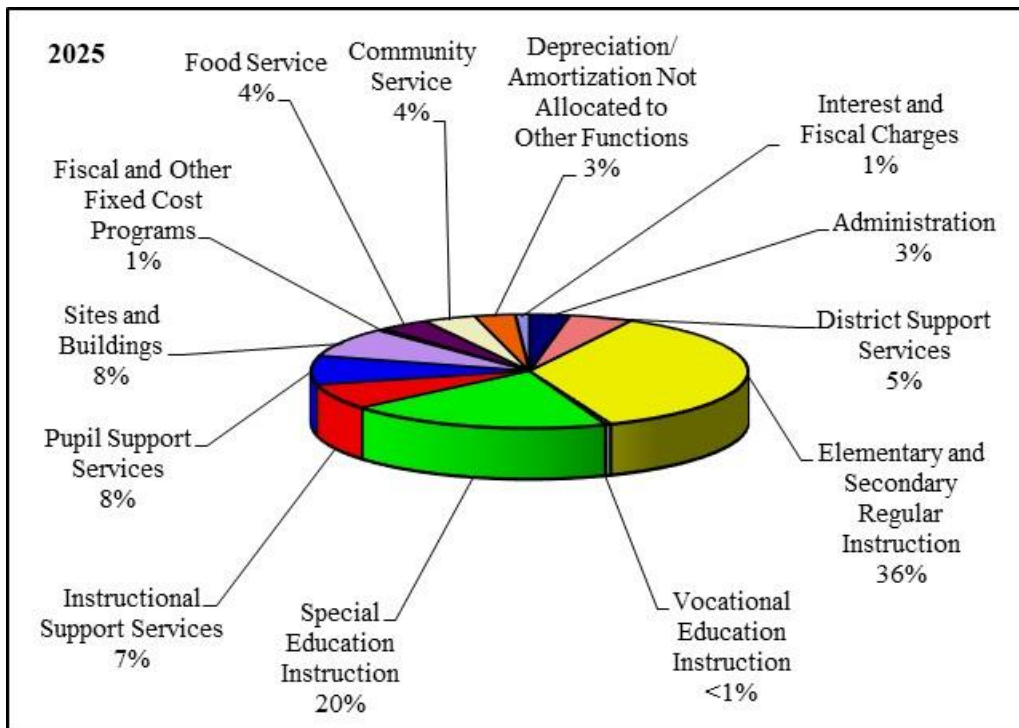


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2025 and 2024



The District’s expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The District continues to see increases in costs and demands for services within special education instruction, contributing to the change in this functional category.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Major funds			
General	\$ 15,365,268	\$ 14,051,663	\$ 1,313,605
Debt Service	938,350	820,156	118,194
Nonmajor funds			
Food Service Special Revenue	1,445,757	1,243,211	202,546
Community Service Special Revenue	<u>911,168</u>	<u>892,098</u>	<u>19,070</u>
 Total governmental funds	 <u>\$ 18,660,543</u>	 <u>\$ 17,007,128</u>	 <u>\$ 1,653,415</u>

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

As of June 30, 2025, the District's governmental funds reported combined fund balances of \$18,660,543, an increase of \$1,653,415 in comparison with the prior year. Approximately 45.2 percent of this amount (\$8,427,066) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$46,870), 2) restricted for particular purposes (\$7,511,607), or 3) assigned for particular purposes (\$2,675,000).

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

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 50,967,027</u>	<u>\$ 52,256,927</u>	<u>\$ 1,289,900</u>	<u>2.5%</u>
Expenditures	<u>\$ 50,950,894</u>	<u>\$ 51,981,989</u>	<u>\$ 1,031,095</u>	<u>2.0%</u>

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

Table 5 summarizes the operating results of the General Fund:

	<u>2025 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 54,011,596	\$ 1,754,669	3.4%	\$ (574,989)	(1.1%)
Expenditures	<u>52,985,643</u>	<u>1,003,654</u>	1.9%	<u>2,720,008</u>	5.4%
Excess (deficiency) of revenue over expenditures	1,025,953	751,015		(3,294,997)	
Other financing sources	<u>287,652</u>	<u>287,652</u>		<u>246,409</u>	
Net change in fund balances	<u>\$ 1,313,605</u>	<u>\$ 1,038,667</u>		<u>\$ (3,048,588)</u>	

The fund balance of the General Fund increased \$1,313,605, compared to an increase of \$274,938 approved in the final budget.

All broad revenue source categories were favorably over the amended projection due in part to conservative budget assumptions adopted. Property taxes and other local sources (including investment earnings) were over budget by \$206,481 and \$360,508, respectively. State sources were over budget by \$626,303, while federal sources were over budget by \$561,377. State general education funding and new categorical grants accounted for the variance in state aids compared to budget. The District utilized more federal grant entitlement than anticipated accounting for the favorable variance to budget. Revenues were down compared to the prior year. The decrease was largely due to the end of several pandemic-related federal grants that ended in the prior year.

General Fund expenditures were over budget by \$1,003,654, or 1.9 percent, as seen in the previous table, with the variance spread across several programs and object categories. Budget variances by program occurred with changes in staffing to match program needs while budgeted in other program areas. Purchased services spending exceeded budget in special education instruction and pupil support services. Capital spending was also more than anticipated within the function of sites and building. Inflationary increases more than anticipated and delays in project start dates contributed actual spending exceeding expectations. Expenditures increased from the prior year, with the largest increases in special education instruction and sites and buildings.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. Debt Service Fund revenues were more than expenditures by \$118,194 in the current year. The year-end fund balance of \$938,350 as of June 30, 2025, is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing fund balance by \$202,546, compared to a planned fund balance reduction of \$64,449. This favorable variance was largely a result of conservative budget assumptions for revenues.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing fund balance by \$19,070, compared to a planned fund balance increase of \$12,421. Overall revenues were over budget by \$307 while expenditures were under budget by \$6,342.

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 internal service funds to account for the District's self-insured dental plan, the District's self-insured medical plan, and the District's OPEB obligations.

The combined total net position balance for the internal service funds as of June 30, 2025, was \$7,459,019. Current-year operations increased net position by \$884,854, mainly in the Other Post-Employment Benefits Fund.

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.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 1,646,893	\$ 1,646,893	\$ -
Buildings	56,174,515	56,174,515	-
Building improvements	7,138,816	6,480,230	658,586
Furniture and equipment	7,958,557	6,548,191	1,410,366
Technology subscriptions	336,134	242,429	93,705
Less accumulated depreciation/amortization	<u>(33,723,497)</u>	<u>(31,950,649)</u>	<u>(1,772,848)</u>
Total	<u>\$ 39,531,418</u>	<u>\$ 39,141,609</u>	<u>\$ 389,809</u>
Depreciation/amortization expense	<u>\$ 1,772,848</u>	<u>\$ 1,565,447</u>	<u>\$ 207,401</u>

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, including the capital spending in the General Fund and Food Service Special Revenue Fund.

The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year.

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

Long-Term Liabilities

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General obligation bonds payable	\$ 15,960,000	\$ 18,305,000	\$ (2,345,000)
Certificates of participation	3,825,000	4,145,000	(320,000)
Unamortized premium/discount	1,834,324	2,190,075	(355,751)
Financed purchase payable	182,095	–	182,095
Compensated absences payable	6,230,255	196,973	6,033,282
Net pension liability	23,362,961	30,558,510	(7,195,549)
Total OPEB liability	<u>5,290,336</u>	<u>5,655,004</u>	<u>(364,668)</u>
 Total	 <u>\$ 56,684,971</u>	 <u>\$ 61,050,562</u>	 <u>\$ (4,365,591)</u>

The decreases in bonds and certificates of participation in the table above are due to the planned repayment schedules reflecting principal payments during fiscal year 2025. The scheduled amortization of bond premium/discount reduced this category of long-term debt. The District issued debt to finance new interactive displays for instructional purposes contributing to the increase in financed purchase payable.

The significant increase in compensated absences payable reflects the change in accounting principle previously discussed and implemented by the District in the current year.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. The change in the total OPEB liability was due, in part, to differences between expected and actual economic experiences used to calculate this obligation.

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

District's market value	\$ 2,398,943,050
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 359,841,458</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are 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 Services Department, Special School District No. 6, 104 – 5th Avenue South, South St. Paul, Minnesota 55075.

BASIC FINANCIAL STATEMENTS

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 35,424,598	\$ 33,407,497
Receivables		
Current taxes	8,836,090	8,758,828
Delinquent taxes	257,233	212,604
Accounts and interest	322,444	231,676
Due from other governmental units	5,820,107	5,203,388
Inventory	38,430	34,339
Prepaid items	8,440	103,663
Restricted assets		
Cash and investments for OPEB	5,500,837	5,086,663
Capital assets		
Not depreciated/amortized	1,646,893	1,646,893
Depreciated/amortized, net	37,884,525	37,494,716
Total capital assets, net of accumulated depreciation/amortization	<u>39,531,418</u>	<u>39,141,609</u>
Total assets	95,739,597	92,180,267
Deferred outflows of resources		
Pension plan deferments	6,683,588	7,040,601
OPEB plan deferments	710,412	563,752
Total deferred outflows of resources	<u>7,394,000</u>	<u>7,604,353</u>
Total assets and deferred outflows of resources	<u>\$ 103,133,597</u>	<u>\$ 99,784,620</u>
Liabilities		
Salaries payable	\$ 3,049,601	\$ 3,129,943
Accounts and contracts payable	1,355,921	1,029,221
Accrued interest payable	342,765	392,757
Due to other governmental units	1,241,404	449,727
Unearned revenue	749,436	798,689
Claims incurred, but not reported	675,539	765,425
Long-term liabilities		
Due within one year	4,295,830	3,358,821
Due in more than one year	52,389,141	57,691,741
Total long-term liabilities	<u>56,684,971</u>	<u>61,050,562</u>
Total liabilities	64,099,637	67,616,324
Deferred inflows of resources		
Property taxes levied for subsequent year	14,824,553	14,593,342
Pension plan deferments	9,531,776	4,606,616
OPEB plan deferments	3,483,228	3,500,469
Total deferred inflows of resources	<u>27,839,557</u>	<u>22,700,427</u>
Net position		
Net investment in capital assets	17,729,999	14,501,534
Restricted for		
Capital asset acquisition	1,497,370	1,842,241
Debt service	650,958	478,893
Food service	1,445,757	1,243,211
Community service	914,937	895,555
Other purposes (state funding restrictions)	2,757,392	1,316,174
Unrestricted	<u>(13,802,010)</u>	<u>(10,809,739)</u>
Total net position	<u>11,194,403</u>	<u>9,467,869</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 103,133,597</u>	<u>\$ 99,784,620</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

Functions/Programs	2025			2024	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
			Governmental Activities	Governmental Activities	
Governmental activities					
Administration	\$ 1,669,685	\$ -	\$ -	\$ (1,669,685)	\$ (1,378,956)
District support services	2,657,647	-	-	(2,657,647)	(2,589,598)
Elementary and secondary regular instruction	20,469,255	361,718	520,453	(19,587,084)	(17,165,720)
Vocational education instruction	234,291	-	-	(234,291)	(188,712)
Special education instruction	10,979,419	45,059	8,714,905	(2,219,455)	(1,122,200)
Instructional support services	4,072,290	-	-	(4,072,290)	(3,296,190)
Pupil support services	4,668,826	-	61,693	(4,607,133)	(3,973,009)
Sites and buildings	4,764,732	12,220	-	(4,752,512)	(4,804,726)
Fiscal and other fixed cost programs	358,803	-	-	(358,803)	(333,884)
Food service	2,075,942	111,264	2,351,987	387,309	334,435
Community service	2,186,999	1,055,911	907,188	(223,900)	(165,156)
Depreciation/amortization not allocated to other functions	1,693,127	-	-	(1,693,127)	(1,565,447)
Interest and fiscal charges	588,957	-	-	(588,957)	(726,870)
Total governmental activities	\$ 56,419,973	\$ 1,586,172	\$ 12,556,226	(42,277,575)	(36,976,033)
General revenues					
Taxes					
Property taxes, levied for general purposes				11,706,192	11,476,251
Property taxes, levied for community service				249,668	422,541
Property taxes, levied for debt service				3,254,812	3,251,873
General grants and aids				31,791,982	32,513,703
Other general revenues				725,708	854,164
Investment earnings				1,883,590	1,844,991
Total general revenues				49,611,952	50,363,523
Change in net position				7,334,377	13,387,490
Net position – beginning, as previously reported				9,467,869	(3,919,621)
Change in accounting principle				(5,607,843)	-
Net position – beginning, restated				3,860,026	(3,919,621)
Net position – ending				\$ 11,194,403	\$ 9,467,869

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>
Assets			
Cash and temporary investments	\$ 18,301,169	\$ 2,455,467	\$ 3,584,080
Receivables			
Current taxes	6,551,347	2,044,525	240,218
Delinquent taxes	192,942	58,171	6,120
Accounts and interest	-	-	-
Due from other governmental units	5,606,860	-	213,247
Inventory	-	-	38,430
Prepaid items	8,440	-	-
	<u>30,660,758</u>	<u>4,558,163</u>	<u>4,082,095</u>
Total assets	<u>\$ 30,660,758</u>	<u>\$ 4,558,163</u>	<u>\$ 4,082,095</u>
Liabilities			
Salaries payable	\$ 2,972,886	\$ -	\$ 76,715
Accounts and contracts payable	1,248,786	950	106,185
Due to other governmental units	139,817	-	1,101,587
Unearned revenue	24,733	-	15,250
	<u>4,386,222</u>	<u>950</u>	<u>1,299,737</u>
Total liabilities	<u>4,386,222</u>	<u>950</u>	<u>1,299,737</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	95,217	30,025	3,769
Property taxes levied for subsequent year	10,814,051	3,588,838	421,664
	<u>10,909,268</u>	<u>3,618,863</u>	<u>425,433</u>
Total deferred inflows of resources	<u>10,909,268</u>	<u>3,618,863</u>	<u>425,433</u>
Fund balances			
Nonspendable	8,440	-	38,430
Restricted	4,254,762	938,350	2,318,495
Assigned	2,675,000	-	-
Unassigned	8,427,066	-	-
	<u>15,365,268</u>	<u>938,350</u>	<u>2,356,925</u>
Total fund balances	<u>15,365,268</u>	<u>938,350</u>	<u>2,356,925</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,660,758</u>	<u>\$ 4,558,163</u>	<u>\$ 4,082,095</u>

Total Governmental Funds

2025	2024
\$ 24,340,716	\$ 22,044,415
8,836,090	8,758,828
257,233	212,604
—	49,424
5,820,107	5,203,388
38,430	34,339
8,440	103,663
\$ 39,301,016	\$ 36,406,661
\$ 3,049,601	\$ 3,129,943
1,355,921	1,029,221
1,241,404	449,727
39,983	98,003
5,686,909	4,706,894
129,011	99,297
14,824,553	14,593,342
14,953,564	14,692,639
46,870	138,002
7,511,607	5,975,878
2,675,000	2,778,601
8,427,066	8,114,647
18,660,543	17,007,128
\$ 39,301,016	\$ 36,406,661

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SPECIAL SCHOOL DISTRICT NO. 6

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2025

(With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Total fund balances – governmental funds	\$ 18,660,543	\$ 17,007,128
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	73,254,915	71,092,258
Accumulated depreciation/amortization	(33,723,497)	(31,950,649)
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	(15,960,000)	(18,305,000)
Certificates of participation	(3,825,000)	(4,145,000)
Unamortized premium/discount	(1,834,324)	(2,190,075)
Financed purchase payable	(182,095)	–
Compensated absences payable	(6,230,255)	(196,973)
Net pension liability	(23,362,961)	(30,558,510)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(342,765)	(392,757)
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.	7,459,019	6,574,165
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	6,683,588	7,040,601
Deferred inflows of resources – pension plan deferments	(9,531,776)	(4,606,616)
Deferred inflows of resources – unavailable revenue – delinquent taxes	129,011	99,297
Total net position – governmental activities	<u>\$ 11,194,403</u>	<u>\$ 9,467,869</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	\$ 11,683,869	\$ 3,247,733	\$ 249,356
Investment earnings	797,011	96,261	106,741
Other	1,089,401	-	1,167,175
State sources	38,621,894	-	1,766,796
Federal sources	1,819,421	-	1,492,379
Total revenue	<u>54,011,596</u>	<u>3,343,994</u>	<u>4,782,447</u>
Expenditures			
Current			
Administration	1,696,415	-	-
District support services	2,748,264	-	-
Elementary and secondary regular instruction	20,708,882	-	-
Vocational education instruction	236,653	-	-
Special education instruction	11,155,552	-	-
Instructional support services	4,157,832	-	-
Pupil support services	4,697,906	-	-
Sites and buildings	6,741,183	-	-
Fiscal and other fixed cost programs	358,803	-	-
Food service	-	-	2,101,137
Community service	-	-	2,242,178
Capital outlay	-	-	217,516
Debt service			
Principal	370,253	2,345,000	-
Interest and fiscal charges	113,900	880,800	-
Total expenditures	<u>52,985,643</u>	<u>3,225,800</u>	<u>4,560,831</u>
Excess of revenue over expenditures	1,025,953	118,194	221,616
Other financing sources			
Debt issued	232,348	-	-
Insurance recovery	55,304	-	-
Sale of capital assets	-	-	-
Total other financing sources	<u>287,652</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,313,605	118,194	221,616
Fund balances			
Beginning of year	<u>14,051,663</u>	<u>820,156</u>	<u>2,135,309</u>
End of year	<u>\$ 15,365,268</u>	<u>\$ 938,350</u>	<u>\$ 2,356,925</u>

Total Governmental Funds	
2025	2024
\$ 15,180,958	\$ 15,149,386
1,000,013	962,141
2,256,576	2,429,117
40,388,690	39,446,355
3,311,800	4,835,273
<u>62,138,037</u>	<u>62,822,272</u>
1,696,415	1,544,709
2,748,264	2,638,121
20,708,882	21,289,124
236,653	222,710
11,155,552	10,357,404
4,157,832	3,685,082
4,697,906	4,184,415
6,741,183	5,492,162
358,803	333,884
2,101,137	2,147,702
2,242,178	2,170,243
217,516	16,434
2,715,253	2,690,201
994,700	1,207,708
<u>60,772,274</u>	<u>57,979,899</u>
1,365,763	4,842,373
232,348	—
55,304	23,939
—	17,304
<u>287,652</u>	<u>41,243</u>
1,653,415	4,883,616
<u>17,007,128</u>	<u>12,123,512</u>
<u>\$ 18,660,543</u>	<u>\$ 17,007,128</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 1,653,415	\$ 4,883,616
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	2,162,657	859,941
Depreciation/amortization expense	(1,772,848)	(1,565,447)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Financed purchase payable	(232,348)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	2,345,000	2,300,000
Certificates of participation	320,000	305,000
Financed purchase payable	50,253	85,201
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.		
	355,751	356,643
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(425,439)	(19,547)
Net pension liability	7,195,549	2,550,878
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.		
	49,992	124,195
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.		
	884,854	1,646,056
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	(357,013)	(2,495,151)
Deferred inflows of resources – pension plan deferments	(4,925,160)	4,354,826
Deferred inflows of resources – unavailable revenue – delinquent taxes	29,714	1,279
Change in net position – governmental activities	<u>\$ 7,334,377</u>	<u>\$ 13,387,490</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenue				
Local sources				
Property taxes	\$ 11,477,386	\$ 11,477,388	\$ 11,683,869	\$ 206,481
Investment earnings	250,000	500,000	797,011	297,011
Other	905,357	1,025,904	1,089,401	63,497
State sources	37,076,240	37,995,591	38,621,894	626,303
Federal sources	1,258,044	1,258,044	1,819,421	561,377
Total revenue	<u>50,967,027</u>	<u>52,256,927</u>	<u>54,011,596</u>	<u>1,754,669</u>
Expenditures				
Current				
Administration	1,604,867	1,650,778	1,696,415	45,637
District support services	2,987,514	2,722,481	2,748,264	25,783
Elementary and secondary regular instruction	21,373,036	22,113,179	20,708,882	(1,404,297)
Vocational education instruction	198,383	229,391	236,653	7,262
Special education instruction	9,917,470	10,642,019	11,155,552	513,533
Instructional support services	4,148,848	3,795,645	4,157,832	362,187
Pupil support services	4,204,347	4,553,054	4,697,906	144,852
Sites and buildings	5,690,544	5,647,977	6,741,183	1,093,206
Fiscal and other fixed cost programs	340,211	93,900	358,803	264,903
Debt service				
Principal	371,480	401,907	370,253	(31,654)
Interest and fiscal charges	114,194	131,658	113,900	(17,758)
Total expenditures	<u>50,950,894</u>	<u>51,981,989</u>	<u>52,985,643</u>	<u>1,003,654</u>
Excess of revenue over expenditures	16,133	274,938	1,025,953	751,015
Other financing sources				
Debt issued	—	—	232,348	232,348
Insurance recovery	—	—	55,304	55,304
Total other financing sources	<u>—</u>	<u>—</u>	<u>287,652</u>	<u>287,652</u>
Net change in fund balances	<u>\$ 16,133</u>	<u>\$ 274,938</u>	<u>1,313,605</u>	<u>\$ 1,038,667</u>
Fund balances				
Beginning of year			<u>14,051,663</u>	
End of year			<u>\$ 15,365,268</u>	

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Net Position
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	\$ 11,083,882	\$ 11,363,082
Receivables		
Accounts and interest	<u>322,444</u>	<u>182,252</u>
Total current assets	<u>11,406,326</u>	<u>11,545,334</u>
Noncurrent assets		
Restricted assets		
Investments	<u>5,500,837</u>	<u>5,086,663</u>
Total assets	16,907,163	16,631,997
Deferred outflows of resources		
OPEB plan deferments	710,412	563,752
Liabilities		
Current liabilities		
Unearned revenue	709,453	700,686
Claims incurred, but not reported	675,539	765,425
Total OPEB liability	<u>468,583</u>	<u>496,848</u>
Total current liabilities	<u>1,853,575</u>	<u>1,962,959</u>
Noncurrent liabilities		
Total OPEB liability (net of current portion)	<u>4,821,753</u>	<u>5,158,156</u>
Total liabilities	6,675,328	7,121,115
Deferred inflows of resources		
OPEB plan deferments	<u>3,483,228</u>	<u>3,500,469</u>
Net position		
Unrestricted	<u>\$ 7,459,019</u>	<u>\$ 6,574,165</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Revenue, Expenses, and Changes in Net Position
 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		
Contributions from governmental funds	\$ 7,071,443	\$ 7,652,499
Operating expenses		
Dental benefit claims	350,764	306,925
Medical benefit claims	6,823,810	6,703,963
OPEB	(104,408)	(121,595)
Total operating expenses	<u>7,070,166</u>	<u>6,889,293</u>
Operating income	1,277	763,206
Nonoperating revenue		
Investment earnings	<u>883,577</u>	<u>882,850</u>
Change in net position	884,854	1,646,056
Net position		
Beginning of year	<u>6,574,165</u>	<u>4,928,109</u>
End of year	<u>\$ 7,459,019</u>	<u>\$ 6,574,165</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Cash Flows
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	\$ 6,940,018	\$ 7,587,630
Payment for dental claims	(345,321)	(287,839)
Payment for medical claims	(6,919,139)	(6,374,290)
Post-employment benefit payments	<u>(424,161)</u>	<u>(386,115)</u>
Net cash flows from operating activities	(748,603)	539,386
Cash flows from investing activities		
Purchase of investments	(414,174)	(368,786)
Interest on investments	<u>883,577</u>	<u>882,850</u>
Net cash flows from investing activities	<u>469,403</u>	<u>514,064</u>
Net change in cash and cash equivalents	(279,200)	1,053,450
Cash and cash equivalents		
Beginning of year	<u>11,363,082</u>	<u>10,309,632</u>
End of year	<u>\$ 11,083,882</u>	<u>\$ 11,363,082</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,277	\$ 763,206
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows		
Accounts and interest receivable	(140,192)	(95,737)
Deferred outflows – OPEB plan deferments	(146,660)	(145,053)
Unearned revenue	8,767	30,868
Claims incurred, but not reported	(89,886)	348,759
Total OPEB liability	(364,668)	219,196
Deferred inflows – OPEB plan deferments	<u>(17,241)</u>	<u>(581,853)</u>
Net cash flows from operating activities	<u>\$ (748,603)</u>	<u>\$ 539,386</u>

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Special School District No. 6 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

For capital assets that can be specifically identified with or allocated to functional areas, depreciation and 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 and amortization expense is reported as “depreciation/amortization not allocated to other functions.” Interest 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Description of Funds

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

Major Governmental Funds

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and medical insurance benefits offered by the District to its employees as a self-insured plan and for the payment and financing of its other post-employment benefits (OPEB) liabilities, including the administration of assets held in a revocable trust to finance these liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

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

Actual expenditures exceeded final appropriations in the current year by \$1,003,654 in the General Fund and \$102,761 in the Food Service Special Revenue Fund. These variances were funded by revenues and other financing sources in excess of budget.

F. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as a trust agreement. Restricted assets are reported only in the government-wide and proprietary (internal service) fund financial statements. Restricted assets include balances held in segregated accounts that are established for specific purposes. In the Internal Service Fund, this represents assets held in a revocable trust established to finance the District's liability for other post-employment insurance benefits. Interest earned on these investments is allocated directly to these accounts.

G. Cash and Temporary Investments

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

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

I. Inventories

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$470,134 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented as technology subscriptions in Note 3 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 4 to include the terms and related disclosures associated with any subscription liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Technology subscriptions are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is considered for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building improvements, and 5 to 20 years for furniture and equipment. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land is not depreciated.

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

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period as other financing sources or uses, respectively. The face amount of debt issued is reported as other financing sources.

N. Compensated Absences

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

O. State-Wide Pension Plans

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

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

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

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

R. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent of schools is 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. The District’s policy includes an exception to defer spending out of other categories and spend unassigned resources first if fund balances need to be preserved to facilitate future expenditure plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As part of the insurance renewal process and available coverage limits for cyber and privacy liability there was a reduction in this one area of the District’s insurance coverage in the current fiscal year.
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 funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 11,753	\$ 306,925	\$ 287,839	\$ 30,839
2025	\$ 30,839	\$ 350,764	\$ 345,321	\$ 36,282

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 404,913	\$ 6,703,963	\$ 6,374,290	\$ 734,586
2025	\$ 734,586	\$ 6,823,810	\$ 6,919,139	\$ 639,257

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

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

U. Prior Period Comparative Financial Information/Reclassification

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

V. Deficit Net Position

As of June 30, 2025, the District has a net position deficit of \$2,562,315 in its Other Post-Employment Benefits Internal Service Fund. This deficit will be eliminated through contributions and investment earnings.

W. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Certain amounts necessary to fully restate fiscal year 2024 financial information are not determinable; therefore, prior year comparative amounts have not been restated. Implementation of this new guidance resulted in a restatement of beginning net position for the cumulative effect of this change. In the government-wide financial statement, beginning net position was reduced by \$5,607,843. See Note 4 of the notes to basic financial statements for additional details on this change.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the District’s deposits was \$360,987. As of June 30, 2025, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

B. Investments

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

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

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

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

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 District’s revocable OPEB trust accounted for in its OPEB Internal Service 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.

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

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	Over 10	
U.S. treasury note	N/A	N/A	Level 1	\$ 54,685	\$ 271,614	\$ 306,903	\$ 198,894	\$ 832,096
Mortgage-backed securities	AAA	Moody’s	Level 1	\$ –	\$ –	\$ 50,571	\$ –	50,571
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 29,163	\$ –	\$ 55,359	84,522
Corporate obligations	A	S&P	Level 1	\$ –	\$ 69,307	\$ 127,737	\$ 92,232	289,276
Corporate obligations	BBB	S&P	Level 1	\$ 29,806	\$ 73,967	\$ 234,742	\$ 22,471	360,986
Corporate obligations	A	Moody’s	Level 1	\$ 49,573	\$ 49,433	\$ –	\$ –	99,006
Corporate obligations	BAA	Moody’s	Level 1	\$ –	\$ –	\$ –	\$ 21,586	21,586
Equities	N/R	N/R	Level 1	N/A	N/A	N/A	N/A	2,723,451
Investment pools/mutual funds								
Mutual funds	N/R	N/A	Level 1	N/A	N/A	N/A	N/A	732,342
Real estate investment trust	N/R	N/A	Level 2	N/A	N/A	N/A	N/A	9,040
Real asset funds	N/R	N/A	Level 2	N/A	N/A	N/A	N/A	214,691
Minnesota School District								
Liquid Asset Fund (MSDLAF)								
Liquid Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	N/A	21,966,692
MAX Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	N/A	13,180,189
Total investments								40,564,448
Total deposits								360,987
Total deposits and investments								\$ 40,925,435

N/A – Not Applicable
N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Statement of Net Position	
Cash and temporary investments	\$ 35,424,598
Restricted assets	
Cash and investments for OPEB	<u>5,500,837</u>
 Total deposits and investments	 <u><u>\$ 40,925,435</u></u>

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated/amortized				
Land	\$ 1,646,893	\$ –	\$ –	\$ 1,646,893
Capital assets, depreciated/amortized				
Buildings	56,174,515	–	–	56,174,515
Building improvements	6,480,230	658,586	–	7,138,816
Furniture and equipment	6,548,191	1,410,366	–	7,958,557
Technology subscriptions	242,429	93,705	–	336,134
Total capital assets, depreciated/amortized	<u>69,445,365</u>	<u>2,162,657</u>	<u>–</u>	<u>71,608,022</u>
Less accumulated depreciation/amortization for				
Buildings	(24,108,283)	(932,549)	–	(25,040,832)
Building improvements	(3,837,722)	(266,279)	–	(4,104,001)
Furniture and equipment	(3,907,672)	(494,299)	–	(4,401,971)
Technology subscriptions	(96,972)	(79,721)	–	(176,693)
Total accumulated depreciation/amortization	<u>(31,950,649)</u>	<u>(1,772,848)</u>	<u>–</u>	<u>(33,723,497)</u>
Net capital assets, depreciated/amortized	<u>37,494,716</u>	<u>389,809</u>	<u>–</u>	<u>37,884,525</u>
Total capital assets, net	<u><u>\$ 39,141,609</u></u>	<u><u>\$ 389,809</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 39,531,418</u></u>

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

Elementary and secondary regular instruction	\$ 48,486
Sites and buildings	31,235
Depreciation/amortization not included in other functions	<u>1,693,127</u>
Total depreciation/amortization expense	<u><u>\$ 1,772,848</u></u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Series 2021A – Refunding	12/02/2021	5.00%	\$ 12,610,000	02/01/2029	\$ 7,150,000
Series 2022A – Refunding	11/17/2022	4.00–5.00%	\$ 9,365,000	02/01/2033	<u>8,810,000</u>
Total general obligation bonds payable					<u>\$ 15,960,000</u>

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

B. Certificates of Participation Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2019A Certificates of Participation	12/30/2019	2.00–4.00%	\$ 5,265,000	04/01/2035	<u>\$ 3,825,000</u>

The certificates of participation were issued to finance the acquisition and renovation of a building for educational programming purposes. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. The certificates of participation are being paid by the General Fund.

C. Financed Purchase Payable

The District currently has the following financed purchase payable outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Interactive display boards	11/01/2024	4.00%	\$ 232,348	11/01/2028	<u>\$ 182,095</u>

The financed purchase was used to purchase interactive display boards. The financed purchase is being paid by the General Fund.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Internal Service Fund to finance OPEB obligations.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension 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 current year:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 3,276,952	\$ 976,760	\$ 2,410,012	\$ 5,141
TRA	20,086,009	5,706,828	7,121,764	1,422,134
Total	<u>\$ 23,362,961</u>	<u>\$ 6,683,588</u>	<u>\$ 9,531,776</u>	<u>\$ 1,427,275</u>

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation		Financed Purchase Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,655,000	\$ 761,800	\$ 335,000	\$ 101,394	\$ 42,834	\$ 7,419
2027	2,690,000	629,050	345,000	87,994	44,579	5,674
2028	1,810,000	494,550	360,000	74,194	46,396	3,857
2029	1,905,000	404,050	375,000	59,794	48,286	1,967
2030	1,595,000	308,800	380,000	52,294	–	–
2031–2035	5,305,000	447,650	2,030,000	137,575	–	–
	<u>\$ 15,960,000</u>	<u>\$ 3,045,900</u>	<u>\$ 3,825,000</u>	<u>\$ 513,245</u>	<u>\$ 182,095</u>	<u>\$ 18,917</u>

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle (1)	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 18,305,000	\$ –	\$ –	\$ 2,345,000	\$ 15,960,000	\$ 2,655,000
Certificates of participation	4,145,000	–	–	320,000	3,825,000	335,000
Unamortized premium/discount	2,190,075	–	–	355,751	1,834,324	–
Financed purchase payable	–	–	232,348	50,253	182,095	42,834
Compensated absences payable (2)	196,973	5,607,843	425,439	–	6,230,255	794,413
Net pension liability	30,558,510	–	3,811,499	11,007,048	23,362,961	–
Total OPEB liability	<u>5,655,004</u>	<u>–</u>	<u>685,417</u>	<u>1,050,085</u>	<u>5,290,336</u>	<u>468,583</u>
	<u>\$ 61,050,562</u>	<u>\$ 5,607,843</u>	<u>\$ 5,154,703</u>	<u>\$ 15,128,137</u>	<u>\$ 56,684,971</u>	<u>\$ 4,295,830</u>

(1) See Note 1 for the change in accounting principle with implementation of GASB Statement No. 101 for compensated absences.

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

NOTE 5 – FUND BALANCES

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

A. Classifications

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

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ –	\$ –	\$ 38,430	\$ 38,430
Prepaid items	8,440	–	–	8,440
Total nonspendable	<u>8,440</u>	<u>–</u>	<u>38,430</u>	<u>46,870</u>
Restricted				
Student activities	263,269	–	–	263,269
Capital projects levy	158,338	–	–	158,338
American Indian education aid	16,000	–	–	16,000
Operating capital	1,201,595	–	–	1,201,595
Area learning center	256,805	–	–	256,805
Quality compensation	283,002	–	–	283,002
Gifted and talented	99,861	–	–	99,861
Basic skills	1,158,904	–	–	1,158,904
Safe schools levy	167,366	–	–	167,366
Literacy aid	102,691	–	–	102,691
Teacher compensation for READ Act training	35,982	–	–	35,982
Long-term facilities maintenance	137,437	–	–	137,437
Student support personnel	1,788	–	–	1,788
Debt reduction	308,317	–	–	308,317
Flexible benefits	63,407	–	–	63,407
Debt service	–	938,350	–	938,350
Food service	–	–	1,407,327	1,407,327
Community education programs	–	–	628,661	628,661
Early childhood family education programs	–	–	115,816	115,816
School readiness	–	–	12,749	12,749
Adult basic education	–	–	153,942	153,942
Total restricted	<u>4,254,762</u>	<u>938,350</u>	<u>2,318,495</u>	<u>7,511,607</u>
Assigned				
Curriculum	1,000,000	–	–	1,000,000
Staff development	75,000	–	–	75,000
Construction	200,000	–	–	200,000
Building maintenance	1,000,000	–	–	1,000,000
Technology replacement	400,000	–	–	400,000
Total assigned	<u>2,675,000</u>	<u>–</u>	<u>–</u>	<u>2,675,000</u>
Unassigned	<u>8,427,066</u>	<u>–</u>	<u>–</u>	<u>8,427,066</u>
Total	<u>\$ 15,365,268</u>	<u>\$ 938,350</u>	<u>\$ 2,356,925</u>	<u>\$ 18,660,543</u>

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of the annual budget. As of June 30, 2025, the unassigned fund balance of the General Fund was 15.9 percent of fiscal 2025 actual expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

1. GERF Benefits

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

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

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

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

2. TRA Benefits

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

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

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

Tier I Benefits

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

With these provisions:

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

Or

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$603,099. 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 \$1,951,466. 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 \$3,276,952 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 \$84,735.

District's proportionate share of the net pension liability	\$ 3,276,952
State's proportionate share of the net pension liability associated with the District	<u>84,735</u>
Total	<u>\$ 3,361,687</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 0.0886 percent at the end of the measurement period and 0.0935 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$2,869 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$2,272 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$150,770 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	\$ 313,668	\$ –
Changes in actuarial assumptions	16,841	1,289,933
Net difference between projected and actual investment earnings on pension plan investments	–	916,249
Changes in proportion	43,152	203,830
District’s contributions to the GERF subsequent to the measurement date	<u>603,099</u>	<u>–</u>
Total	<u>\$ 976,760</u>	<u>\$ 2,410,012</u>

The \$603,099 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	\$ (1,072,538)
2027	\$ (237,317)
2028	\$ (475,338)
2029	\$ (251,158)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$20,086,009 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 0.3161 percent at the end of the measurement period and 0.3068 percent for the beginning of the period.

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

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

District’s proportionate share of the net pension liability	\$ 20,086,009
State’s proportionate share of the net pension liability associated with the District	<u>1,313,808</u>
Total	<u><u>\$ 21,399,817</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$1,349,913. It also recognized \$72,221 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 \$556,863 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 969,162	\$ 258,800
Changes in actuarial assumptions	2,146,343	2,395,311
Net difference between projected and actual investment earnings on pension plan investments	–	2,931,345
Changes in proportion	639,857	1,536,308
District’s contributions to the TRA subsequent to the measurement date	<u>1,951,466</u>	<u>–</u>
Total	<u><u>\$ 5,706,828</u></u>	<u><u>\$ 7,121,764</u></u>

The \$1,951,466 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (1,768,265)
2027	\$ 1,523,469
2028	\$ (1,647,846)
2029	\$ (1,284,737)
2030	\$ (189,023)

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

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERP

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 GERP Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERP Plan.

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

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

2. TRA

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

Actuarial Assumptions Used in Valuation of Total Pension Liability	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually
Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-Retirement	PubT-2010(A) Employee Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Healthy Retirees	PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

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

H. Pension Liability Sensitivity

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

	<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	\$ 7,157,390	\$ 3,276,952	\$ 84,937
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 35,372,636	\$ 20,086,009	\$ 7,504,751

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's contributions in the current year totaled \$424,161 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established a separate Internal Service Fund to finance these OPEB obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	82
Active plan members	<u>390</u>
Total members	<u><u>472</u></u>

E. Total OPEB Liability of the District

The District's total OPEB liability of \$5,290,336 as of year-end was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2024.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

Discount rate	4.10%
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% grading to 5.00% over 6 years, and then 4.00% over the next 48 years

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

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

The retirement and withdrawal assumptions used to value GASB Statement No. 75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The rates are based on the TRA of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018.

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.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 5,655,004
Changes for the year	
Service cost	306,791
Interest cost	225,053
Assumption changes	153,573
Differences between expected and actual economic experience	(663,970)
Benefit payments	(386,115)
Total net changes	<u>(364,668)</u>
Ending balance	<u>\$ 5,290,336</u>

Changes in actuarial assumptions since the prior measurement date include the following:

- Changed healthcare trend rates to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 3.90 percent to 4.10 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.10%	4.10%	5.10%
Total OPEB liability	\$ 5,597,681	\$ 5,290,336	\$ 4,997,565

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Total OPEB liability	\$ 4,994,144	\$ 5,290,336	\$ 5,633,704

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

For the current year end, the District recognized a negative OPEB expense of \$104,408. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 2,725,358
Changes in actuarial assumptions	286,251	757,870
District’s contributions subsequent to the measurement date	<u>424,161</u>	<u>–</u>
Total	<u>\$ 710,412</u>	<u>\$ 3,483,228</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

A total of \$424,161 reported as deferred outflows of resources related to OPEB contributions, subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2026	\$ (636,252)
2027	\$ (636,252)
2028	\$ (636,252)
2029	\$ (636,248)
2030	\$ (488,919)
Thereafter	\$ (163,054)

NOTE 8 – FLEXIBLE BENEFIT PLAN

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

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

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

Amounts withheld for medical reimbursement and dependent care are accounted for by a district employee who serves as the plan administrator. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee. The medical reimbursement and dependent care activity are included 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 healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Legal Claims

The District had 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. Purchase Power Commitment

During fiscal year 2021, the District entered into a solar power purchase agreement with IPS Solar DG Solar A, LLC. The District is committed to purchasing all of the annual delivered energy generated by the system for a period of 20 years and additional 3 terms of 5 years from the commercial operation date and continues for the duration of the initial term and any additional terms. In return, the District will receive bill credits associated with the energy production.

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REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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	0.1091%	\$ 5,654,128	\$ -	\$ 5,654,128	\$ 6,328,547	89.34%	78.20%
06/30/2017	06/30/2016	0.1074%	\$ 8,720,346	\$ 113,888	\$ 8,834,234	\$ 6,666,940	130.80%	68.90%
06/30/2018	06/30/2017	0.1108%	\$ 7,073,396	\$ 88,931	\$ 7,162,327	\$ 7,141,483	99.05%	75.90%
06/30/2019	06/30/2018	0.1093%	\$ 6,063,516	\$ 198,744	\$ 6,262,260	\$ 7,332,178	82.70%	79.50%
06/30/2020	06/30/2019	0.1122%	\$ 6,203,286	\$ 192,825	\$ 6,396,111	\$ 7,939,979	78.13%	80.20%
06/30/2021	06/30/2020	0.1095%	\$ 6,565,025	\$ 202,484	\$ 6,767,509	\$ 7,816,070	83.99%	79.10%
06/30/2022	06/30/2021	0.0900%	\$ 3,843,402	\$ 117,435	\$ 3,960,837	\$ 6,488,932	59.23%	87.00%
06/30/2023	06/30/2022	0.0933%	\$ 7,389,391	\$ 216,555	\$ 7,605,946	\$ 6,989,076	105.73%	76.70%
06/30/2024	06/30/2023	0.0935%	\$ 5,228,415	\$ 144,163	\$ 5,372,578	\$ 7,437,227	70.30%	83.10%
06/30/2025	06/30/2024	0.0886%	\$ 3,276,952	\$ 84,735	\$ 3,361,687	\$ 7,483,960	43.79%	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	\$ 499,908	\$ 499,908	\$ -	\$ 6,666,940	7.50%
06/30/2017	\$ 535,497	\$ 535,497	\$ -	\$ 7,141,483	7.50%
06/30/2018	\$ 549,688	\$ 549,688	\$ -	\$ 7,332,178	7.50%
06/30/2019	\$ 595,495	\$ 595,495	\$ -	\$ 7,939,979	7.50%
06/30/2020	\$ 585,902	\$ 585,902	\$ -	\$ 7,816,070	7.50%
06/30/2021	\$ 486,506	\$ 486,506	\$ -	\$ 6,488,932	7.50%
06/30/2022	\$ 524,137	\$ 524,137	\$ -	\$ 6,989,076	7.50%
06/30/2023	\$ 557,792	\$ 557,792	\$ -	\$ 7,437,227	7.50%
06/30/2024	\$ 561,297	\$ 561,297	\$ -	\$ 7,483,960	7.50%
06/30/2025	\$ 603,099	\$ 603,099	\$ -	\$ 8,038,065	7.50%

SPECIAL SCHOOL DISTRICT NO. 6

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 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	0.3716%	\$ 22,987,135	\$ 2,819,725	\$ 25,806,860	\$ 18,878,949	121.76%	76.80%
06/30/2017	06/30/2016	0.3670%	\$ 87,538,256	\$ 8,785,747	\$ 96,324,003	\$ 19,304,901	453.45%	44.88%
06/30/2018	06/30/2017	0.3669%	\$ 73,239,894	\$ 7,080,446	\$ 80,320,340	\$ 19,744,761	370.93%	51.57%
06/30/2019	06/30/2018	0.3489%	\$ 21,914,186	\$ 2,059,012	\$ 23,973,198	\$ 19,279,005	113.67%	78.07%
06/30/2020	06/30/2019	0.3560%	\$ 22,691,515	\$ 2,008,105	\$ 24,699,620	\$ 20,206,696	112.30%	78.21%
06/30/2021	06/30/2020	0.3523%	\$ 26,028,396	\$ 2,181,119	\$ 28,209,515	\$ 20,470,746	127.15%	75.48%
06/30/2022	06/30/2021	0.3349%	\$ 14,656,225	\$ 1,235,935	\$ 15,892,160	\$ 20,040,978	73.13%	86.63%
06/30/2023	06/30/2022	0.3212%	\$ 25,719,997	\$ 1,907,256	\$ 27,627,253	\$ 19,851,392	129.56%	76.17%
06/30/2024	06/30/2023	0.3068%	\$ 25,330,095	\$ 1,774,387	\$ 27,104,482	\$ 19,509,333	129.84%	76.42%
06/30/2025	06/30/2024	0.3161%	\$ 20,086,009	\$ 1,313,808	\$ 21,399,817	\$ 20,940,629	95.92%	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	\$ 1,448,037	\$ 1,448,037	\$ -	\$ 19,304,901	7.50%
06/30/2017	\$ 1,481,077	\$ 1,481,077	\$ -	\$ 19,744,761	7.50%
06/30/2018	\$ 1,445,979	\$ 1,445,979	\$ -	\$ 19,279,005	7.50%
06/30/2019	\$ 1,557,835	\$ 1,557,835	\$ -	\$ 20,206,696	7.71%
06/30/2020	\$ 1,621,284	\$ 1,621,284	\$ -	\$ 20,470,746	7.92%
06/30/2021	\$ 1,629,325	\$ 1,629,325	\$ -	\$ 20,040,978	8.13%
06/30/2022	\$ 1,655,615	\$ 1,655,615	\$ -	\$ 19,851,392	8.34%
06/30/2023	\$ 1,668,048	\$ 1,668,048	\$ -	\$ 19,509,333	8.55%
06/30/2024	\$ 1,832,305	\$ 1,832,305	\$ -	\$ 20,940,629	8.75%
06/30/2025	\$ 1,951,466	\$ 1,951,466	\$ -	\$ 22,290,611	8.75%

SPECIAL SCHOOL DISTRICT NO. 6

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

	District Fiscal Year-End Date							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 442,920	\$ 444,251	\$ 489,454	\$ 403,634	\$ 435,373	\$ 242,657	\$ 246,048	\$ 306,791
Interest cost	311,019	316,347	292,396	274,215	170,032	154,598	211,898	225,053
Assumption changes	-	(218,512)	193,824	(724,418)	102,740	(475,233)	(25,583)	153,573
Plan changes	-	337,912	-	-	-	-	-	-
Differences between expected and actual economic experience	-	(1,402,059)	-	(1,395,345)	-	(1,484,247)	-	(663,970)
Benefit payments	(586,475)	(610,891)	(333,430)	(464,018)	(235,442)	(240,986)	(213,167)	(386,115)
Net change in total OPEB liability	167,464	(1,132,952)	642,244	(1,905,932)	472,703	(1,803,211)	219,196	(364,668)
Total OPEB liability – beginning balance	8,995,492	9,162,956	8,030,004	8,672,248	6,766,316	7,239,019	5,435,808	5,655,004
Total OPEB liability – ending balance	<u>\$ 9,162,956</u>	<u>\$ 8,030,004</u>	<u>\$ 8,672,248</u>	<u>\$ 6,766,316</u>	<u>\$ 7,239,019</u>	<u>\$ 5,435,808</u>	<u>\$ 5,655,004</u>	<u>\$ 5,290,336</u>
Covered-employee payroll	<u>\$24,641,269</u>	<u>\$24,372,096</u>	<u>\$25,103,259</u>	<u>\$24,421,664</u>	<u>\$25,154,314</u>	<u>\$24,398,605</u>	<u>\$25,130,563</u>	<u>\$25,610,545</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>37.19%</u>	<u>32.95%</u>	<u>34.55%</u>	<u>27.71%</u>	<u>28.78%</u>	<u>22.28%</u>	<u>22.50%</u>	<u>20.66%</u>

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

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

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 percent 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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Changed healthcare trend rates to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 3.90 percent to 4.10 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10 percent to 3.80 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

- The post-employment medical subsidy for meet and confer nonunion employees hired after July 1, 2020 changed to \$150 per month payable to the earlier of 10 years or Medicare eligibility and \$100 per month for the subsequent 5 years.
- The post-employment medical subsidy for principals and directors hired after January 1, 2020 changed to \$7,500 (no increase post-employment) payable to the earlier of 5 years or Medicare eligibility.
- Since these changes only impact new hires, the impact on the accrued liability as of the valuation date is \$0.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates, and percentage of future retirees eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment were updated.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive of \$5,000 per year paid to a healthcare savings plan, payable until the earlier of five years or Medicare eligibility (or a one-time payment of \$5,000 if already eligible for Medicare), was elected by nine teachers who retired by June 30, 2019. The retirement rates for these nine teachers were adjusted to assume all retire on July 1, 2019.
- The director of community education now has the same post-employment subsidies as other directors. Her eligibility start date for these post-employment subsidies is July 1, 2017.
- OPEB subsidies for principals hired after July 1, 2004, are no longer frozen at retirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- Changed healthcare trend rates to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.
- The percentage of future retired custodians, meet and confer nonunion employees without special agreements, office professional employees, and support staff eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment, was changed from 100 percent to 75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.

SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 1,545,843	\$ 2,038,237	\$ 3,584,080
Receivables			
Current taxes	-	240,218	240,218
Delinquent taxes	-	6,120	6,120
Due from other governmental units	124,897	88,350	213,247
Inventory	38,430	-	38,430
Total assets	\$ 1,709,170	\$ 2,372,925	\$ 4,082,095
Liabilities			
Salaries payable	\$ 15,353	\$ 61,362	\$ 76,715
Accounts and contracts payable	86,764	19,421	106,185
Due to other governmental units	146,046	955,541	1,101,587
Unearned revenue	15,250	-	15,250
Total liabilities	263,413	1,036,324	1,299,737
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	-	3,769	3,769
Property taxes levied for subsequent year	-	421,664	421,664
Total deferred inflows of resources	-	425,433	425,433
Fund balances			
Nonspendable	38,430	-	38,430
Restricted	1,407,327	911,168	2,318,495
Total fund balances	1,445,757	911,168	2,356,925
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,709,170	\$ 2,372,925	\$ 4,082,095

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ –	\$ 249,356	\$ 249,356
Investment earnings	57,505	49,236	106,741
Other	111,264	1,055,911	1,167,175
State sources	870,290	896,506	1,766,796
Federal sources	1,481,697	10,682	1,492,379
Total revenue	<u>2,520,756</u>	<u>2,261,691</u>	<u>4,782,447</u>
Expenditures			
Current			
Food service	2,101,137	–	2,101,137
Community service	–	2,242,178	2,242,178
Capital outlay	217,073	443	217,516
Total expenditures	<u>2,318,210</u>	<u>2,242,621</u>	<u>4,560,831</u>
Net change in fund balances	202,546	19,070	221,616
Fund balances			
Beginning of year	<u>1,243,211</u>	<u>892,098</u>	<u>2,135,309</u>
End of year	<u><u>\$ 1,445,757</u></u>	<u><u>\$ 911,168</u></u>	<u><u>\$ 2,356,925</u></u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2025	2024
Assets		
Cash and temporary investments	\$ 18,301,169	\$ 17,547,474
Receivables		
Current taxes	6,551,347	6,722,623
Delinquent taxes	192,942	157,744
Accounts and interest	-	44,431
Due from other governmental units	5,606,860	5,003,482
Prepaid items	8,440	103,663
	<u>30,660,758</u>	<u>29,579,417</u>
Total assets	<u>\$ 30,660,758</u>	<u>\$ 29,579,417</u>
Liabilities		
Salaries payable	\$ 2,972,886	\$ 3,065,778
Accounts and contracts payable	1,248,786	1,009,385
Due to other governmental units	139,817	190,873
Unearned revenue	24,733	82,753
Total liabilities	<u>4,386,222</u>	<u>4,348,789</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	95,217	72,894
Property taxes levied for subsequent year	10,814,051	11,106,071
Total deferred inflows of resources	<u>10,909,268</u>	<u>11,178,965</u>
Fund balances		
Nonspendable for prepaid items	8,440	103,663
Restricted for student activities	263,269	281,724
Restricted for staff development	-	140,375
Restricted for capital projects levy	158,338	221,680
Restricted for American Indian education aid	16,000	17,896
Restricted for operating capital	1,201,595	1,109,948
Restricted for area learning center	256,805	110,521
Restricted for quality compensation	283,002	-
Restricted for gifted and talented	99,861	107,608
Restricted for basic skills	1,158,904	-
Restricted for safe schools levy	167,366	173,607
Restricted for literacy aid	102,691	-
Restricted for teacher compensation for READ Act training	35,982	-
Restricted for long-term facilities maintenance	137,437	510,613
Restricted for student support personnel	1,788	-
Restricted for Medical Assistance	-	31,842
Restricted for debt reduction	308,317	281,336
Restricted for flexible benefits	63,407	67,602
Assigned for quality compensation	-	103,601
Assigned for curriculum	1,000,000	1,000,000
Assigned for staff development	75,000	75,000
Assigned for construction	200,000	200,000
Assigned for building maintenance	1,000,000	1,000,000
Assigned for technology replacement	400,000	400,000
Unassigned	8,427,066	8,114,647
Total fund balances	<u>15,365,268</u>	<u>14,051,663</u>
	<u>\$ 30,660,758</u>	<u>\$ 29,579,417</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,660,758</u>	<u>\$ 29,579,417</u>

SPECIAL SCHOOL DISTRICT NO. 6

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		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 11,477,388	\$ 11,683,869	\$ 206,481	\$ 11,468,447
Investment earnings	500,000	797,011	297,011	752,478
Other	1,025,904	1,089,401	63,497	1,377,389
State sources	37,995,591	38,621,894	626,303	37,789,940
Federal sources	1,258,044	1,819,421	561,377	3,198,331
Total revenue	<u>52,256,927</u>	<u>54,011,596</u>	<u>1,754,669</u>	<u>54,586,585</u>
Expenditures				
Current				
Administration	1,650,778	1,696,415	45,637	1,544,709
District support services	2,722,481	2,748,264	25,783	2,638,121
Elementary and secondary regular instruction	22,113,179	20,708,882	(1,404,297)	21,289,124
Vocational education instruction	229,391	236,653	7,262	222,710
Special education instruction	10,642,019	11,155,552	513,533	10,357,404
Instructional support services	3,795,645	4,157,832	362,187	3,685,082
Pupil support services	4,553,054	4,697,906	144,852	4,184,415
Sites and buildings	5,647,977	6,741,183	1,093,206	5,492,162
Fiscal and other fixed cost programs	93,900	358,803	264,903	333,884
Debt service				
Principal	401,907	370,253	(31,654)	390,201
Interest and fiscal charges	131,658	113,900	(17,758)	127,823
Total expenditures	<u>51,981,989</u>	<u>52,985,643</u>	<u>1,003,654</u>	<u>50,265,635</u>
Excess of revenue over expenditures	274,938	1,025,953	751,015	4,320,950
Other financing sources				
Debt issued	—	232,348	232,348	—
Insurance recovery	—	55,304	55,304	23,939
Sale of capital assets	—	—	—	17,304
Total other financing sources	<u>—</u>	<u>287,652</u>	<u>287,652</u>	<u>41,243</u>
Net change in fund balances	<u>\$ 274,938</u>	<u>1,313,605</u>	<u>\$ 1,038,667</u>	<u>4,362,193</u>
Fund balances				
Beginning of year		<u>14,051,663</u>		<u>9,689,470</u>
End of year		<u>\$ 15,365,268</u>		<u>\$ 14,051,663</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 1,545,843	\$ 1,170,231
Receivables		
Due from other governmental units	124,897	65,472
Inventory	<u>38,430</u>	<u>34,339</u>
Total assets	<u>\$ 1,709,170</u>	<u>\$ 1,270,042</u>
Liabilities		
Salaries payable	\$ 15,353	\$ 4,724
Accounts and contracts payable	86,764	6,857
Due to other governmental units	146,046	-
Unearned revenue	<u>15,250</u>	<u>15,250</u>
Total liabilities	263,413	26,831
Fund balances		
Nonspendable for inventory	38,430	34,339
Restricted for food service	<u>1,407,327</u>	<u>1,208,872</u>
Total fund balances	<u>1,445,757</u>	<u>1,243,211</u>
Total liabilities and fund balances	<u>\$ 1,709,170</u>	<u>\$ 1,270,042</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ -	\$ 57,505	\$ 57,505	\$ 55,014
Other – primarily meal sales	54,000	111,264	57,264	94,700
State sources	693,000	870,290	177,290	760,149
Federal sources	1,404,000	1,481,697	77,697	1,619,324
Total revenue	<u>2,151,000</u>	<u>2,520,756</u>	<u>369,756</u>	<u>2,529,187</u>
Expenditures				
Current				
Salaries	555,933	585,991	30,058	539,742
Employee benefits	184,386	187,753	3,367	179,012
Purchased services	175,833	185,857	10,024	170,711
Supplies and materials	1,127,928	1,099,987	(27,941)	1,095,077
Other expenditures	168,056	41,549	(126,507)	163,160
Capital outlay	3,313	217,073	213,760	3,217
Total expenditures	<u>2,215,449</u>	<u>2,318,210</u>	<u>102,761</u>	<u>2,150,919</u>
Net change in fund balances	<u>\$ (64,449)</u>	202,546	<u>\$ 266,995</u>	378,268
Fund balances				
Beginning of year		<u>1,243,211</u>		<u>864,943</u>
End of year		<u>\$ 1,445,757</u>		<u>\$ 1,243,211</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 2,038,237	\$ 1,183,107
Receivables		
Current taxes	240,218	144,125
Delinquent taxes	6,120	7,007
Accounts and interest	–	4,993
Due from other governmental units	<u>88,350</u>	<u>134,430</u>
Total assets	<u><u>\$ 2,372,925</u></u>	<u><u>\$ 1,473,662</u></u>
Liabilities		
Salaries payable	\$ 61,362	\$ 59,441
Accounts and contracts payable	19,421	12,979
Due to other governmental units	<u>955,541</u>	<u>258,854</u>
Total liabilities	1,036,324	331,274
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	3,769	3,457
Property taxes levied for subsequent year	<u>421,664</u>	<u>246,833</u>
Total deferred inflows of resources	425,433	250,290
Fund balances		
Restricted for community education programs	628,661	583,974
Restricted for early childhood family education programs	115,816	195,478
Restricted for school readiness	12,749	8,825
Restricted for adult basic education	<u>153,942</u>	<u>103,821</u>
Total fund balances	<u>911,168</u>	<u>892,098</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,372,925</u></u>	<u><u>\$ 1,473,662</u></u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 383,500	\$ 249,356	\$ (134,144)	\$ 424,014
Investment earnings	35,000	49,236	14,236	52,601
Other – primarily tuition and fees	908,005	1,055,911	147,906	957,028
State sources	917,579	896,506	(21,073)	896,229
Federal sources	17,300	10,682	(6,618)	17,618
Total revenue	<u>2,261,384</u>	<u>2,261,691</u>	<u>307</u>	<u>2,347,490</u>
Expenditures				
Current				
Salaries	1,422,070	1,449,210	27,140	1,380,649
Employee benefits	469,784	445,112	(24,672)	456,101
Purchased services	289,012	286,071	(2,941)	280,595
Supplies and materials	52,778	56,109	3,331	51,241
Other expenditures	1,706	5,676	3,970	1,657
Capital outlay	13,613	443	(13,170)	13,217
Total expenditures	<u>2,248,963</u>	<u>2,242,621</u>	<u>(6,342)</u>	<u>2,183,460</u>
Net change in fund balances	<u>\$ 12,421</u>	19,070	<u>\$ 6,649</u>	164,030
Fund balances				
Beginning of year		<u>892,098</u>		<u>728,068</u>
End of year		<u>\$ 911,168</u>		<u>\$ 892,098</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 2,455,467	\$ 2,143,603
Receivables		
Current taxes	2,044,525	1,892,080
Delinquent taxes	58,171	47,853
Due from other governmental units	<u>–</u>	<u>4</u>
Total assets	<u>\$ 4,558,163</u>	<u>\$ 4,083,540</u>
Liabilities		
Accounts and contracts payable	\$ 950	\$ –
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	30,025	22,946
Property taxes levied for subsequent year	<u>3,588,838</u>	<u>3,240,438</u>
Total deferred inflows of resources	<u>3,618,863</u>	<u>3,263,384</u>
Fund balances		
Restricted for debt service	<u>938,350</u>	<u>820,156</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,558,163</u>	<u>\$ 4,083,540</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 3,239,924	\$ 3,247,733	\$ 7,809	\$ 3,256,925
Investment earnings	–	96,261	96,261	102,048
State sources	–	–	–	37
Total revenue	<u>3,239,924</u>	<u>3,343,994</u>	<u>104,070</u>	<u>3,359,010</u>
Expenditures				
Debt service				
Principal	2,345,000	2,345,000	–	2,300,000
Interest	874,100	874,100	–	1,073,110
Fiscal charges and other	6,775	6,700	(75)	6,775
Total expenditures	<u>3,225,875</u>	<u>3,225,800</u>	<u>(75)</u>	<u>3,379,885</u>
Net change in fund balances	<u>\$ 14,049</u>	118,194	<u>\$ 104,145</u>	(20,875)
Fund balances				
Beginning of year		<u>820,156</u>		<u>841,031</u>
End of year		<u>\$ 938,350</u>		<u>\$ 820,156</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2025	2024
Assets					
Current assets					
Cash and temporary investments	\$ 352,117	\$ 10,731,765	\$ -	\$ 11,083,882	\$ 11,363,082
Receivables					
Accounts and interest	3,270	319,174	-	322,444	182,252
Total current assets	355,387	11,050,939	-	11,406,326	11,545,334
Noncurrent assets					
Restricted assets					
Investments	-	-	5,500,837	5,500,837	5,086,663
Total assets	355,387	11,050,939	5,500,837	16,907,163	16,631,997
Deferred outflows of resources					
OPEB plan deferments	-	-	710,412	710,412	563,752
Liabilities					
Current liabilities					
Unearned revenue	967	708,486	-	709,453	700,686
Claims incurred, but not reported	36,282	639,257	-	675,539	765,425
Total OPEB liability	-	-	468,583	468,583	496,848
Total current liabilities	37,249	1,347,743	468,583	1,853,575	1,962,959
Noncurrent liabilities					
Total OPEB liability (net of current portion)	-	-	4,821,753	4,821,753	5,158,156
Total liabilities	37,249	1,347,743	5,290,336	6,675,328	7,121,115
Deferred inflows of resources					
OPEB plan deferments	-	-	3,483,228	3,483,228	3,500,469
Net position					
Unrestricted	\$ 318,138	\$ 9,703,196	\$ (2,562,315)	\$ 7,459,019	\$ 6,574,165

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2025	2024
Operating revenue					
Contributions from governmental funds	\$ 334,876	\$ 6,312,406	\$ 424,161	\$ 7,071,443	\$ 7,652,499
Operating expenses					
Dental benefit claims	350,764	–	–	350,764	306,925
Medical benefit claims	–	6,823,810	–	6,823,810	6,703,963
OPEB	–	–	(104,408)	(104,408)	(121,595)
Total operating expenses	<u>350,764</u>	<u>6,823,810</u>	<u>(104,408)</u>	<u>7,070,166</u>	<u>6,889,293</u>
Operating income (loss)	(15,888)	(511,404)	528,569	1,277	763,206
Nonoperating revenue					
Investment earnings	<u>14,838</u>	<u>454,565</u>	<u>414,174</u>	<u>883,577</u>	<u>882,850</u>
Change in net position	(1,050)	(56,839)	942,743	884,854	1,646,056
Net position					
Beginning of year	<u>319,188</u>	<u>9,760,035</u>	<u>(3,505,058)</u>	<u>6,574,165</u>	<u>4,928,109</u>
End of year	<u>\$ 318,138</u>	<u>\$ 9,703,196</u>	<u>\$ (2,562,315)</u>	<u>\$ 7,459,019</u>	<u>\$ 6,574,165</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Total	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2025	2024
Cash flows from operating activities					
Received from assessments made to other funds	\$ 334,908	\$ 6,180,949	\$ 424,161	\$ 6,940,018	\$ 7,587,630
Payment for dental claims	(345,321)	–	–	(345,321)	(287,839)
Payment for medical claims	–	(6,919,139)	–	(6,919,139)	(6,374,290)
Post-employment benefit payments	–	–	(424,161)	(424,161)	(386,115)
Net cash flows from operating activities	(10,413)	(738,190)	–	(748,603)	539,386
Cash flows from investing activities					
Purchase of investments	–	–	(414,174)	(414,174)	(368,786)
Interest on investments	14,838	454,565	414,174	883,577	882,850
Net cash flows from investing activities	14,838	454,565	–	469,403	514,064
Net change in cash and cash equivalents	4,425	(283,625)	–	(279,200)	1,053,450
Cash and cash equivalents					
Beginning of year	347,692	11,015,390	–	11,363,082	10,309,632
End of year	\$ 352,117	\$ 10,731,765	\$ –	\$ 11,083,882	\$ 11,363,082
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ (15,888)	\$ (511,404)	\$ 528,569	\$ 1,277	\$ 763,206
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets, liabilities, and deferred outflows/inflows					
Accounts receivable	–	(140,192)	–	(140,192)	(95,737)
Deferred outflows – OPEB plan deferments	–	–	(146,660)	(146,660)	(145,053)
Unearned revenue	32	8,735	–	8,767	30,868
Claims incurred, but not reported	5,443	(95,329)	–	(89,886)	348,759
Total OPEB liability	–	–	(364,668)	(364,668)	219,196
Deferred inflows – OPEB plan deferments	–	–	(17,241)	(17,241)	(581,853)
Net cash flows from operating activities	\$ (10,413)	\$ (738,190)	\$ –	\$ (748,603)	\$ 539,386

OTHER DISTRICT INFORMATION

(UNAUDITED)

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SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2016	\$ 2,679,050 5%	\$ 7,276,738 15%	\$ 8,644,541 18%	\$ 30,313,012 62%	\$ 120,499 -	\$ 49,033,840 100%
2017	2,593,395 5%	7,945,568 15%	9,068,563 18%	31,866,738 61%	641,089 1%	52,115,353 100%
2018	2,252,264 4%	8,030,824 16%	8,923,410 18%	31,301,712 61%	702,894 1%	51,211,104 100%
2019	2,056,463 4%	8,013,083 15%	10,221,464 20%	30,218,525 59%	903,820 2%	51,413,355 100%
2020	1,524,857 3%	8,560,643 16%	10,075,483 19%	31,125,163 59%	1,263,102 3%	52,549,248 100%
2021	656,790 1%	8,398,875 16%	10,671,559 21%	30,333,393 60%	937,358 2%	50,997,975 100%
2022	1,344,383 2%	9,972,164 18%	11,350,714 21%	31,249,407 58%	293,120 1%	54,209,788 100%
2023	1,935,859 3%	9,511,041 17%	11,448,061 21%	31,261,422 56%	1,403,105 3%	55,559,488 100%
2024	1,616,196 2%	11,886,214 19%	15,150,665 24%	32,513,703 51%	2,699,155 4%	63,865,933 100%
2025	1,586,172 2%	12,556,226 20%	15,210,672 24%	31,791,982 50%	2,609,298 4%	63,754,350 100%

SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2016	\$ 1,153,014 2%	\$ 1,612,075 3%	\$ 20,230,015 41%	\$ 150,444 -	\$ 7,934,604 16%	\$ 3,743,950 8%	\$ 2,624,337 5%
2017	1,493,074 2%	1,788,939 3%	28,839,252 46%	251,888 1%	10,463,569 17%	4,493,422 7%	3,007,484 5%
2018	1,460,342 2%	1,803,755 3%	27,957,766 46%	252,554 1%	9,984,693 17%	4,517,900 7%	2,930,048 5%
2019	827,315 2%	1,816,877 5%	13,714,316 35%	107,757 -	5,586,492 14%	2,997,694 8%	2,640,535 7%
2020	1,225,243 2%	1,857,405 3%	22,905,668 42%	167,804 -	8,740,605 16%	4,233,607 8%	3,378,207 6%
2021	1,405,254 3%	1,961,638 4%	20,245,354 41%	165,690 -	8,710,089 17%	3,818,764 8%	2,654,632 5%
2022	1,260,499 3%	2,170,865 5%	18,216,885 39%	157,676 -	7,677,928 16%	3,136,782 7%	3,100,032 7%
2023	1,118,524 3%	2,399,481 6%	13,719,694 33%	139,854 -	6,964,002 17%	2,623,095 6%	3,034,585 7%
2024	1,378,956 3%	2,589,598 5%	18,190,771 36%	188,712 -	9,175,453 18%	3,296,190 7%	4,033,285 8%
2025	1,669,685 3%	2,657,647 5%	20,469,255 36%	234,291 -	10,979,419 20%	4,072,290 7%	4,668,826 8%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation/Amortization Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 5,130,866 10%	\$ 145,114 -	\$ 1,868,409 4%	\$ 2,278,869 5%	\$ 1,349,560 3%	\$ 1,277,194 3%	\$ 49,498,451 100%
4,803,238 8%	155,560 -	2,081,770 3%	2,759,987 4%	1,342,250 2%	1,219,318 2%	62,699,751 100%
4,527,741 8%	182,420 -	1,985,158 3%	2,693,355 4%	1,427,210 2%	1,197,044 2%	60,919,986 100%
4,912,325 12%	173,521 -	2,108,072 5%	2,118,791 5%	1,459,823 4%	1,054,808 3%	39,518,326 100%
4,741,466 9%	250,147 1%	2,267,479 4%	2,191,682 4%	1,460,300 3%	1,228,246 2%	54,647,859 100%
5,036,344 10%	267,833 1%	1,468,286 3%	1,696,144 3%	1,446,479 3%	1,120,550 2%	49,997,057 100%
4,435,491 9%	268,937 1%	1,999,919 4%	1,928,293 4%	1,439,096 3%	988,717 2%	46,781,120 100%
4,722,976 11%	296,544 1%	2,041,581 5%	1,918,753 5%	1,478,380 4%	960,391 2%	41,417,860 100%
4,823,508 10%	333,884 1%	2,139,738 4%	2,036,031 4%	1,565,447 3%	726,870 1%	50,478,443 100%
4,764,732 8%	358,803 1%	2,075,942 4%	2,186,999 4%	1,693,127 3%	588,957 1%	56,419,973 100%

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SPECIAL SCHOOL DISTRICT NO. 6

General Fund Revenue by Source
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Local Property Taxes</u>	<u>State</u>	<u>Federal</u>	<u>Other Local</u>	<u>Total</u>
2016	\$ 5,064,027 12%	\$ 34,259,165 83%	\$ 1,257,276 3%	\$ 844,992 2%	\$ 41,425,460 100%
2017	5,452,392 13%	35,121,981 82%	1,325,739 3%	1,007,095 2%	42,907,207 100%
2018	5,177,387 12%	35,710,305 82%	1,333,323 3%	1,139,108 3%	43,360,123 100%
2019	6,637,567 15%	35,976,601 79%	1,384,129 3%	1,209,319 3%	45,207,616 100%
2020	6,592,421 15%	35,626,546 79%	1,378,700 3%	1,193,262 3%	44,790,929 100%
2021	7,284,368 16%	34,077,775 77%	2,171,606 5%	888,058 2%	44,421,807 100%
2022	7,756,124 17%	33,603,981 72%	4,330,057 9%	1,014,983 2%	46,705,145 100%
2023	7,905,472 17%	33,952,732 72%	3,931,927 8%	1,542,717 3%	47,332,848 100%
2024	11,468,447 21%	37,789,940 69%	3,198,331 6%	2,129,867 4%	54,586,585 100%
2025	11,683,869 22%	38,621,894 72%	1,819,421 3%	1,886,412 3%	54,011,596 100%

SPECIAL SCHOOL DISTRICT NO. 6

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2016	\$ 1,079,698 2%	\$ 1,593,886 4%	\$ 19,997,954 48%	\$ 147,844 -	\$ 7,832,449 19%
2017	1,072,918 2%	1,704,901 4%	20,410,135 48%	187,501 -	7,751,666 18%
2018	1,127,343 3%	1,764,843 4%	20,746,253 48%	180,445 -	7,737,139 18%
2019	1,161,013 3%	1,891,938 4%	21,225,940 47%	180,823 -	8,066,259 18%
2020	1,183,514 2%	1,882,854 4%	21,927,804 47%	160,800 -	8,541,448 18%
2021	1,394,814 3%	2,038,010 5%	19,715,733 45%	164,582 -	8,680,368 20%
2022	1,604,709 3%	2,381,164 5%	20,350,908 45%	178,954 -	8,683,754 19%
2023	1,459,459 3%	2,457,096 5%	19,985,908 44%	201,508 -	9,306,173 20%
2024	1,544,709 3%	2,638,121 5%	21,289,124 43%	222,710 -	10,357,404 21%
2025	1,696,415 3%	2,748,264 5%	20,708,882 39%	236,653 -	11,155,552 21%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Other Programs</u>	<u>Total</u>
\$ 3,707,592 9%	\$ 2,609,229 6%	\$ 4,649,362 11%	\$ 262,554 1%	\$ 41,880,568 100%
3,492,275 8%	2,689,663 6%	5,461,050 13%	220,708 1%	42,990,817 100%
3,677,803 8%	2,663,758 6%	5,565,648 13%	182,420 –	43,645,652 100%
3,950,967 9%	3,009,831 7%	5,576,373 12%	173,521 –	45,236,665 100%
4,137,689 9%	3,353,482 7%	5,613,410 12%	338,500 1%	47,139,501 100%
3,764,591 8%	2,630,715 6%	5,079,931 11%	790,371 2%	44,259,115 100%
3,520,581 8%	3,242,525 7%	4,849,740 11%	791,885 2%	45,604,220 100%
3,392,309 8%	3,379,409 7%	4,912,021 11%	818,091 2%	45,911,974 100%
3,685,082 7%	4,184,415 8%	5,492,162 11%	851,908 2%	50,265,635 100%
4,157,832 8%	4,697,906 9%	6,741,183 13%	842,956 2%	52,985,643 100%

SPECIAL SCHOOL DISTRICT NO. 6

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies				
2016	\$ 5,072,061	\$ 499,299	\$ 3,176,475	\$ 8,747,835
2017	4,971,240	511,504	3,247,353	8,730,097
2018	6,489,708	431,979	3,114,579	10,036,266
2019	6,426,941	417,739	3,086,030	9,930,710
2020	7,117,919	547,781	2,844,122	10,509,822
2021	7,491,084	596,118	2,986,027	11,073,229
2022	7,693,497	513,156	3,013,106	11,219,759
2023	11,494,127	422,632	3,252,423	15,169,182
2024	11,396,607	246,834	3,240,442	14,883,883
2025	11,284,185	421,664	3,588,838	15,294,687
Tax capacity rates				
2016	12.591	3.278	20.850	36.719
2017	12.815	3.137	19.916	35.868
2018	11.991	2.360	17.016	31.367
2019	11.229	2.193	16.200	29.622
2020	12.730	2.608	13.540	28.878
2021	13.355	2.815	14.100	30.270
2022	13.654	2.250	13.212	29.116
2023	11.567	1.617	12.444	25.628
2024	11.105	0.925	12.145	24.175
2025	11.274	1.450	12.341	25.065
Market value rates				
2016	0.18667	—	—	0.18667
2017	0.14734	—	—	0.14734
2018	0.23734	—	—	0.23734
2019	0.19630	—	—	0.19630
2020	0.19271	—	—	0.19271
2021	0.20054	—	—	0.20054
2022	0.17989	—	—	0.17989
2023	0.33651	—	—	0.33651
2024	0.28262	—	—	0.28262
2025	0.26522	—	—	0.26522

Note: A tax rate based on market value is used primarily for the District's referendum levy.

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Tax Capacities and Market Values
Last Ten Fiscal Years

Taxes Collectible	Tax Capacity Valuation					Market Value
	Nonagricultural and Personal	Net Fiscal Disparities Distribution	Tax Increment	Total Taxable		
2016	\$ 14,486,492	\$ 2,491,955	\$ (1,661,773)	\$ 15,316,674	\$ 1,333,685,325	
2017	15,213,174	2,736,665	(1,732,491)	16,217,348	1,394,111,550	
2018	16,741,700	2,801,054	(1,816,971)	17,725,783	1,526,948,025	
2019	17,887,397	2,881,747	(1,971,353)	18,797,791	1,617,423,625	
2020	19,647,746	3,182,514	(1,948,178)	20,882,082	1,784,759,825	
2021	20,621,225	3,096,995	(2,338,526)	21,379,694	1,851,551,800	
2022	21,628,982	3,327,641	(2,350,284)	22,606,339	1,944,313,925	
2023	25,090,595	3,061,421	(2,653,142)	25,498,874	2,243,349,825	
2024	26,769,047	3,160,105	(3,545,888)	26,383,264	2,357,655,550	
2025	27,093,400	3,254,184	(1,084,562)	29,263,022	2,398,943,050	

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Property Tax Levies and Receivables
Last Ten Fiscal Years

<u>Taxes Collectible</u>	<u>Original Levy</u>		
	<u>Local Spread</u>	<u>Fiscal Disparities</u>	<u>Total Spread</u>
2016	\$ 6,791,300	\$ 1,956,535	\$ 8,747,835
2017	6,468,534	2,261,563	8,730,097
2018	7,923,706	2,112,560	10,036,266
2019	7,499,706	2,431,004	9,930,710
2020	8,139,687	2,370,135	10,509,822
2021	8,828,211	2,245,018	11,073,229
2022	8,647,634	2,572,125	11,219,759
2023	12,894,478	2,274,704	15,169,182
2024	11,862,680	3,021,203	14,883,883
2025	12,371,583	2,923,104	15,294,687

Note: Delinquent taxes are written off after seven years.

Source: Dakota County

Uncollected Taxes Receivable as of June 30, 2025

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ —	— %	\$ —	— %
—	—	—	—
—	—	—	—
9,300	0.09	—	—
5,181	0.05	—	—
12,325	0.11	—	—
15,175	0.14	—	—
51,058	0.34	—	—
164,194	1.10	—	—
—	—	8,836,090	57.77
<u>\$ 257,233</u>		<u>\$ 8,836,090</u>	

SPECIAL SCHOOL DISTRICT NO. 6

Students Served
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	36.22	264.49	1,681.05	1,526.21	3,507.97	3,813.22
2017	86.06	231.27	1,654.38	1,553.52	3,525.23	3,835.94
2018	121.03	235.57	1,558.43	1,571.45	3,486.48	3,800.76
2019	139.10	232.69	1,526.59	1,520.91	3,419.29	3,723.48
2020	146.47	225.51	1,427.23	1,489.81	3,289.02	3,586.98
2021	101.30	206.91	1,316.40	1,477.72	3,102.33	3,397.87
2022	120.07	189.75	1,252.54	1,466.84	3,029.20	3,322.60
2023	105.68	182.52	1,188.95	1,448.82	2,925.97	3,215.73
2024	132.12	165.11	1,167.28	1,353.77	2,818.28	3,089.03
2025	136.65	210.43	1,135.15	1,322.25	2,804.48	3,068.92

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

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

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

Source: Minnesota Department of Education student reporting system

OTHER REQUIRED REPORTS

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

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Special School District No. 6 (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 and have issued our report thereon dated December 30, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as findings 2025-001 and 2025-002 that we consider to be material weaknesses.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSES TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

PURPOSE OF THIS REPORT

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

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

December 30, 2025



INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Special School District No. 6 (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, and have issued our report thereon dated December 30, 2025.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

Respectfully submitted,

A handwritten signature in black ink that reads 'LB Carlson, LLP'.

LB CARLSON, LLP
Minneapolis, Minnesota

December 30, 2025

SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A. FINANCIAL STATEMENT FINDINGS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESSES

2025-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – Special School District No. 6 (the District) has limited segregation of duties in several areas, including the processing of receipts, payroll transactions, journal entries, and certain computer controls.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff and turnover in the current year.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected and corrected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2025

A. FINANCIAL STATEMENT FINDINGS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

MATERIAL WEAKNESSES (CONTINUED)

2025-002 Timeliness and Accuracy of Reconciliations

Criteria – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner.

Condition – During our audit, we noted that the monthly cash and investment reconciliations and payroll liability reconciliations prepared by the District’s staff were not being performed in a timely manner. The effectiveness of some internal controls was diminished, due to a lack of timeliness and accuracy in completing these important control procedures.

Questioned Costs – Not applicable.

Context – Monthly cash and investment and payroll liability reconciliations were not being completed accurately or timely throughout the fiscal year.

Repeat Finding – This is a current year finding.

Cause – This condition was primarily caused by turnover of key district personnel within the business office staff.

Effect – This condition subjects the District to higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

Recommendation – We recommend that district management review the internal controls over the monthly reconciliations of cash and investments and payroll liability accounts and ensure these are completed timely and accurately.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District’s financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

SPECIAL SCHOOL DISTRICT NO. 6

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2025

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 54,011,596	\$ 54,011,595	\$ 1
Total expenditures		\$ 52,985,643	\$ 52,985,643	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 8,440	\$ 8,440	\$ –
Restricted				
401	Student activities	\$ 263,269	\$ 263,269	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ –	\$ –	\$ –
407	Capital projects levy	\$ 158,338	\$ 158,338	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
412	Literacy incentive aid	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
420	American Indian education aid	\$ 16,000	\$ 16,000	\$ –
424	Operating capital	\$ 1,201,595	\$ 1,201,595	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ 256,805	\$ 256,805	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
437	Quality compensation	\$ 283,002	\$ 283,002	\$ –
438	Gifted and talented	\$ 99,861	\$ 99,861	\$ –
439	English learner	\$ –	\$ –	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ 1,158,904	\$ 1,158,904	\$ –
443	School library aid	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
449	Safe schools levy	\$ 167,366	\$ 167,366	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
456	Literacy aid	\$ 102,691	\$ 102,691	\$ –
457	Teacher compensation for READ Act training	\$ 35,982	\$ 35,982	\$ –
459	Basic skills extended time	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 137,437	\$ 137,437	\$ –
471	Student support personnel	\$ 1,788	\$ 1,788	\$ –
472	Medical Assistance	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 371,724	\$ 371,724	\$ –
475	Title VII – impact aid	\$ –	\$ –	\$ –
476	PILT	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 2,675,000	\$ 2,675,000	\$ –
Unassigned				
422	Unassigned fund balance	\$ 8,427,066	\$ 8,427,066	\$ –
Food Service				
Total revenue		\$ 2,520,756	\$ 2,520,756	\$ –
Total expenditures		\$ 2,318,210	\$ 2,318,210	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 38,430	\$ 38,430	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 1,407,327	\$ 1,407,327	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 2,261,691	\$ 2,261,691	\$ –
Total expenditures		\$ 2,242,621	\$ 2,242,622	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 628,661	\$ 628,661	\$ –
432	ECFE	\$ 115,816	\$ 115,816	\$ –
437	Quality compensation	\$ –	\$ –	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 12,749	\$ 12,749	\$ –
447	Adult basic education	\$ 153,942	\$ 153,942	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
456	Literacy aid	\$ –	\$ –	\$ –
457	Teacher compensation for READ Act training	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

SPECIAL SCHOOL DISTRICT NO. 6

Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2025

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 3,343,994	\$ 3,343,994	\$ –
Total expenditures	\$ 3,225,800	\$ 3,225,800	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 938,350	\$ 938,350	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 7,116,685	\$ 7,116,685	\$ –
Total expenditures	\$ 7,174,574	\$ 7,174,574	\$ –
422 Net position	\$ 10,021,334	\$ 10,021,334	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ 838,335	\$ 838,335	\$ –
Total expenditures	\$ (104,408)	\$ (104,408)	\$ –
422 Net position	\$ (2,562,315)	\$ (2,562,315)	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –

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

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