

Year Ending June 30, 2025

Annual comprehensive financial report

Minneapolis Public Schools
Special School District No.1,
Minneapolis, Minnesota



www.mpschools.org

1250 W. Broadway Ave. Minneapolis, MN 55411

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF
MINNEAPOLIS PUBLIC SCHOOLS
SPECIAL SCHOOL DISTRICT NO. 1
MINNEAPOLIS, MINNESOTA**

For the Year Ended

June 30, 2025

Prepared by

THE FINANCE DEPARTMENT

**MINNEAPOLIS PUBLIC SCHOOLS
SPECIAL SCHOOL DISTRICT NO. 1**

**John B. Davis Education and Service Center
1250 W. Broadway Ave.
Minneapolis, MN 55411**

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Special School District No. 1
Minneapolis, Minnesota
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Minneapolis, Minnesota
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INTRODUCTORY SECTION

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**Minneapolis Public Schools
Special School District No. 1
Board of Education and Administration
June 30, 2025**

Board of Education	Position	Term Expires
Collin Beachy	Chair	2027
Kim Ellison	Vice Chair	2029
Lori Norvell	Clerk	2027
Abdul Abdi	Treasurer	2027
Lucie Skjefte	Director	2027
Adriana Cerrillo	Director	2029
Sharon El-Amin	Director	2029
Joyner Emerick	Director	2027
Greta Callahan	Director	2029
Lyn Ampey	Student Representative	2025
Isiah Martin	Student Representative	2025

Administration

Dr. Lisa Sayles-Adams Superintendent

District Offices Special School District No. 1
Minneapolis Public Schools
1250 West Broadway Avenue
Minneapolis, MN 55411
(612) 668-0000

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March 27, 2026

To: People of Minneapolis
Board of Education
Dr. Lisa Sayles-Adams, Superintendent

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Special School District No. 1, Minneapolis, Minnesota (the “District” or “MPS”), for the fiscal year ended June 30, 2025. Responsibility for the entire financial report rests with District management including the financial information and internal controls throughout the audited fiscal year. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

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

The ACFR includes three primary sections:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, awards, and acknowledgements (if applicable), and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules, and required supplementary information. The independent auditor’s report is also included in the financial section. The independent auditor’s report includes the basis for opinion on the District’s financials and internal controls for the fiscal year. Notes to the financial section are provided to enhance the reader’s understanding of the District’s accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

ECONOMIC CONDITION AND OUTLOOK

MPS is a full service, comprehensive special school district created by the Minnesota Legislature in 1959, although the District had been operating under different organizational structures since 1860. MPS provides full day kindergarten through twelfth grade general education services as well as special education services, career and technical instruction, early childhood and voluntary pre-kindergarten programming, and adult basic educational programming taught by licensed Minnesota educators. The District also offers community education, school age care, and after school enrichment programming, as well as culinary and transportation services for students.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

MPS, Minnesota's third largest school district by enrollment, is governed by the Minneapolis Board of Education (the "school board"), a publicly elected board with nine members, six of whom represent geographic sub-districts and three at-large members elected citywide. Board directors are elected to four-year terms which are staggered so that half of the seats stand for election every two years, with an additional seat elected in even non-Presidential years. The board's primary duties include monitoring the District's budget, setting District policies, and selecting a Superintendent to manage the day-to-day affairs of the District. The District's boundaries are coterminous with those of the City of Minneapolis. The estimated population for the City of Minneapolis is 435,233.

MPS exists independently from other local government entities such as the City of Minneapolis, Hennepin County, or the Metropolitan Council, with its own governing body, budgetary authority, and taxing power. The appropriated budget includes the District's governmental funds including The General Fund, Food Service Fund, Community Service Fund, Capital Project Fund and the Debt Service Fund. The budgetary authority of the District is annually appropriated with approval by The District's Board of Education which is The District's legal level of budgetary control. MPS is overseen by the Minnesota Department of Education.

MPS' process for budgeting is a multi-month budget tie out process that takes the knowledge of key members throughout the District in the development and recommendation to the Finance Committee. After the recommendation to the Finance Committee the budget is presented to the MPS Board of Education for approval by resolution.

For 2024–2025, District facilities included forty elementary schools, eight middle schools, two K-8 schools, ten high schools, three alternative schools, five District administration buildings, two vacant schools and two surplus properties. District facilities were constructed between 1898 and 2018, with the largest concentration being constructed in the 1920s. The District finances major upkeep, as well as major updates such as remodeling or additions, with capital project funding. The full list of District building information is listed in the Statistics Section of the ACFR.

Adjusted daily membership (ADM) for the 2024-25 school year was 29,109, an increase of 620 ADMs from the previous year. Enrollment is projected to be stable in the future fiscal years.

The tax base of the District decreased .9% percent during the past year. The market value of all taxable properties in the District in fiscal year 2025 was \$63,326,682,875 compared to 2024 which was \$63,873,441,990 and compared to \$66,880,677,472 in fiscal year 2023. The net tax capacity of the District for fiscal year 2025 was \$762,358,686, a decrease of 0.8% from 2024's value of \$768,714,251 and 2023's value of \$806,681,563.

The state fiscal disparities law provides for the pooling of 40.0 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing authorities according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed \$25,045,196 in fiscal year 2025 compared to \$22,987,159 in fiscal year 2024 and \$22,128,927 in fiscal year 2023.

FINANCIAL INFORMATION

The District's accounting system has been designed to reasonably assure the safety of District assets and the reliability of financial records with adequate internal controls and segregation of duties across finance department staff. Financial statements are prepared in conformity with generally accepted accounting principles as specified by the Governmental Accounting Standards Board ("GASB"). The accounting principle of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits derived, and that management must use judgement and estimation in determining the value of costs and benefits.

The District's main sources of revenue are revenue from the State of Minnesota, property taxes, federal sources, and other revenues. State aid is primarily tied to the District's enrollment and certain expenditures. Changes to the District's enrollment will lead to changes to state aid received. Property tax support remains stable for the District in the future fiscal years. The District's use of one-time COVID relief funds provided the District support in prior years with the last grants expiring in September 2024.

The District has an internal policy to maintain an unassigned General Fund balance of 8% of current fiscal year budgeted expenditures. The District ended the fiscal year with an unassigned balance of \$54,470,945, which amounts to 7.5% of the FY26 budgeted expenditures. However, the District paid a \$4,838,400 invoice prior to year-end that was due in fiscal year 2026. In accordance with Generally Accepted Accounting Principles (GAAP), this payment was classified as a prepaid asset. Because GASB requires prepaid assets' corresponding fund balance to be classified separately, the unassigned fund balance is below the policy balance. If the nonspendable fund balance was added to the unassigned fund balance, the District would exceed the 8% policy limit. The District maintains a total General Fund balance of \$111,642,059 and a total Governmental Fund balance of \$399,468,821.

Below are some facts about the 2024–2025 fiscal year financial and nonfinancial information:

Revenues:

- General Fund revenue decreased approximately \$42.6 million compared to the previous fiscal year. The decrease is primarily related to the expiration of Federal COVID funding grants.
- The basic per pupil General Education Aid formula amount from the state was \$7,281 for fiscal year 2025 and \$7,138 for fiscal year 2024 (a 2.0% increase from fiscal year 2024). The rate per pupil is a driving factor in the amount of General Education Aid the District received.
- The District recorded revenue of approximately \$248.2 million in fiscal year 2025 for property taxes related to The District's levy. This is the District's second largest source of revenue after revenue received from state sources.

Expenditures:

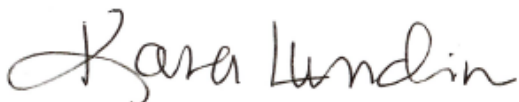
- General Fund expenditures remained flat, increasing only \$5 million or 0.7% from the previous fiscal year. The increase in salaries is the main reason General Fund expenditures increased compared to last fiscal year.
- Most of the District's expenditures are related to employee salaries and benefits. The largest share of the cost of salaries and benefits are related to expenditures for instruction of students.
- The District continues to use its general resources to finance a great portion of special education services, as the state and federal government reimbursement rates are insufficient to fully fund these costs.

OTHER INFORMATION

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

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting program and Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. Achieving recognition from these two programs is a primary financial goal for the District as this would indicate high standards in financial reporting and accountability for the District. This is the fourth year the District has prepared an Annual Comprehensive Financial Report. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for the 2023 and 2024 Annual Comprehensive Financial Reports. As of the report date, the District's general obligation and full-term certificates of participation debt is rated 'Aa2' by Moody's Investors Service and 'AA' by S&P Global Ratings. We acknowledge the efforts of the entire Accounting staff in providing complete and accurate data for the fiscal year 2025 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kara Lundin".

Kara Lundin
Interim Senior Officer of Finance (Contract)
Center for Effective School Operations (CESO)

Minneapolis Public Schools
Special School District No. 1
ASBO Certificate of Excellence in Financial Reporting



The Certificate of Excellence in Financial Reporting
is presented to

Minneapolis Public Schools
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



Ryan S. Stechschulte
President

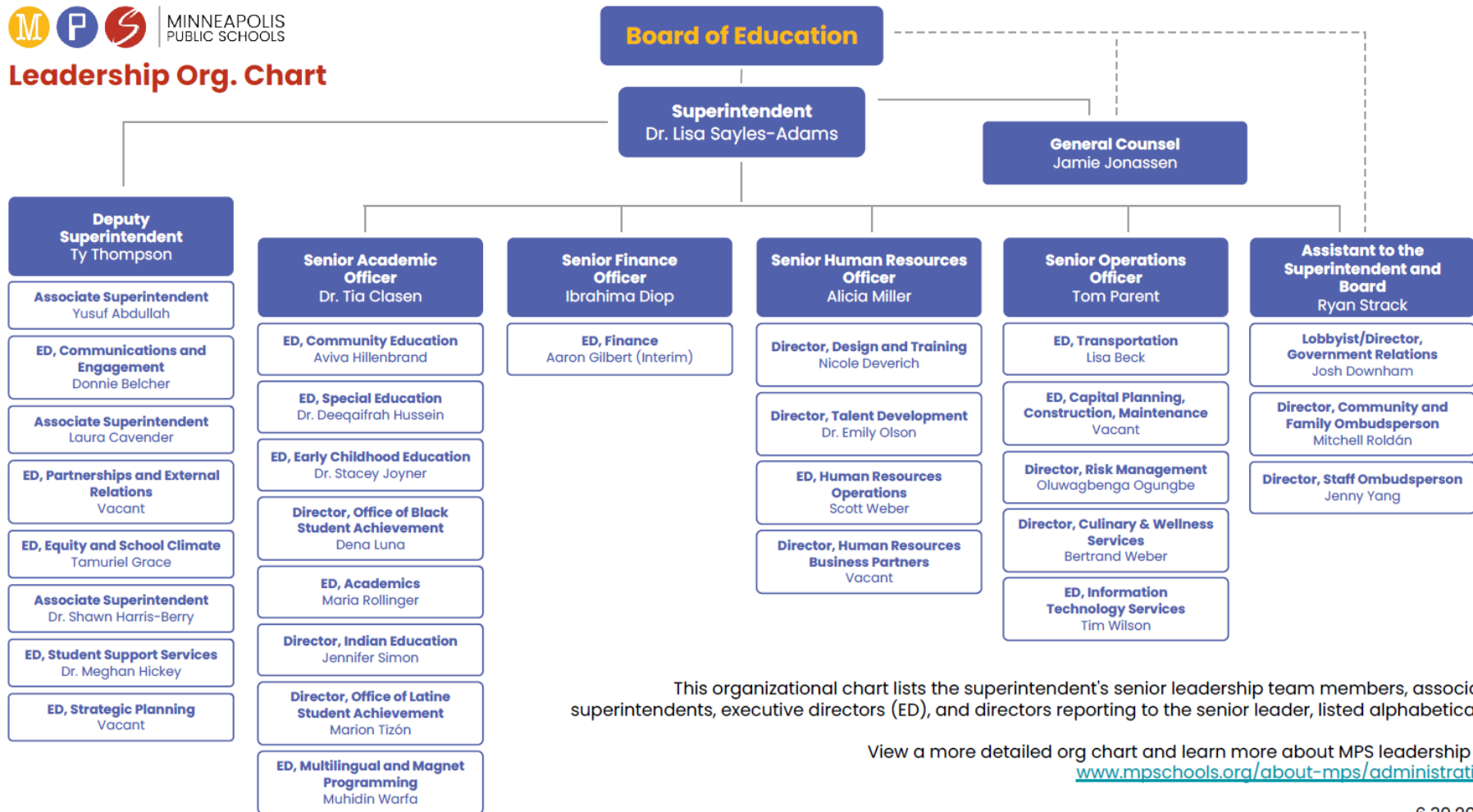
James M. Rowan, CAE, SFO
CEO/Executive Director

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Minneapolis Public Schools Special School District No. 1 Organizational Chart



Leadership Org. Chart



This organizational chart lists the superintendent's senior leadership team members, associate superintendents, executive directors (ED), and directors reporting to the senior leader, listed alphabetically.

View a more detailed org chart and learn more about MPS leadership at www.mpschools.org/about-mps/administration

6.30.2025

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FINANCIAL SECTION

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Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, as of June 30, 2025, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minneapolis Public Schools, Special School District No. 1 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

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Minneapolis Public Schools, Special School District No. 1 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information 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 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 Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
March 27, 2026

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**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2025. Please read it alongside the financial statements that immediately follow this section.

Management's Discussion and Analysis ("MD&A") is required supplementary information as specified by GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information is required to be presented in the MD&A.

Financial Highlights

- Government-wide operation causes a positive increase in Net Position; however, this was offset by a \$21.6M decrease due to a change in accounting principle.
- Total fund balance in the governmental funds decreased by \$29.7M.
- The General Fund outperformed its \$92.4M budget deficit with only a \$40.6M operating loss. Revenues were 1.7% over budget and expenditures were 4.1% under budget.

Overview of the Financial Section

The financial section of the annual audit report consists of four subparts: the Independent Auditor's report, required supplementary information, including MD&A, the basic financial statements, and supplementary information to those statements. The financial statements include two kinds of statements that present different views of the district:

- Government-wide financial statements provide both short-term and long-term information about the district's overall financial status. These are the first two financial statements.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the government-wide statements.

Within these fund financial statements are three different types of fund statements:

- Governmental funds statements tell how basic services such as regular education, special education, and other services were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the district's self-insured risk management activities.
- Fiduciary funds statements provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements, as well as providing more detail.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Overview of the Financial Section (Continued)

Government-Wide Statements

The government-wide statements 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 and deferred outflows of resources along with 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 disbursed.

Our financial statements include two government-wide statements that report on the district's net position. The net position is the difference between the district's assets and deferred outflows of resources over liabilities and deferred inflows of resources and is one way to measure the district's financial health. Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the district you must consider additional non-financial factors such as, but not limited to, the district's property tax base and the condition of school buildings and other facilities.

Government-wide financial statements show the district's activities through the singular category of '*Governmental Activities*', which includes most basic district services such as, but not limited to regular education, special education, transportation, administration, food service and community education. These activities are primarily financed through property taxes and various state aids.

Fund Financial Statements

Fund financial statements provide more detailed information about the district's funds with a focus on the most significant funds, as opposed to the district as a whole. "Funds" are accounting devices used by the district to track specific sources of funding alongside the expenses for a particular set of programs. Some funds are required under state law and/or by bond covenants, while other funds may be established by the district to control and manage money for particular purposes (e.g., repayment of long-term debt) or to show that certain revenues (such as federal grants) are being properly expended.

- **Governmental Funds** - Most of the district's basic services are included in governmental funds, which usually focus on how cash and cash equivalents flow into and out of the district; as well as any remaining balance at the end of the fiscal year that are available for spending. Consequently, governmental funds statements provide a detailed short-term view that can help determine the availability of resources in the near future that can be used to finance district programming. Since this information does not encompass the additional long-term information included in the government-wide statements, we provide additional information immediately following the governmental funds statements in the form of reconciliation schedules to explain the relationship between the two types of financial presentations. These additional statements follow immediately after the governmental fund statements.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Overview of the Financial Section (Continued)

Fund Financial Statements (Continued)

The district has three categories of funds:

- **Proprietary Fund - Internal Service Fund** - Used to report activities that provide services for the district's other programs and activities. The district currently has one internal service fund through which it records financial activity related to the self-insurance of worker's compensation, property, and liability. This fund is also used to accumulate and record the district's liability for accrued compensated absences (such as severance and vacation) as well as health insurance benefits for eligible former employees who have retired.
- **Fiduciary Fund** - The district is the trustee, also known as a *fiduciary*, for assets that belong to others, such as assets held in trust for post-employment benefits. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and for whom the assets belong. All of the district's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary position. We exclude these activities from the government wide financial statements because the district cannot use these assets to finance operations.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District - Government-Wide

Net Position

The district's combined net position was (\$216.5M) on June 30, 2025. This was a decrease of 11% from the prior year.

Net Position

	Primary Government		Percentage Change
	Governmental Activities		
	2024	2025	
Current and other assets	\$ 805,588,602	\$ 793,209,076	-2%
Capital assets	918,227,336	922,939,096	1%
Total assets	<u>1,723,815,938</u>	<u>1,716,148,172</u>	<u>0%</u>
Deferred outflows of resources	<u>150,364,933</u>	<u>134,173,988</u>	<u>-11%</u>
Total assets and deferred outflows of resources	<u><u>1,874,180,871</u></u>	<u><u>1,850,322,160</u></u>	<u><u>-1%</u></u>
Current liabilities	72,221,888	69,211,871	-4%
Long-term liabilities	1,611,878,377	1,490,526,561	-8%
Total liabilities	<u>1,684,100,265</u>	<u>1,559,738,432</u>	<u>-7%</u>
Deferred inflows of resources	<u>385,237,423</u>	<u>507,087,697</u>	<u>32%</u>
Total liabilities and deferred inflows of resources	<u><u>2,069,337,688</u></u>	<u><u>2,066,826,129</u></u>	<u><u>0%</u></u>
Net position			
Net investment in capital assets	235,214,130	237,783,076	1%
Restricted	74,141,069	105,061,828	42%
Unrestricted	<u>(504,512,016)</u>	<u>(559,348,873)</u>	<u>11%</u>
Total net position	<u><u>\$ (195,156,817)</u></u>	<u><u>\$ (216,503,969)</u></u>	<u><u>11%</u></u>

From FY2024 to FY2025 the District's assets and liabilities were consistent between years. Deferred inflows and outflows decreased and increased, respectively, because of the pension liability. The net investment in capital assets is the District's net assets netted with the outstanding debt used to finance those assets was flat. Restricted net position increased by \$31M, or 42%, due in part to an increase in operating capital funding in the General Fund along with restricted funds for employee benefits. The unrestricted net position decreased related to the deficit of the General Fund operations.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District - Government-Wide (Continued)

Changes in Net Position

The District nearly broke even for the year ended June 30, 2025 with revenues exceeding expenses by \$292,699. However, GASB 101 was implemented which required the District to account for additional sick time that wasn't accounted for, in the statements, in the past. A summary of the revenues and expenses is presented in the table below.

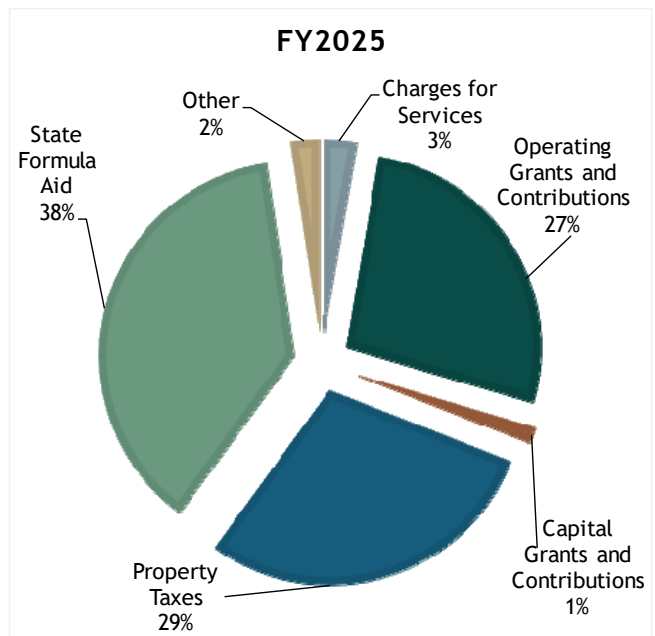
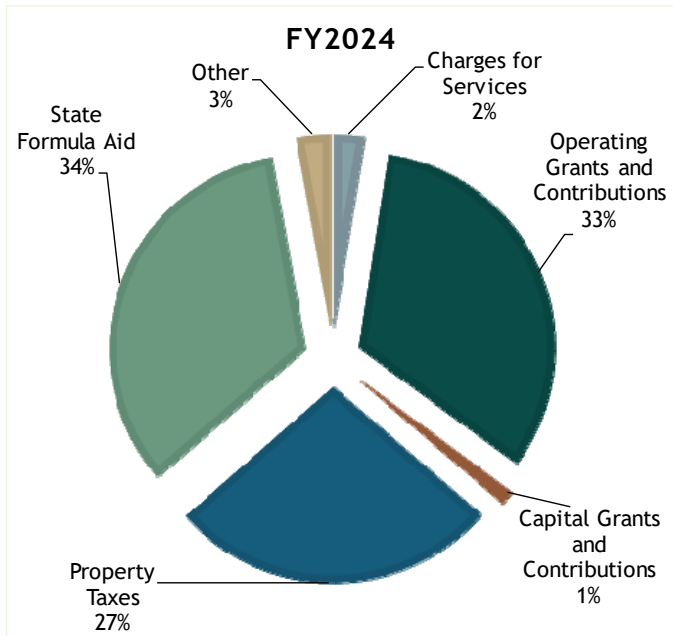
**Table A-2
Change in Net Position**

Revenues	Primary Government		Percentage Change
	Governmental Activities for the		
	Fiscal Year Ended June 30,		
	2024	2025	
Program revenues			
Charges for services	\$ 21,380,644	\$ 23,010,321	8%
Operating grants and contributions	289,188,045	229,441,822	-21%
Capital grants and contributions	10,331,303	11,471,934	11%
General revenues			
Property taxes	240,749,302	248,218,599	3%
State formula aid	297,488,168	321,151,226	8%
Other	24,432,567	19,697,816	-19%
Total revenues	883,570,029	852,991,718	-3%
Expenses			
District and school administration	15,358,708	22,184,537	44%
District support services	41,910,064	42,982,581	3%
Regular instruction	232,706,103	275,181,712	18%
Vocational instruction	4,461,105	6,510,653	46%
Special education instruction	94,210,309	137,699,917	46%
Instructional support services	43,307,250	48,790,897	13%
Pupil support services	112,661,018	107,809,187	-4%
Sites, buildings, and equipment	98,745,884	117,532,632	19%
Fiscal and other fixed cost programs	2,216,255	1,818,605	-18%
Food service	25,254,319	27,679,668	10%
Community education and services	30,605,377	37,969,547	24%
Interest and fiscal charges on long-term debt	26,277,977	26,539,083	1%
Total expenses	727,714,369	852,699,019	17%
Change in net position	155,855,660	292,699	-100%
Prior period restatements and Change in accounting principle (see note 12)	14,445,155	(21,639,851)	-250%
Net position - beginning	(365,457,632)	(195,156,817)	-47%
Net position - ending	\$ (195,156,817)	\$ (216,503,969)	11%

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District, Government-Wide (Continued)

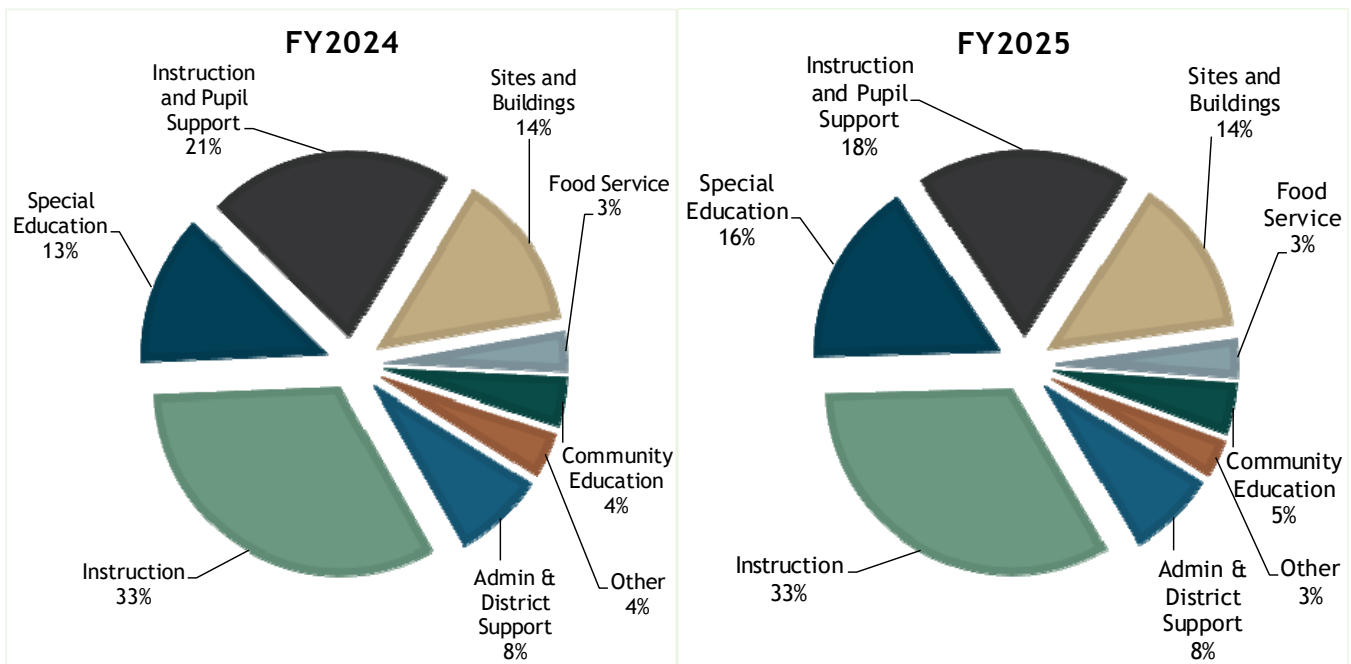
Total district FY2025 government-wide revenue was approximately \$853.0M compared to \$883.6M in FY2024, decreasing by \$30.6M. The largest sources of revenue for the District are operating grants, property taxes, and state formula aid. These categories make up 94% of the total revenue in both FY2024 and FY2025; however, the make up of these revenues changes between years. The most significant change was in operating grants, which decreased by nearly \$60M, or 21%, due to the expiration of the COVID grants. State formula aid increased due to higher enrollment over the prior year, an increase of 2% to the General Education Aid formula, and additional funding for English Learners.



**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District, Government-Wide (Continued)

Total expenses for all programs and services were \$852.7M in fiscal year 2025, an increase of \$125.0M, or 17%, over the prior year. While Regular Instruction spending decreased in FY25 and Special Education Funding increased in the governmental funds by \$23M related to salaries, benefits, and purchased services based on staffing levels and program needs, the net pension effect on the Government-wide expenses creates an increase in nearly every program. This is due in large part to changes of actual assumptions when calculating the net pension liability and related deferred outflows and inflows. The composition of the expense remained consistent between years.



**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District, Government-Wide (Continued)

Table A-3
Primary Government Cost and Net Cost of Services

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2025		2024	2025	
Administration	\$ 15,358,708	\$ 22,184,537	44%	\$ 5,527,007	\$ (19,625,545)	-455%
District Support Services	41,910,064	42,982,581	3%	(41,118,104)	(42,175,413)	3%
Elementary and Secondary						
Regular Instruction	232,706,103	275,181,712	18%	(194,664,685)	(224,462,864)	15%
Vocational Education Instruction	4,461,105	6,510,653	46%	(3,944,825)	(5,825,150)	48%
Special Education Instruction	94,210,309	137,699,917	46%	4,371,043	(6,443,141)	-247%
Instructional Support Services	43,307,250	48,790,897	13%	(39,454,435)	(44,232,191)	12%
Pupil Support Services	112,661,018	107,809,187	-4%	(19,382,514)	(100,204,983)	417%
Sites and Buildings	98,745,884	117,532,632	19%	(86,840,332)	(103,608,371)	19%
Fiscal and Other Fixed Cost Programs	2,216,255	1,818,605	-18%	(2,216,255)	(1,818,605)	-18%
Food Service	25,254,319	27,679,668	10%	(3,276,580)	(5,940,763)	81%
Community Education and Services	30,605,377	37,969,547	24%	463,280	(7,899,833)	-1805%
Interest and Fiscal Charges on Long-term Debt/Depreciation	26,277,977	26,539,083	1%	(26,277,977)	(26,539,083)	1%
Total	\$ 727,714,369	\$ 852,699,019	17%	\$ (406,814,377)	\$ (588,775,942)	45%

The net cost of governmental activities is the total cost of the program less the related revenues applicable to each category. The above table presents these costs. All categories of expenses show a negative net cost of services in FY2025 because property taxes and state aid formula grants support a large part of each program. In addition, depreciation expenses and changes in pension and OPEB costs are recognized in each program.

**Minneapolis Public Schools
Special School District No. 1
Management’s Discussion and Analysis**

Financial Analysis of the District’s Funds

The performance of the District is also reflected in its governmental funds. As of June 30, 2025, the District reported a *combined* fund balance of \$399.5M, a \$29.7M decrease from the previous year.

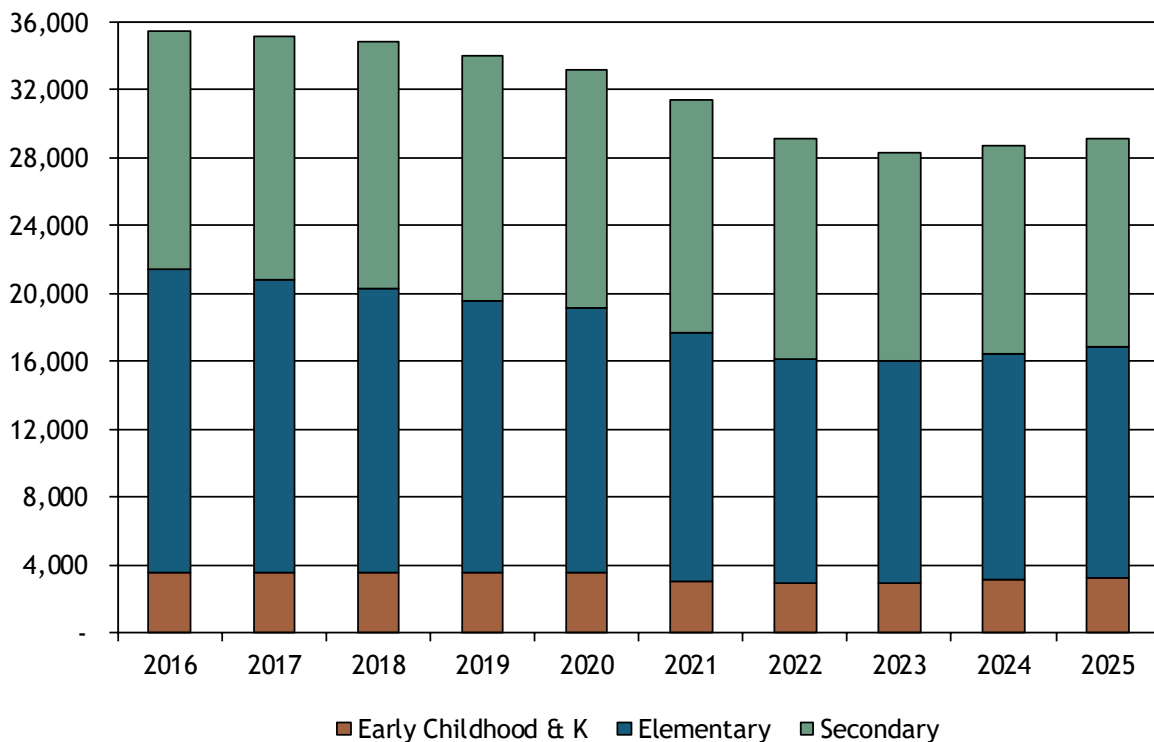
Total governmental revenues were \$838.7M while expenditures were \$967.3M. The District issued \$77.3M in bonds which had \$8.8M in bond premium and recognized \$11.3M in finance purchases and software subscription leases. The decrease in the governmental fund balance is attributed to the budgeted spenddown in the General Fund, whose budget called for a decrease in fund balance of \$92.4M. This fund outperformed its budget and the fund balance only decreased \$40.6M.

The details of the governmental funds will be discussed on the following pages.

Enrollment

District enrollment is the most critical factor that impacts revenue and uses of resources. In Minnesota, enrollment is measured using ‘average daily membership’ (ADM), which is the portion of the year that a student is enrolled in the District. Over the last ten years, the District experienced peak membership in the fiscal-2016 school year at 35,472. While enrollment decreased in fiscal years 2017 through 2023, enrollment increased in the past two fiscal years: 2024 and 2025.

**Student Enrollment
(Average Daily Membership)**



Source: Minnesota Department of Education MFR Report, District/School ADM Report

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

General Fund

The General Fund contains all revenue and expenses for the general day-to-day operations of the District. This includes salaries and benefits for teachers, paraprofessionals, administrators, custodians, and clerical; instructional supplies, technology, transportation, textbooks and money spent to operate and repair District assets.

**Table A-5
General Fund Revenues**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2024	2025		
Local sources				
Property taxes	\$ 143,922,511	\$ 146,662,010	\$ 2,739,499	2%
Earnings on investments	6,585,296	3,760,057	(2,825,239)	-43%
Other	16,677,729	17,305,564	627,835	4%
State sources	400,577,499	445,143,730	44,566,231	11%
Federal sources	133,186,390	45,464,108	(87,722,282)	-66%
Sales and other conversion of assets	244,292	213,029	(31,263)	-13%
Total	\$ 701,193,717	\$ 658,548,498	\$ (42,645,219)	-6%

In fiscal year 2025, General Fund revenue decreased by \$42.6M, or 6%, from the previous year. The sole reason for the decrease is due to the expiration of COVID funds. Federal aids decreased by \$87.7M, or 66%, due to the COVID grants expiring in September 2024. In FY2024, the District received \$89M in COVID grants and in FY2025, it only received \$517,000. This decrease was offset by an increase in General Education Aid of nearly \$2M, \$30M in Special Education Aid, \$9.4M in English Learner Aid, and \$2.2M in Read Act funds. The investment earnings decrease was due mainly to the spend down of fund balance, which decreases the amount of cash-on-hand to earn interest.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

General Fund (Continued)

**Table A-6
General Fund Expenditures**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2024	2025		
Salaries	\$ 394,855,451	\$ 400,711,557	\$ 5,856,106	1.5%
Employee benefits	139,356,369	144,829,646	5,473,277	3.9%
Purchased services	118,830,991	110,868,372	(7,962,619)	-6.7%
Supplies and materials	25,525,294	26,089,868	564,574	2.2%
Capital expenditures	13,017,513	11,364,536	(1,652,977)	-12.7%
Other expenditures	8,681,344	11,392,625	2,711,281	31.2%
Total	\$ 700,266,962	\$ 705,256,604	\$ 4,989,642	0.7%

For the year ended June 30, 2025, General Fund expenditures increased by \$5.0M, or 0.7%, from the prior year. Salaries and benefits increased by \$11.3M, or 2.1%, from the prior year. The largest factor driving the increase in Salaries and benefits was vacant positions being filled compared to the prior year.

General Fund Budget

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General, Food Service, Community Service, Debt Service, and Capital Projects funds. All annual unencumbered appropriations lapse at the end of the fiscal year.

To comply with the state statute that established the District, the District's Board of Education must adopt a budget for these funds by June 15 of the preceding fiscal year. Over the course of the fiscal year the Board adopts amendments to the respective fund budgets on an as-needed basis. There were amendments to the budget in fiscal year 2025.

For fiscal year 2025, the Board originally approved an \$85.3M decrease in the General Fund balance. This budget was amended to a \$92.4M decrease. The General Fund outperformed that budget with an operating loss of \$40.6M. Revenues of \$658.6M exceeded budget of \$647.6M by \$10.9M or 1.7%. Most budgeted revenues were consistent with the results however property taxes exceeding the budget by \$10.3M due to fiscal disparities and federal sources were under budget by \$6.5M based on the anticipated amount of funding.

Expenditures of \$705.3M were under the budget by \$30.1M or 4.1%. Overall, most programs were under budget offset by the larger budget variances in capital outlay and debt service that exceeded budget.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Capital Project - Building Construction Fund

The Capital Project Fund's purpose is to report on the activity related to the District's capital activity. Proceeds from the issuance of debt are used to fund the subsequent construction and improvement of District assets. Assets in this fund earn interest, which was \$9.6M in FY25. The Fund reported \$86.6M in debt proceeds and expended \$92.2M on projects. The fund balance of this fund was \$219.2M at year-end, an increase of \$4.0M from the prior year.

Debt Service Fund

The Debt service fund is used to collect taxes levied and pay the subsequent principal and interest payments on the related bonds. This fund is highly regulated through the amount of property taxes that are allowed to be levied for the related payments. The District is allowed to levy up to 105% of the subsequent year's payment. In FY2025, the Debt Service Fund's revenue exceeded expenditures by \$8.2M increasing the fund balance to \$56.9M.

Other Non-Major Funds

The Food Service Fund's expenditures exceeded revenues by nearly \$6M in FY25. The General Fund transferred \$6.2M to cover those losses, increasing the fund balance to \$1.9M.

The Community Service Fund ended FY2025 with a decrease in its fund balance of \$1.6M, exceeding its budget which anticipated an operating loss of \$4.2M.

Capital Asset and Debt Administration

Capital Assets

Total District investment in capital assets, net of accumulated depreciation and amortization at June 30, 2025, was \$922.9M. This is an increase of \$4.7M, or 1%, over the prior year balance of \$918.2M. Significant changes between the years are a result of the District finishing \$87.7M in construction projects that were added to buildings, netted with the addition of \$58.7M in new construction in progress. The District evaluated its machinery and equipment and disposed of assets that had previously been discarded or sold. Additional detail about capital assets can be found in Note 4 within the notes to basic financial statements. Depreciation and amortization expense for fiscal year 2025 was \$48.7M.

**Table A-7
Capital Assets (Net of Depreciation/Amortization)**

	2024	2025	Change	
Land	\$ 35,446,301	\$ 35,446,301	\$ -	0%
Construction in progress	148,016,270	118,978,568	(29,037,702)	-20%
Buildings	696,503,378	735,153,310	38,649,932	6%
Machinery and equipment	25,972,648	21,181,392	(4,791,256)	-18%
Lease and subscription assets	12,288,739	12,179,525	(109,214)	-1%
Total	\$ 918,227,336	\$ 922,939,096	\$ 4,711,760	1%

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

Long-Term Debt

As of June 30, 2025, the district had \$1.5B in outstanding long-term liabilities, an 8% or \$121.4M decrease from the prior year's balance of \$1.6B. The most significant decrease relates to the net pension liability, which decreased by \$161.9M. This is the District's portion of the State of Minnesota's pension plans. The District has very little control over this liability. The self-insurance reserve and compensated absence balance increased by 66% due to the implementation of the new GASB 101. This new pronouncement requires recognition of additional sick leave that wasn't measured in the past because it isn't paid out upon separation. For more information about the District's long-term liabilities see Note 5, Note 7, and Note 8 within the notes to basic financial statements.

**Table A-8
Outstanding Long-Term Liabilities**

	2024	2025	Change	
General obligation bonds	\$ 613,775,000	\$ 638,660,000	\$ 24,885,000	4%
Bond premium	100,420,440	100,021,644	(398,796)	0%
Certificates of participation payable	148,715,000	131,485,000	(17,230,000)	-12%
Notes from direct borrowing	14,135,835	13,960,740	(175,095)	-1%
Lease liability	9,272,735	8,144,708	(1,128,027)	-12%
Subscription liability	2,183,998	4,027,044	1,843,046	84%
Self insurance reserves and compensated absences	44,870,084	74,324,228	29,454,144	66%
Net OPEB liability	26,540,111	29,845,457	3,305,346	12%
Net pension liability	651,965,174	490,057,740	(161,907,434)	-25%
Total	\$ 1,611,878,377	\$ 1,490,526,561	\$ (121,351,816)	-8%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing conditions that could significantly affect its financial health in the future:

- The District approved a General Fund budget with an operating loss of \$26.3M for FY26. In addition, the Food Service Fund is anticipated to have an operating loss greater than original budgeted loss of \$1.4M due to the decreased enrollment in the months of January and part of February.
- Significant mandates were approved by the legislature in both May of 2023 and 2024. Many of these require significant financial and personal efforts to implement. It is unknown what future implication will result from these mandates. Currently it is unknown if the District will need to cover future costs from its operating budget such as: summer unemployment benefits and Read Act ongoing costs. It is also unknown the costs of the Paid Family Medical Leave act.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Factors Bearing on the District's Future (Continued)

- The compensatory funding was changed through legislative action and decreased the amount that ISD No. 1 receives. This change was offset in FY26 with a hold-harmless provision that restored funding. It is unknown if a hold-harmless provision will again be approved for Minnesota Districts.
- The State of Minnesota is looking to reduce special education funding in future years. It has reduced the amount of special education transportation reimbursement in FY26 and will reduce that by an additional amount in FY27. Additional reductions are anticipated but unknown.

Request for Information

This financial report is designed to provide a comprehensible overview of the district's finances for a general audience including taxpayers, parents, students, investors, employees, creditors, and residents of the City of Minneapolis. This report also demonstrates district accountability for the funding it receives. Additional details can be requested by mail by writing to:

Minneapolis Public Schools
ATTN: Finance Department
1250 West Broadway Ave
Minneapolis, MN 55411

Or visit our website at:
<http://www.mpschools.org>

BASIC FINANCIAL STATEMENTS

Minneapolis Public Schools
Special School District No. 1
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 489,245,512
Cash and investments held by trustee	40,629,617
Receivables	
Property taxes	146,785,806
Other governments	101,150,238
Accounts receivable	4,279,361
Lease receivable	431,760
Prepaid items	8,623,783
Inventory	2,062,999
Capital assets	
Land and construction in progress	154,424,869
Other capital asset, net of depreciation	756,334,702
Lease assets, net of amortization	12,179,525
Total assets	1,716,148,172
Deferred Outflows of Resources	
Deferred outflows related to OPEB	3,064,031
Deferred outflows related to pensions	131,109,957
Total deferred outflows of resources	134,173,988
Total assets and deferred outflows of resources	\$ 1,850,322,160
Liabilities	
Salaries and compensated absences payable	\$ 25,660,931
Accounts and contracts payable	26,013,623
Accrued interest	15,078,946
Due to other governmental units	4,824
Unearned revenue	2,453,547
Long-term liabilities	
Portion due within one year	152,952,922
Portion due in more than one year	1,337,573,639
Total liabilities	1,559,738,432
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	253,823,317
Deferred charge on refunding	8,049,407
Deferred inflows related to leases	417,222
Deferred inflows related to OPEB	37,042,908
Deferred inflows related to pensions	207,754,843
Total deferred inflows of resources	507,087,697
Net Position	
Net investment in capital assets	237,783,076
Restricted for	
General Fund state-mandated reserves	31,883,618
Food service	1,938,615
Community service	9,859,496
Debt service	42,729,002
Employee benefits	18,651,097
Unrestricted	(559,348,873)
Total net position	(216,503,969)
Total liabilities, deferred inflows of resources, and net position	\$ 1,850,322,160

**Minneapolis Public Schools
Special School District No. 1
Statement of Activities
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 22,184,537	\$ 1,793,918	\$ 765,074	\$ -	\$ (19,625,545)
District support services	42,982,581	-	807,168	-	(42,175,413)
Elementary and secondary regular instruction	275,181,712	954,425	49,764,423	-	(224,462,864)
Vocational education instruction	6,510,653	-	685,503	-	(5,825,150)
Special education instruction	137,699,917	5,245,746	126,012,030	-	(6,442,141)
Instructional support services	48,790,897	7,527	4,551,179	-	(44,232,191)
Pupil support services	107,809,187	111,542	7,492,662	-	(100,204,983)
Sites and buildings	117,532,632	1,500,000	952,327	11,471,934	(103,608,371)
Fiscal and other fixed cost programs	1,818,605	-	-	-	(1,818,605)
Food service	27,679,668	826,493	20,912,412	-	(5,940,763)
Community education and services	37,969,547	12,570,670	17,499,044	-	(7,899,833)
Interest and fiscal charges on long-term debt	26,539,083	-	-	-	(26,539,083)
Total governmental activities	\$ 852,699,019	\$ 23,010,321	\$ 229,441,822	\$ 11,471,934	(588,774,942)
General revenues					
Taxes					
Property taxes, levied for general purposes					146,789,820
Property taxes, levied for community service					5,123,311
Property taxes, levied for debt service					96,305,468
State aid not restricted to specific purposes					321,151,226
Earnings on investments					19,697,816
Total general revenues					<u>589,067,641</u>
Change in net position					292,699
Net position - beginning, as previously stated					(195,156,817)
Change in accounting principle (see Note 12)					(21,639,851)
Net position - beginning, as restated					<u>(216,796,668)</u>
Net position - ending					<u>\$ (216,503,969)</u>

See notes to basic financial statements.

Minneapolis Public Schools
Special School District No. 1
Balance Sheet - Governmental Funds
June 30, 2025

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
Assets					
Cash and investments	\$ 105,377,788	\$ 225,435,283	\$ 64,533,639	\$ 10,734,935	\$ 406,081,645
Cash and investments held by trustee	-	-	40,106,670	-	40,106,670
Receivables					
Current property taxes receivable	89,062,759	-	52,364,819	2,804,645	144,232,223
Delinquent property taxes receivable	1,581,763	-	923,622	48,198	2,553,583
Due from other Minnesota school districts	12,680	-	-	1,202	13,882
Due from Minnesota Department of Education	49,634,033	-	1,128,118	1,944,645	52,706,796
Due from Federal Government					
through Minnesota Department of Education	40,300,329	-	-	3,134,374	43,434,703
Due from Federal Government received directly	650,054	-	-	929	650,983
Due from other governmental units	4,239,252	-	-	104,622	4,343,874
Accounts receivable	4,166,361	-	-	113,000	4,279,361
Lease receivable	431,760	-	-	-	431,760
Due from other funds	2,602,824	-	-	-	2,602,824
Prepaid items	5,940,277	2,666,623	-	16,883	8,623,783
Inventory	124,384	-	-	1,938,615	2,062,999
Total assets	\$ 304,124,264	\$ 228,101,906	\$ 159,056,868	\$ 20,842,048	\$ 712,125,086
Liabilities					
Salaries and compensated absences payable	\$ 24,948,102	\$ 241,362	\$ -	\$ 471,467	\$ 25,660,931
Accounts and contracts payable	16,036,814	8,668,021	-	435,182	25,140,017
Due to other governmental units	-	-	-	4,824	4,824
Due to other funds	-	-	-	2,602,824	2,602,824
Unearned revenue	2,341,280	-	-	112,267	2,453,547
Total liabilities	43,326,196	8,909,383	-	3,626,564	55,862,143
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	147,157,024	-	101,248,920	5,417,373	253,823,317
Deferred inflows of resources related to leases	417,222	-	-	-	417,222
Unavailable revenue - delinquent property taxes	1,581,763	-	923,622	48,198	2,553,583
Total deferred inflows of resources	149,156,009	-	102,172,542	5,465,571	256,794,122
Fund Balances					
Nonspendable					
Prepaid items	5,940,277	2,666,623	-	16,883	8,623,783
Inventory	124,384	-	-	1,938,615	2,062,999
Restricted for					
Student activities	593,039	-	-	-	593,039
Area learning center	1,004,969	-	-	-	1,004,969
Literacy incentive aid	1,492,557	-	-	-	1,492,557
American Indian education aid	174,460	-	-	-	174,460
Operating capital	20,498,301	-	-	-	20,498,301
Long-term facilities maintenance	2,141	85,071,166	-	-	85,073,307
Contracted alternative schools	741,046	-	-	-	741,046
Literacy aid	162,555	-	-	-	162,555
Teacher Comp READ Act	1,048,012	-	-	-	1,048,012
School library aid	265,224	-	-	-	265,224
Learning and development	8,977	-	-	-	8,977
Student support personnel aid	539,709	-	-	-	539,709
Medical assistance	2,254,537	-	-	-	2,254,537
Community education programs	-	-	-	5,283,665	5,283,665
Early childhood and family educations programs	-	-	-	1,713,950	1,713,950
School readiness	-	-	-	1,045,445	1,045,445
Adult basic education	-	-	-	86,765	86,765
Basic skills programs	2,619,580	-	-	-	2,619,580
QSCB/QZAB	-	-	34,848,683	-	34,848,683
Building construction	-	131,454,734	-	-	131,454,734
Other purposes	478,511	-	22,035,643	1,664,590	24,178,744
Assigned	19,222,835	-	-	-	19,222,835
Unassigned	54,470,945	-	-	-	54,470,945
Total fund balances	111,642,059	219,192,523	56,884,326	11,749,913	399,468,821
Total liabilities, deferred inflows of resources, and fund balances	\$ 304,124,264	\$ 228,101,906	\$ 159,056,868	\$ 20,842,048	\$ 712,125,086

**Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2025**

Total fund balances - governmental funds \$ 399,468,821

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:

Land	35,446,301
Construction in progress	118,978,568
Buildings and improvements, net of accumulated depreciation	735,153,310
Equipment, net of accumulated depreciation	21,181,392
Lease building, net of accumulated amortization	7,266,109
Lease equipment, net of accumulated amortization	129,114
Leased building improvement, net of accumulated amortization	12,480
Subscription assets, net of accumulated amortization	4,771,822

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(638,660,000)
Unamortized bond premiums and discounts	(100,021,644)
Notes from direct borrowing - finance purchase agreement	(13,960,740)
Lease liability	(8,144,708)
Subscription liability	(4,027,044)
Certificate of participation payable	(131,485,000)
Net other post employment benefit liability	(29,845,457)
Net pension liability	(490,057,740)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions, OPEB, and debt that are not recognized in the governmental funds:

Deferred outflows related to pensions	131,109,957
Deferred inflows related to pensions	(207,754,843)
Deferred outflows related to OPEB	3,064,031
Deferred inflows related to OPEB	(37,042,908)
Deferred charge on refunding	(8,049,407)

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable. (15,078,946)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 2,553,583

Internal service funds are used by management to charge the cost of workers compensation and general liability insurance to individual funds, as well as severance benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position:

Internal service fund net position	8,488,980
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Total net position - governmental activities \$ (216,503,969)

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025**

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
Revenues					
Local sources					
Property taxes	\$ 146,662,010	\$ -	\$ 96,387,163	\$ 5,128,963	\$ 248,178,136
Earnings on investments	3,760,057	9,610,326	4,832,874	528,934	18,732,191
Other	17,305,564	-	-	13,825,891	31,131,455
Revenue from state sources	445,143,730	-	11,281,012	18,940,760	475,365,502
Revenue from federal sources	45,464,108	-	472,085	18,301,007	64,237,200
Sales and other conversion of assets	213,029	-	-	826,493	1,039,522
Total revenues	<u>658,548,498</u>	<u>9,610,326</u>	<u>112,973,134</u>	<u>57,552,048</u>	<u>838,684,006</u>
Expenditures					
Current					
Administration	22,837,635	-	-	-	22,837,635
District support services	37,378,625	-	-	-	37,378,625
Elementary and secondary regular instruction	276,556,679	-	-	-	276,556,679
Vocational education instruction	6,696,213	-	-	-	6,696,213
Special education instruction	141,625,121	-	-	-	141,625,121
Instructional support services	50,147,691	-	-	-	50,147,691
Pupil support services	108,100,736	-	-	-	108,100,736
Sites and buildings	39,922,641	57,627,723	-	-	97,550,364
Fiscal and other fixed cost programs	1,818,605	-	-	-	1,818,605
Food service	-	-	-	27,606,948	27,606,948
Community education and services	1,333,578	-	-	37,420,015	38,753,593
Capital outlay					
District support services	3,187,737	-	-	-	3,187,737
Elementary and secondary regular instruction	190,024	-	-	-	190,024
Vocational education instruction	251,566	-	-	-	251,566
Special education instruction	182,189	-	-	-	182,189
Instructional support services	12,028	-	-	-	12,028
Pupil support services	2,482	-	-	-	2,482
Sites and buildings	7,538,510	29,366,085	-	-	36,904,595
Food service	-	-	-	68,199	68,199
Community education and services	-	-	-	19,132	19,132
Debt service					
Principal	6,411,346	3,709,716	69,620,000	-	79,741,062
Interest and fiscal charges	1,063,198	1,510,282	35,128,875	-	37,702,355
Total expenditures	<u>705,256,604</u>	<u>92,213,806</u>	<u>104,748,875</u>	<u>65,114,294</u>	<u>967,333,579</u>
Excess of revenues over (under) expenditures	(46,708,106)	(82,603,480)	8,224,259	(7,562,246)	(128,649,573)
Other Financing Sources (Uses)					
Insurance recovery	1,580,103	-	-	-	1,580,103
Bond issuance	-	77,275,000	-	-	77,275,000
Bond premium	-	8,794,914	-	-	8,794,914
Finance purchase and SBITA issuance	10,704,333	576,016	-	-	11,280,349
Transfers in	-	-	-	6,159,709	6,159,709
Transfers out	(6,159,709)	-	-	-	(6,159,709)
Total other financing sources (uses)	<u>6,124,727</u>	<u>86,645,930</u>	<u>-</u>	<u>6,159,709</u>	<u>98,930,366</u>
Net change in fund balances	(40,583,379)	4,042,450	8,224,259	(1,402,537)	(29,719,207)
Fund Balances					
Beginning of year	152,225,438	215,150,073	48,660,067	13,152,450	429,188,028
End of year	<u>\$ 111,642,059</u>	<u>\$ 219,192,523</u>	<u>\$ 56,884,326</u>	<u>\$ 11,749,913</u>	<u>\$ 399,468,821</u>

See notes to basic financial statements.

Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (29,719,207)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlay	66,824,559
Net book value of disposed assets	(17,467)
Depreciation/amortization expense	(65,841,871)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts and premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond and certificates of participation proceeds	(50,465,000)
Long-term facility maintenance proceeds	(26,810,000)
Notes from direct borrowing proceeds	(7,533,810)
Bond premium	(8,794,914)
Repayment of certificates of participation payable	17,230,000
Finance purchase agreements principal payments	7,089,541
Lease principal payments	1,128,027
Subscription principal payments	1,903,493
Repayment of bond principal	52,390,001
Change in accrued interest expense	358,698
Amortization of bond premiums and discounts	9,193,710
Amortization of deferred charge on refunding	1,610,864

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. (15,506,099)

Net other post employment benefit liabilities are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. 2,527,553

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective:
Pension expense 44,684,158

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 40,463

Change in net position - governmental activities \$ 292,699

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Local property taxes	\$ 136,383,657	\$ 136,383,657	\$ 146,662,010	\$ 10,278,353
Earnings on investments	2,000,000	2,000,192	3,760,057	1,759,865
Other local and county revenues	16,700,000	15,572,057	17,305,564	1,733,507
Revenue from state sources	422,941,204	441,424,087	445,143,730	3,719,643
Revenue from federal sources	52,000,000	52,000,000	45,464,108	(6,535,892)
Sales and other conversion of assets	-	242,784	213,029	(29,755)
Total revenues	<u>630,024,861</u>	<u>647,622,777</u>	<u>658,548,498</u>	<u>10,925,721</u>
Expenditures				
Current				
Administration	27,093,675	26,656,299	22,837,635	(3,818,664)
District support services	52,776,232	50,160,809	37,378,625	(12,782,184)
Elementary and secondary regular instruction	269,644,668	287,481,775	276,556,679	(10,925,096)
Vocational education instruction	8,380,859	8,303,998	6,696,213	(1,607,785)
Special education instruction	147,310,529	149,076,929	141,625,121	(7,451,808)
Instructional support services	45,504,265	47,795,916	50,147,691	2,351,775
Pupil support services	104,889,654	113,822,205	108,100,736	(5,721,469)
Sites and buildings	43,429,896	40,584,571	39,922,641	(661,930)
Fiscal and other fixed cost programs	8,274,700	8,267,500	1,818,605	(6,448,895)
Community education and services	-	3,532	1,333,578	1,330,046
Capital outlay				
District support services	-	-	3,187,737	3,187,737
Elementary and secondary regular instruction	-	-	190,024	190,024
Vocational education instruction	-	-	251,566	251,566
Special education instruction	-	-	182,189	182,189
Instructional support services	-	-	12,028	12,028
Pupil support services	-	-	2,482	2,482
Sites and buildings	3,176,675	3,187,768	7,538,510	4,350,742
Debt service				
Principal	-	-	6,411,346	6,411,346
Interest and fiscal charges	-	-	1,063,198	1,063,198
Total expenditures	<u>710,481,153</u>	<u>735,341,302</u>	<u>705,256,604</u>	<u>(30,084,698)</u>
Excess of revenues over (under) expenditures	(80,456,292)	(87,718,525)	(46,708,106)	41,010,419
Other Financing Sources (Uses)				
Insurance recovery	-	-	1,580,103	1,580,103
Finance purchase and SBITA issuance	-	-	10,704,333	10,704,333
Transfers out	(4,796,306)	(4,726,455)	(6,159,709)	(1,433,254)
Total other financing sources (uses)	<u>(4,796,306)</u>	<u>(4,726,455)</u>	<u>6,124,727</u>	<u>10,851,182</u>
Net change in fund balance	<u>\$ (85,252,598)</u>	<u>\$ (92,444,980)</u>	<u>(40,583,379)</u>	<u>\$ 51,861,601</u>
Fund Balance				
Beginning of year			152,225,438	
End of year			<u>\$ 111,642,059</u>	

See notes to basic financial statements.

Minneapolis Public Schools
Special School District No. 1
Statement of Net Position - Proprietary Fund
Internal Service Fund
June 30, 2025

Assets

Current assets		
Cash and cash equivalents	\$	83,163,867
Cash with fiscal agent		522,947
		522,947
Total assets	\$	83,686,814

Liabilities

Current liabilities		
Accounts payable	\$	873,606
Accrued severance		14,904,932
Loss and loss adjustment reserves		
Workers' compensation		2,238,465
Incurred but not reported reserves		
Accrued health insurance benefits		5,512,175
Total current liabilities		23,529,178

Noncurrent liabilities

Loss and loss adjustment reserves		
Workers' compensation		3,357,698
Incurred but not reported reserves		
Workers' compensation		3,357,698
Property/casualty		1,510,906
Accrued severance		43,442,354
Total noncurrent liabilities		51,668,656

Total liabilities	\$	75,197,834
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Net Position

Restricted for employee benefits	\$	18,651,097
Unrestricted		(10,162,117)
		(10,162,117)
Total Net Position	\$	8,488,980

Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenses, and Change in Fund
Net Position - Proprietary Fund
Internal Service Fund
Year Ended June 30, 2025

Operating Revenue	
Local sources - charges for services	<u>\$ 72,423,534</u>
Operating Expenses	
Claims administration	4,628,125
Workers compensation and other benefits	6,050,021
Self-insured medical benefits	69,298,948
Severance	8,918,164
Total operating expenses	<u>88,895,258</u>
Operating income	(16,471,724)
Nonoperating Revenue	
Earnings on investments	<u>965,625</u>
Change in net position	(15,506,099)
Net Position	
Beginning of year, as previously stated	45,634,930
Change in accounting principle (Note 10)	(21,639,851)
Beginning of year, as restated	<u>23,995,079</u>
End of year	<u><u>\$ 8,488,980</u></u>

Minneapolis Public Schools
Special School District No. 1
Statement of Cash Flows - Proprietary Fund
Internal Service Fund
June 30, 2025

Cash Flows - Operating Activities	
Receipts from premiums	\$ 72,423,534
Claims administration	(4,523,643)
Claims and severance benefits paid	(75,781,045)
Net cash flows - operating activities	<u>(7,881,154)</u>
Cash Flows - Investing Activities	
Investment earnings	<u>965,625</u>
Net change in cash and cash equivalents	(6,915,529)
Cash and Cash Equivalents (Including Cash with Fiscal Agent)	
Beginning of year	<u>90,602,343</u>
End of year	<u><u>\$ 83,686,814</u></u>
Reconciliation of Operating Loss to	
Net Cash Flows - Operating Activities	
Operating loss	\$ (16,471,724)
Adjustments to reconcile operating loss	
to net cash flows - operating activities	
Accounts payable	104,482
Prepaid insurance	671,795
Loss and loss adjustment reserves	(398,092)
Accrued health insurance benefits	821,526
Accrued compensated absences	7,390,859
Net adjustments	<u>8,590,570</u>
Net cash flows - operating activities	<u><u>\$ (7,881,154)</u></u>

Minneapolis Public Schools
Special School District No. 1
Statement of Fiduciary Net Position
June 30, 2025

	Other Post Employment Benefits Irrevocable Trust Fund
Assets	
Current	
Mutual funds	\$ 29,805,437
Cash/Money market fund	194,440
	\$ 29,999,877
Total assets	\$ 29,999,877
Net Position Restricted	
Postemployment Benefits Other than Pensions	\$ 29,999,877

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

	Other Post Employment Benefits Irrevocable Trust Fund
Additions	
Contributions	\$ 722,733
Investment income	2,935,634
Total additions	3,658,367
Deductions	
Administrative expenses	25,675
Benefit payments	801,082
Total deductions	826,757
Change in net position	2,831,610
Net Position Restricted	
Postemployment Benefits Other than Pensions	
Beginning of year	27,168,267
End of year	\$ 29,999,877

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of Minneapolis Public Schools Special School District No. 1 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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

Minneapolis Public Schools Special School District No. 1 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's basic financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's basic financial statements are to include all component units - entities for which the District is financially accountable. The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District. The District has no component units.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these basic financial statements. As of July 1, 2019, these accounts have been taken under board control and will not be reported separately.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

The student activity accounts of the District are under board control and are reported in the General Fund.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

Separate fund financial statements are provided for the governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: Other Post Employment Benefits (OPEB) Irrevocable Trust Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the basic financial statement of the internal service fund is consolidated into the governmental 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 non-operating 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 for service in the form of insurance premiums and early retirement incentive costs. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and GAAP. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

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

The District reports unearned revenue on its balance sheet and government-wide Statement of Net Position. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the unearned revenue is removed, and revenue is recognized.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

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

Major Governmental Funds:

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

Capital Projects Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The fund was established for building construction activity authorized by specific voter-approved bond issues and for large-scale construction activity authorized by the Board under provisions of state law. Revenues are from property taxes restricted for property maintenance and bond proceeds.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service except for refunding bond issues, for which a separate refunding bond trust account has been established. Revenues included in this fund are state and federal aid and property taxes.

Nonmajor Funds:

Food Service Special Revenue Fund - This fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include charges for meals along with state and federal reimbursement for meals.

Community Service Special Revenue Fund - This fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues included in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education along with state and federal aid.

Post Employment Benefits Debt Service - This fund is used to account for the accumulation of resources for and payment of MERF bonds used to finance the District's obligation related to this now defunct pension plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Proprietary Fund:

Internal Service Fund - This fund accounts for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The District's Internal Service Fund has two main purposes:

1. Self-insurance activities for property, liability, health, and workers' compensation risks.
2. Accumulate and record the liability for accrued compensated absences (severance and vacation).

Fiduciary Fund:

The District has established an OPEB Irrevocable Trust Fund for other post employment benefit payments.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Debt Service, and Capital Projects Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

The District employs the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of applicable appropriation. All unencumbered appropriations lapse at fiscal year-end. Encumbrances are generally re-appropriated in the ensuing year's budget.

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in *Minnesota Statutes*, exceeding a negative 2.5% of operating expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

1. District Governmental Funds

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and investment balances from all funds, with the exception of the investments related to the OPEB Irrevocable Trust Fund, are combined, and invested to the extent available in various securities as authorized by *Minnesota Statutes*. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Cash and investments at June 30, 2025, were comprised of deposits, negotiable certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), government securities, FHLB, FHLMC, FNMA, and money market funds.

Minnesota Statutes require all deposits be protected by federal deposit insurance corporate surety bond or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

1. District Governmental Funds (Continued)

Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX 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. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

2. OPEB Irrevocable Trust Fund

These funds represent investments administered by the District's OPEB Irrevocable Trust Fund investment managers. As of June 30, 2025, they were comprised of mutual funds. The District's investment policy extends to the OPEB Irrevocable Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days, and in the State Board of Investments. Investments are stated at fair value.

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventory

Inventory is recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on weighted average cost method, along with processing costs, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

J. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the District three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represent uncollected taxes for the past six years and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2024, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2025. The remaining portion of the levy will be recognized when measurable and available.

K. Lease Receivable

The District is a lessor for noncancellable leases. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the District determines (1) the discount rate, (2) lease term, and (3) lease receipts.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Lease Receivable (Continued)

The District determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

L. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

M. Subscription-Based Information Technology Arrangements

The District recorded subscription-based assets as a result of implementing GASB Statement No. 96, Subscription-based information technology agreements. The subscription-based assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made prior to the subscription agreement term, less incentives, and plus ancillary charges necessary to place get the technology into service. The subscription-based assets are amortized on a straight-line basis over the life of the related agreement.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged in the agreement as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The subscription-based agreement's term includes the noncancellable period of the agreement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements (Continued)

The District monitors changes in circumstances that would require a re-measurement of the subscription-based agreements and will remeasure the subscription-based assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of items which qualify for reporting in this category. The first item, 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. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is a deferred charge on refunding and is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fifth item is deferred inflows of resources related to OPEB for various estimate differences related to this liability that will be amortized and recognized in future years. The sixth item is deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District records all asset purchases in a capital asset group if the purchase is equal or greater than approximately \$5,000 for all equipment. All vehicles and land are capitalized if greater than \$5,000 and all building and site improvements are capitalized if greater than \$25,000. 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 statement but are not reported in the fund financial statements. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation or amortization purposes. The District's capital assets have estimated useful lives as follows:

<u>Asset</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Equipment	10 years
Vehicles	8 years
Computers	5 years

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

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

P. 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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Compensated Absences

The District's employee vacation and sick leave policies grant to certain groups of employees, if certain conditions are met (see Note 10), a specific number of days of vacation with pay and payment for unused sick leave upon retirement. On June 30, 1998, the District established an internal service fund to accrue for and fund the liability for vacation earned and not yet taken, vested sick pay, salary-related payments, and retiree health insurance benefits due to certain active and retired employees.

Significant assumptions made in estimating the District's severance liability are as follows: (1) annual salary increases of 3.5% annually, and (2) discount rate of 3.25%.

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

R. Pensions

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

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

S. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance and is self-insured for some risks as indicated in Note 11. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2025.

T. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these basic financial statements are labeled "Cash and Investments Held by Trustee".

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Net Position

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

V. Fund Balance

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

- Nonspendable Fund Balances - Portions of fund balance related to prepaids, inventory, long-term receivables, and corpus on any permanent fund.
- Restricted Fund Balances - These funds are constrained from outside parties (statute, grantors, bond agreements, etc.).
- Committed Fund Balances - These funds are established and modified by a resolution approved by the Board of Education.
- Assigned Fund Balances - These funds consist of internally imposed constraints. The Board of Education policy authorized the Superintendent and Superintendent's administration to assign fund balances and their intended uses.
- Unassigned Fund Balances - These funds are the residual classification for the general fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of no less than 8% of the estimated General Fund expenditures for the following year.

W. Use of Estimates

The preparation of basic 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Postemployment Benefits Other than Pensions (OPEB) - Trust Fund

Information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and the Balance Sheet as "Cash and Investments." In accordance with *Minnesota Statutes*, the District maintains deposits at financial institutions which are authorized by the District's Board.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits. *Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of June 30, 2025, the District's deposits were not exposed to custodial credit risk because the balances were fully insured by FDIC or secured by pledged collateral or letters of credit.

As of June 30, 2025, the book value of the District's deposits was as follows:

Checking - pooled	\$ 522,947
Savings - pooled	119,185,631
	<hr/>
Total pooled deposits	\$ 119,708,578
	<hr/> <hr/>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

1. Investment Policy

In accordance with the *Minnesota Statutes* Chapter 118A and other applicable law, including regulations, the District's investment policy permits making deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in the State of Minnesota. The District is allowed to invest in U.S. Treasury or Federal Agency obligations, commercial paper rated "A-1" or higher and that matures in 270 days or less at the time of purchase, collateralized certificates of deposit, repurchase agreements backed by government collateral, and bankers' acceptances of the top 40 U.S. banks.

The District's investment policy establishes limitations on the holdings on non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Treasury/U.S. Government Agencies	100% Maximum
Domestic Commercial Paper ("A-1"/"P-1")	50% Maximum
Collateralized Investment Agreements	100% Maximum
Eligible Bankers' Acceptances	30% Maximum
Repurchase Agreements	25% Maximum
Collateralized Certificates of Deposit	30% Maximum

The District's investment policy with regards to its deposits and investments are in accordance with statutory authority.

2. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than \$5,000,000 of the District's portfolio will be invested in the securities of any single commercial paper issuer.

3. Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GASB 40 requires disclosure of all uninsured investment securities purchased by the District or held as collateral on deposits or investments that are not registered in the name of the Minneapolis Public Schools, and held by the counterparty to the investment transactions. The District's investments held by one broker-dealer were insured by SIPC or other supplemental insurance as of June 30, 2025. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the District's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the District's portfolio is unknown.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

4. Interest Rate Risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's investment policy states that investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, taking into account constraints on risk and other criteria requirements. As of June 30, 2025, the market values, and duration of the District's investments were as listed below.

Type of Investments	Rating	Fair Value	Investment Maturities			
			Less than 1 year	1-2 years	2-5 years	5+ years
Pooled Investments						
Commercial paper	A+	\$ 1,830,396	\$ 1,830,396	\$ -	\$ -	\$ -
US Treasury securities	AA+	8,390,908	4,448,149	3,942,759	-	-
Other gov't backed securities	AA+	5,165,239	2,458,332	2,113,080	593,827	-
MSDLAF	NR	34,884,094	34,884,094	-	-	-
MSDLAF MAX	NR	136,461,057	136,461,057	-	-	-
Total pooled investments		<u>186,731,694</u>	<u>180,082,028</u>	<u>6,055,839</u>	<u>593,827</u>	<u>-</u>
Non-pooled Investments						
Money Market	NR	18,845,537	18,845,537	-	-	-
ETFs	NR	11,876,751	11,876,751	-	-	-
Mutual Funds	NR	17,929,283	17,929,283	-	-	-
MSDLAF	NR	512	512	-	-	-
MSDLAF MAX	NR	204,782,651	204,782,651	-	-	-
Total non-pooled investments		<u>253,434,734</u>	<u>253,434,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments		<u>\$ 440,166,428</u>	<u>\$ 433,516,762</u>	<u>\$ 6,055,839</u>	<u>\$ 593,827</u>	<u>\$ -</u>

The District has the following recurring fair value measurements as of June 30, 2025:

Type of investments	Total	Level 1	Level 2	Level 3
Money market	\$ 18,845,537	\$ 18,845,537	\$ -	\$ -
ETFs	11,876,751	11,876,751	-	-
Mutual funds	17,929,283	17,929,283	-	-
Commercial paper	1,830,396	-	1,830,396	-
US Treasury securities	8,390,908	-	8,390,908	-
Other gov't backed securities	5,165,239	-	5,165,239	-
Total	<u>\$ 64,038,114</u>	<u>\$ 48,651,571</u>	<u>\$ 15,386,543</u>	<u>\$ -</u>
Investments at amortized cost	\$ 376,128,314			
Total investments	<u>\$ 440,166,428</u>			

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

The following is a summary of total deposits and investments:

Deposits - pooled	\$ 119,708,578
Investments - pooled	186,731,694
Investments - non-pooled	<u>253,434,734</u>
 Total cash and investments	 <u><u>\$ 559,875,006</u></u>

Deposits and investments are presented in the June 30, 2025, basic financial statements as follows:

Statement of Net Position	
Governmental activities	\$ 529,875,129
Fiduciary funds	<u>29,999,877</u>
 Total cash and investments	 <u><u>\$ 559,875,006</u></u>

NOTE 3 - INTERFUND ACTIVITY

A. Due To/Due From Other Funds

As of June 30, 2025, the following amounts were due to/due from other funds:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 2,602,824	\$ -
Food Service Fund	<u>-</u>	<u>2,602,824</u>
 Total	 <u><u>\$ 2,602,824</u></u>	 <u><u>\$ 2,602,824</u></u>

The amount due to/from of \$2,602,824 is to cover a deficit cash balance in the Food Service Fund, this was covered using the General Fund.

B. Interfund Transfers

The General Fund transferred \$6,159,709 to the Food Service Fund to cover deficit operations and resolve negative fund balance.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 35,446,301	\$ -	\$ -	\$ 35,446,301
Construction in progress	148,016,270	58,710,852	87,748,554	118,978,568
Total capital assets not being depreciated	<u>183,462,571</u>	<u>58,710,852</u>	<u>87,748,554</u>	<u>154,424,869</u>
Capital assets being depreciated				
Buildings	1,499,203,340	87,287,529	461,048	1,586,029,821
Machinery and equipment	93,183,477	9,968,228	40,286,264	62,865,441
Lease buildings	10,833,849	-	-	10,833,849
Lease building improvements	149,758	-	-	149,758
Lease equipment	265,980	-	-	265,980
Subscription-based software	6,463,722	4,182,265	2,095,914	8,550,073
Total capital assets being depreciated/amortized	<u>1,610,100,126</u>	<u>101,438,022</u>	<u>42,843,226</u>	<u>1,668,694,922</u>
Less accumulated depreciation/amortization for				
Buildings	802,699,962	48,622,229	445,680	850,876,511
Machinery and equipment	67,210,829	12,928,163	38,454,943	41,684,049
Lease buildings	2,280,629	1,287,110	-	3,567,739
Lease building improvements	87,359	49,920	-	137,279
Lease equipment	84,362	52,504	-	136,866
Subscription-based software	2,972,220	2,901,945	2,095,914	3,778,251
Total accumulated depreciation/amortization	<u>875,335,361</u>	<u>65,841,871</u>	<u>40,996,537</u>	<u>900,180,695</u>
Total capital assets being depreciated/amortized, net	<u>734,764,765</u>	<u>35,596,151</u>	<u>1,846,689</u>	<u>768,514,227</u>
Governmental activities, capital assets net	<u>\$ 918,227,336</u>	<u>\$ 94,307,003</u>	<u>\$ 89,595,243</u>	<u>\$ 922,939,096</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense of \$65,841,871 for the year ended June 30, 2025, was charged to the following governmental functions:

Administration	\$ 81,987
District Support Services	13,132,788
Regular Instruction	7,783,567
Vocational Education Instruction	21,789
Special Education Instruction	301,474
Community Education	5,062
Instructional Support Services	11,354
Pupil Support Services	1,226,773
Food Service	300,745
Sites and Buildings	<u>42,976,332</u>
 Total depreciation and amortization expense, governmental activities	 <u><u>\$ 65,841,871</u></u>

NOTE 5 - LONG-TERM LIABILITIES

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds, including						
Refunding bonds						
	12/15/09	1.15%	\$ 17,200,000	12/15/2025	\$ 17,200,000	\$ 17,200,000
	12/28/10	5.13%	19,785,000	12/15/2025	19,785,000	19,785,000
	12/01/11	3.80%	4,260,000	12/15/2025	4,260,000	4,260,000
	12/23/14	2.00%-3.00%	21,840,000	2/1/2030	4,360,000	1,610,000
	12/23/14	3.00%-4.00%	45,270,000	2/1/2030	17,780,000	3,350,000
	12/29/15	2.34%	21,275,000	2/1/2031	6,610,000	1,295,000
	12/29/15	2.51%	34,755,000	2/1/2031	16,220,000	2,510,000
	12/22/16	5.00%	41,905,000	2/1/2037	23,440,000	2,200,000
	12/22/16	4.00%-5.00%	51,910,000	2/1/2035	34,670,000	2,755,000
	12/06/17	4.00%-5.00%	28,895,000	2/1/2033	10,930,000	1,395,000
	12/06/17	4.00%-5.00%	51,565,000	2/1/2038	33,705,000	2,590,000
	12/01/18	4.00%-5.00%	40,395,000	2/1/2039	20,140,000	3,110,000
	12/01/18	4.00%-5.00%	51,275,000	2/1/2038	40,150,000	2,265,000
	12/01/19	5.00%	42,735,000	2/1/2040	22,825,000	2,660,000
	12/01/19	5.00%	29,385,000	2/1/2038	23,670,000	1,355,000
	12/01/19	5.00%	5,385,000	2/1/2027	1,450,000	705,000
	12/29/20	4.00%-5.00%	46,785,000	2/1/2041	31,505,000	4,360,000
	12/29/20	1.00%-5.00%	26,140,000	2/1/2041	22,620,000	1,020,000
	07/14/21	5.00%	18,725,000	2/1/2033	13,365,000	1,400,000
	12/30/21	5.00%	35,895,000	2/1/2042	23,750,000	4,515,000
	12/30/21	5.00%	31,600,000	2/1/2042	27,320,000	1,620,000
	12/30/21	5.00%	29,060,000	2/1/2034	21,565,000	2,755,000
	12/01/22	5.00%	31,150,000	2/1/2043	26,295,000	2,730,000
	12/01/22	5.00%	27,600,000	2/1/2043	24,925,000	1,490,000
	12/21/23	5.00%	35,050,000	2/1/2044	32,800,000	2,555,000
	12/21/23	5.00%	41,790,000	2/1/2044	40,045,000	1,855,000
	12/31/24	5.00%	50,465,000	2/1/2045	50,465,000	6,270,000
	12/31/24	5.00%	<u>26,810,000</u>	2/1/2045	<u>26,810,000</u>	<u>1,110,000</u>
Total			<u>908,905,000</u>		<u>638,660,000</u>	<u>100,725,000</u>
Certificates of participation						
	12/29/15	2.00-3.20%	44,475,000	2/1/2031	20,235,000	3,130,000
	12/22/16	5.00%	22,025,000	2/1/2032	12,690,000	1,560,000
	12/06/17	4.00-5.00%	38,565,000	2/1/2033	23,900,000	2,535,000
	12/01/19	2.67%	6,715,000	2/1/2035	5,000,000	405,000
	09/29/20	5.00%	26,055,000	4/1/2036	20,265,000	1,465,000
	12/01/22	5.00%	<u>65,545,000</u>	2/1/2030	<u>49,395,000</u>	<u>8,940,000</u>
Total			<u>203,380,000</u>		<u>131,485,000</u>	<u>18,035,000</u>
Bond premium					100,021,644	-
Notes from direct borrowing					13,960,740	5,715,026
Lease liability					8,144,708	984,699
Subscription liability					4,027,044	1,853,043
Self insurance liability					15,976,942	7,750,640
Compensated absences					58,347,286	14,904,932
Net OPEB liability					29,845,457	2,984,582
Net pension liability					<u>490,057,740</u>	-
Total long-term liabilities					<u>\$ 1,490,526,561</u>	<u>\$152,952,922</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

General Obligation Bonds and Certifications of Participation

Year Ending June 30,	Certificates of Participation		G.O. Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 18,035,000	\$ 5,689,450	\$ 100,725,000	\$ 28,615,505
2027	18,870,000	4,850,300	58,210,000	25,326,400
2028	19,745,000	3,971,200	48,120,000	22,589,700
2029	20,680,000	3,050,350	46,390,000	20,335,600
2030	21,610,000	2,114,100	44,255,000	18,219,700
2031-2035	30,395,000	2,504,250	178,370,000	62,716,600
2036-2040	2,150,000	43,000	109,790,000	27,235,100
2041-2045	-	-	52,800,000	6,386,300
Total	<u>\$ 131,485,000</u>	<u>\$ 22,222,650</u>	<u>\$ 638,660,000</u>	<u>\$ 211,424,905</u>

Leases and Notes from Direct Borrowing

Year Ending June 30,	Notes from Direct Borrowing		Lease Liability	
	Principal	Interest	Principal	Interest
2026	\$ 5,715,026	\$ 1,056,918	\$ 984,699	\$ 383,766
2027	4,613,258	645,610	686,810	339,964
2028	2,825,546	287,116	591,068	310,124
2029	806,910	62,294	612,249	280,270
2030	-	-	680,486	248,119
2031-2035	-	-	4,589,396	618,943
Total	<u>\$ 13,960,740</u>	<u>\$ 2,051,938</u>	<u>\$ 8,144,708</u>	<u>\$ 2,181,186</u>

C. Description of Long-Term Liabilities

On December 31, 2024, the District issued \$50,465,000 of General Obligation School Building Bonds, Series 2024A. The proceeds of this bond are to finance the rehabilitating, remodeling, expanding, and equipping of existing school buildings, the acquisition of sites, construction, and equipping of new school buildings and the acquisition and betterment of District facilities, and to pay costs of issuing the series 2024A Bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

On December 31, 2024, the District issued \$26,810,000 of General Obligation Long-Term Facilities Maintenance bonds, Series 2024B. The proceeds of this bond are to finance the projects included in the facilities plan, and to pay costs of issuing the series 2024B Bonds.

As of June 30, 2025, the District has \$219,192,523 in unspent bond proceeds for future capital project expenditures.

The District entered into various financed purchase agreements classified as notes from direct borrowing for the purchase of technology equipment. The interest or discount rate used to calculate the liability for notes from direct borrowing and the related principal and interest ranged from 4.12% to 7.9%. Payment terms related to notes from direct borrowing are listed in the table above.

The District entered into various lease agreements for the leasing of building space and equipment. The interest or discount rate used to calculate the lease liability, and the related principal and interest was 5.0%. Payment terms related to lease liabilities are listed in the table above.

On July 1, 2023, the District entered into a 36-month subscription for the use of Varonis Data Security Platform. An initial subscription liability was recorded in the amount of \$1,971,626. As of June 30, 2025, the value of the subscription liability is \$684,046, and the value of the short-term subscription liability is \$52,554. The District is required to make annual fixed payments of \$700,000. The subscription has an interest rate of 5.0%.

On July 1, 2023, the District entered into a 36-month subscription for the use of Illuminate Education Inc - Fast Bridge. An initial subscription liability was recorded in the amount of \$1,036,620. As of June 30, 2025, the value of the subscription liability is \$382,728, and the value of the short-term subscription liability is \$61,450. The District is required to make annual fixed payments of \$356,478. The subscription has an interest rate of 5.0%.

On July 1, 2024, the District entered into a 60-month subscription for the use of Palo Alto Cortex XDR. An initial subscription liability was recorded in the amount of \$1,809,593. As of June 30, 2025, the value of the subscription liability is \$1,352,350, and the value of the short-term subscription liability is \$313,761. The District is required to make annual fixed payments of \$464,412. The subscription has an interest rate of 5.0%.

On July 1, 2024, the District entered into a 60-month subscription for the use of Tyler Technologies - Student Transportation. An initial subscription liability was recorded in the amount of \$1,032,149. As of June 30, 2025, the value of the subscription liability is \$893,211, and the value of the short-term subscription liability is \$207,227. The District is required to make annual fixed payments of \$167,641. The subscription has an interest rate of 5.0%.

On July 1, 2024, the District entered into a 60-month subscription for the use of Shipcom Wireless - Catamaran NextGen. An initial subscription liability was recorded in the amount of \$576,016. As of June 30, 2025, the value of the subscription liability is \$457,313, and the value of the short-term subscription liability is \$104,138. The District is required to make annual fixed payments of \$136,964. The subscription has an interest rate of 5.0%.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

On July 1, 2024, the District entered into a 60-month subscription for the use of SAP America Inc - Cloud Analytics. An initial subscription liability was recorded in the amount of \$110,353. As of June 30, 2025, the value of the subscription liability is \$71,937, and the value of the short-term subscription liability is \$35,091. The District is required to make annual fixed payments of \$38,627. The subscription has an interest rate of 5.0%.

On July 1, 2024, the District entered into a 60-month subscription for the use of Neptune Software US - Full DXP. An initial subscription liability was recorded in the amount of \$218,428. As of June 30, 2025, the value of the subscription liability is \$185,459, and the value of the short-term subscription liability is \$90,468. The District is required to make annual fixed payments of \$33,597. The subscription has an interest rate of 5.0%.

D. Changes in Long-Term Liabilities

See Notes 11 and 12 for detailed information on the District's Self Insurance Plan and Compensated Absences, see Note 7 for detailed information on the District's pension plans, and see note 8 for detailed information on the District's post-employment health care plan.

	June 30, 2024	Change in Accounting Principle	Additions	Retirements	June 30, 2025
Governmental activities					
Bonds payable					
General obligation bonds	\$ 613,775,000	\$ -	\$ 77,275,000	\$ (52,390,000)	\$ 638,660,000
Bond premium	100,420,440	-	8,794,914	(9,193,710)	100,021,644
Certificates of participation payable	148,715,000	-	-	(17,230,000)	131,485,000
Notes from direct borrowing	14,135,835	-	7,533,810	(7,708,905)	13,960,740
Lease liability	9,272,735	-	-	(1,128,027)	8,144,708
Subscription liability	2,183,998	-	3,746,539	(1,903,493)	4,027,044
Self insurance reserves	15,553,508	-	423,434	-	15,976,942
Compensated absences	29,316,576	21,639,851	7,390,859	-	58,347,286
Net OPEB liability	26,540,111	-	3,305,346	-	29,845,457
Net pension liability	651,965,174	-	-	(161,907,434)	490,057,740
Total governmental activity					
long-term liabilities	<u>\$ 1,611,878,377</u>	<u>\$ 21,639,851</u>	<u>\$ 108,469,902</u>	<u>\$ (251,461,569)</u>	<u>\$ 1,490,526,561</u>

The changes in the self insurance reserves liability, compensated absences liability, net OPEB liability, and net pension liability are each presented as a net change.

NOTE 6 - FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Administration also has the authority to internally assign portions of fund balance for specific purposes. Other amounts are identified as nonspendable as disbursement has been made for a good or service that will benefit future periods.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

Restricted and nonspendable/assigned fund balances at June 30, 2025, are as follows:

	Restricted	Nonspendable/ Assigned
General Fund		
Nonspendable for prepaid items	\$ -	\$ 5,940,277
Nonspendable for inventory	-	124,384
Restricted for student activities	593,039	-
Restricted for literacy incentive aid	1,492,557	-
Restricted for American Indian education aid	174,460	-
Restricted for operating capital	20,498,301	-
Restricted for area learning center	1,004,969	-
Restricted for contracted alternative schools	741,046	-
Restricted for school library aid	265,224	-
Restricted for student support personnel aid	539,709	-
Restricted for medical assistance	2,254,537	-
Restricted for long-term facilities maintenance	2,141	-
Restricted for literacy aid	162,555	-
Restricted for Teacher Comp READ Act	1,048,012	-
Restricted for learning and development	8,977	-
Restricted for basic skills programs	2,619,580	-
Restricted for other purposes	478,511	-
Assigned for capital projects referendum	-	11,909,098
Assigned for alternative compensation	-	835,898
Assigned for funded projects	-	6,477,839
Total general fund	31,883,618	25,287,496
Special Revenue Funds		
Food Service Fund		
Nonspendable for inventory	-	1,938,615
Community Service Fund		
Nonspendable for prepaids	-	16,883
Restricted for community education programs	5,283,665	-
Restricted for early childhood and family	1,713,950	-
Restricted for school readiness	1,045,445	-
Restricted for adult basic education	86,765	-
Restricted for grants and funded programs	1,664,590	-
Total special revenue funds	9,794,415	1,955,498
Capital Projects - Building Construction Fund		
Nonspendable for prepaid items	-	2,666,623
Restricted for long-term facilities maintenance	85,071,166	-
Restricted for building construction	131,454,734	-
Total building construction fund	216,525,900	2,666,623
Debt Service Fund		
Restricted for QSCB/QZAB	34,848,683	-
Restricted for other purposes	22,035,643	-
Total Debt Service Fund	56,884,326	-
Total all funds	\$ 315,088,259	\$ 29,909,617

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

Restricted/Reserved for Student Activities - This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted/Reserved for Literacy Incentive Aid - This balance represents the resources available to support implementation of evidence-based reading instruction.

Restricted/Reserved for American Indian Education Aid - This balance represents resources remaining in the American Indian Education Funds.

Restricted/Reserved for Operating Capital - This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Area Learning Center - This balance represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100% of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to *Minnesota Statute* § 126C.10, subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center.

Restricted/Reserved for Contracted Alternative Program - Pursuant to *Minnesota Statutes* §§ 124D.68, subd. 3d and 124D.69, subd. 1, districts must reserve at least 95% of the average general education revenue, less basic skills revenue, per pupil unit times the number of pupil units for pupils, attending this program and the amount of basic skills revenue generated by pupils attending the program according to *Minnesota Statutes* §§ 126C.10, subd.4.

Restricted/Reserved for School Library Aid - This balance represents resources available for the school library aid uses listed in *Minnesota Statute* § 134.356, subd. 1.

Restricted/Reserved for Student Support Personnel Aid - This balance represents available resources to be used for student support personnel that are in addition to current staff levels.

Restricted/Reserved for Medical Assistance - This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statute* § 125A.21, subd. 3).

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) - This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* § 123B.595, subd. 12).

Restricted/Reserved for Literacy Aid - This balance represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

Restricted/Reserved for Teacher Compensation for READ Act Training - This balance represents resources available for teacher compensation for Read Act training.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

Restricted/Reserved for Learning and Development - Learning and development is funded by general education revenue. This reserve represents available general education revenues for learning and development, which is mainly for reducing the pupil to staff ratio.

Restricted/Reserved for Basic Skills Programs - This balance represents resources available for the basic skills uses listed in *Minnesota Statute* § 126C.15, subd. 1.

Restricted for Community Education Programs - The fund balance restriction represents accumulated resources available to provide general community education programming.

Restricted for Early Childhood and Family Education Programs - This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness Programs - The fund balance restriction represents accumulated resources available to provide school readiness programming (*Minnesota Statutes* § 124D.16).

Restricted for Adult Basic Education - The fund balance restriction represents accumulated resources available to provide adult basic education services.

Restricted/Reserved for Adult Basic Education (ABE) - This account will represent the balance of carryover monies for all activity involving ABE. This would include all state aid and any grants or local funding used in support of ABE.

Restricted for Building Construction - Restricted for building construction represents available resources to fund construction expenditures on current and future contracts.

Restricted for QSCB/QZAB - The fund balance restriction represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the District and will pay off the debt at maturity.

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2025, was \$22,100,267. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association

A. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. 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. TRA is a separate statutory entity and administered by a Board of Trustees. The Board 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 teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing the DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by *Minnesota Statute* and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006, or after	1.9% per year

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- 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% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% 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 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.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contributions

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$34,872,584. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Experience study	August 2, 2023 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
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% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement	PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Post-retirement	PubT-2010(A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Disabled retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

* The assumptions prescribed are based on the experience study dated August 2, 2023. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
	<hr/>	
Total	100.0 %	

Changes in actuarial assumptions since the previous valuation:

- 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 Pub-2010 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 and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in year 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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.

F. Net Pension Liability

On June 30, 2025, the District reported a liability of \$377,281,455 for its proportionate share of the net pension liability. In addition, the net pension liability allocated to the district under a lump sum direct aid payment related to the District's merger into the fund is \$24,661,120 for a total liability allocated to the District of \$401,942,575. 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 5.9374% at the end of the measurement period and 5.9791% for the beginning of the year. An additional 0.3881% was allocated at June 30, 2024, under the direct aid payment agreement.

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

District's proportionate share of net pension liability	\$ 401,942,575
State's proportionate share of the net pension liability associated with the District	24,677,108
	24,677,108
Total	\$ 426,619,683

For the year ended June 30, 2025, the District recognized pension expense of \$16,087,284. Included in this amount, the District recognized \$1,356,512 as pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 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 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$11,143,433 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.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

	Sensitivity of NPL to Changes in the Discount Rate		
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Standard share	\$ 664,414,722	\$ 377,281,455	\$ 140,963,972
Direct aid share	43,429,675	24,661,120	9,214,154

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes* Chapters 353, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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.

B. Benefits Provided

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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 Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of 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 .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$15,297,817. The District's contributions were equal to the required contributions as set by state statute.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$88,115,165 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 non-employer 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 \$2,278,478.

District's proportionate share of net pension liability	\$ 88,115,165
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>2,278,478</u>
Total	<u><u>\$ 90,393,643</u></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 proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 2.3835% at the end of the measurement period and 2.2201% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$6,012,983 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$61,085 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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 schedule 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 \$4,054,281 for the year ended December 31, 2024 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.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,130,030	\$ -
Changes in actuarial assumptions	427,652	31,680,827
Net difference between projected and actual investment earnings	-	25,232,564
Change in proportion	6,851,568	6,102,339
District's contributions to PERA subsequent to the measurement date	15,297,817	-
Total	\$ 30,707,067	\$ 63,015,730

The \$15,297,817 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 ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2026	\$ (27,929,809)
2027	(4,609,149)
2028	(8,314,056)
2029	(6,753,466)
Total	\$ (47,606,480)

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
	<hr/>	
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

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

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

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position 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.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	\$ 192,457,702	\$ 88,115,165	\$ 2,283,912

I. Pension Plan Fiduciary Net Position

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides a single-employer defined benefit health care plan to eligible retirees and their families. The plan offers medical and dental coverage administered by HealthPartners and Delta Dental, respectively. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

B. Benefits Provided

Employees of the District who retire and have met the age and service requirements necessary to receive an annuity from PERA, TRA, or MERF are eligible to remain in the group health insurance plans. Employees who are at least age 55 or have 30 years or more service (including 10 years of service with the District) at retirement and are not qualified to participate in such program of medical insurance provided by another employer will receive health insurance. The District will contribute the same amount towards retiree health insurance as it would for active employees. The District will contribute the prevailing employer contribution from the master agreement in effect at the time of retirement until the earlier of age 65 or death. The General Fund, Capital Projects Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

Dental insurance is covered by the District in the group plan for active employees and retirees contribute COBRA rates. For MPSASP and ELT plan members dental coverage through the District is only for those who were hired prior to July 1, 2010. Retirees for those plans still contribute the COBRA rates.

C. Members

As of July 1, 2023, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Active employees	<u>5,427</u>
 Total	 <u><u>5,495</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2025, the District contributed \$801,082 to the plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation measurement date as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	4.50%, net of investment expense
Salary Scale	3.00%
Inflation	2.50%
Healthcare cost trend increases	7.50%, decreasing to 4.50% over twelve years.
Mortality Assumption	RP-2014 Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2020, from a base year of 2014.

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

Changes in Actuarial Assumptions

- Discount rate was increased from 4.29% to 4.72%

The discount rate used to measure the total OPEB liability was 4.72% based on the long-term expected rate of return and the municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale).

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	50.0 %	0.00 %
Domestic equity	33.0	3.60
International equity	17.0	4.50
Unallocated cash	0.0	0.00
Other	0.0	0.00
	<hr/>	
Total	<u>100.0 %</u>	

The details of the investments and the investment policy are described in Note 2 of the District's basic financial statements. For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 4.72%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2023	\$ 53,708,378	\$ 27,168,267	\$ 26,540,111
Changes for the year			
Service cost	3,862,852	-	3,862,852
Interest	2,421,950	-	1,886,130
Differences between expected and actual economic experience	(1,095,804)	-	(4,891,341)
Employer contributions	-	722,733	(618,046)
Changes in assumptions	1,749,040	-	1,972,160
Benefit payments	(801,082)	(801,082)	-
Projected earnings on fiduciary net position	-	2,935,634	(977,564)
Administrative expense	-	(25,675)	25,675
Net changes	6,136,956	2,831,610	3,305,346
Balances at June 30, 2024	\$ 59,845,334	\$ 29,999,877	\$ 29,845,457

Plan fiduciary net position as a percentage of the total OPEB liability 50.13%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 4.72% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (3.72%)	Current Discount Rate (4.72%)	1% Increase in Discount Rate (5.72%)
Net OPEB liability	\$ 35,024,081	\$ 29,845,457	\$ 25,087,517

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using trend rates that are 1% lower and 1% higher than the trend rates.

	<u>1% Decrease in Trend Rate (6.50%)</u>	<u>Current Trend Rate (7.50%)</u>	<u>1% Increase in Trend Rate (8.50%)</u>
Net OPEB liability	\$ 22,481,615	\$ 29,845,457	\$ 38,640,654

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$1,804,820. At June 30, 2025, 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>
Net difference between projected and actual investment earnings	\$ -	\$ 1,690,120
Differences between expected and actual economic experience	209,121	15,735,811
Changes of assumptions	<u>2,854,910</u>	<u>19,616,977</u>
Total	<u>\$ 3,064,031</u>	<u>\$ 37,042,908</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

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

Year Ending June 30,	Total
2026	\$ (6,156,657)
2027	(7,085,618)
2028	(6,209,619)
2029	(5,808,529)
2030	(3,063,940)
2031 +	(5,654,514)
	<hr/>
Total	\$ (33,978,877)

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 fund. 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. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management has accrued claims payable in the amount of \$10,464,766 as disclosed in Note 11 for general liability, auto liability, and worker's compensation claims.

C. Teachers Retirement Association

The District is required to levy for and contribute amounts to Minnesota Teachers Retirement Association under *Minnesota Statutes* totaling \$2,250,000 each year, due by October 1. These amounts are further described in Note 7 as direct aid contributions.

D. Construction Commitments

The District has in process various multi-year construction and repair projects in the Capital Projects Fund which were not completed in the current fiscal year. As of June 30, 2025, outstanding commitments for these multi-year projects total approximately \$18,892,676.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 10 - COMPENSATED ABSENCES

Employees of the District are eligible for severance pay based on unused sick leave as follows:

A. Administrators

Employees who are at least 55 years of age or who are credited with 30 years of service by the Minneapolis Teachers Retirement Fund Association (MORFA) may be eligible to receive payment for 50% of unused sick leave.

B. Teachers

Employees who are at least 55 years of age or who are credited with 30 years of service by the MTRFA receive payment for 50% of unused sick leave. All amounts of vested sick pay are accrued as liabilities in the Internal Service Post Retirement Benefits Fund.

C. Principals

Employees hired on or before July 1, 2014, and who are at least 55 years of age or who are credited with 30 years of service receive severance pay amounting to 60% of unused sick leave. Employees hired after July 1, 2014, receive payment up to 80 hours of unused sick leave at 60% of the daily rate of pay.

NOTE 11 - RISK MANAGEMENT

The District accounts for the risk management activities of workers' compensation and general liability exposure in its Self-Insurance Fund, a proprietary-type Internal Service Fund. Inter-fund premiums for coverage are charged to activities of user funds as quasi-external transactions. The District purchases insurance coverage for its property exposure, with an aggregate coverage amount of \$250,000,000.

The District is self-insured for workers' compensation coverage and caps its liability with the purchase of reinsurance coverage. The District is a member of Workers' Compensation Reinsurance Association (WCRA), which reimburses members for individual claim losses exceeding a member's chosen retention limit. The retention limit for the District at June 30, 2025 and 2024, was \$2,000,000.

Liabilities of \$8,953,861 have been recorded in the Self-Insurance Fund for known workers' compensation claims and for claims incurred but not reported as of June 30, 2025. The recorded reserves are actuarially evaluated annually and adjusted accordingly. The discount rate used at June 30, 2025, was 4.72%.

The District became self-insured for general liability for claims incurred after January 1, 1990, through June 30, 1999, and for claims incurred after July 1, 2001 (the self-insurance period). The District purchased general liability insurance from Royal Insurance covering the period from July 1, 1999 through June 30, 2001. Claims incurred during the self-insurance period are the responsibility of the District. *Minnesota Statutes* limit the maximum liability of a public employer to \$300,000 per claimant and \$1,500,000 for claims from a single event. There are several lawsuits pending in which the District is involved. The District estimates that the potential claims against the District that are not covered by insurance or reserves resulting from such litigation would not materially affect the District's basic financial statements. Liabilities of \$1,510,906 have been established to cover such claims as of June 30, 2025.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 - RISK MANAGEMENT (CONTINUED)

The following summarizes claims activity in the District's self-insurance internal service fund related to general liability and workers' compensation:

Claims incurred but not reported or case reserves at June 30, 2022	\$ 9,497,669
Claims incurred, fiscal year 2023	8,007,083
Claims paid, fiscal year 2023	(5,664,984)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2023	11,839,768
Claims incurred, fiscal year 2024	5,636,884
Claims paid, fiscal year 2024	(6,613,793)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2024	10,862,859
Claims incurred, fiscal year 2025	7,264,492
Claims paid, fiscal year 2025	(7,662,584)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2025	\$ 10,464,767
<hr/>	

The District maintains commercial coverage for property insurance.

The District is self-insured for health benefits. A stop-loss policy was purchased that limits the District's loss to \$300,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 120% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The governmental funds of the District participate in the program and make payments to the Self-Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self-Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2025, is \$5,512,175 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Changes in the Fund's claims liability amounts for the past five years were as follows:

	<u>Balance, Beginning of Year</u>	<u>Claims, Expense and Estimates</u>	<u>Claims Payments</u>	<u>Balance, End of Year</u>
2022-2023	\$ 5,183,219	\$ 57,893,938	\$ (58,602,959)	\$ 4,474,198
2023-2024	4,474,198	64,012,299	(63,795,848)	4,690,649
2024-2025	4,690,649	68,459,505	(67,637,979)	5,512,175

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

The government wide beginning net position for governmental activities was restated as a result of the implementation of GASB Statement No. 101, Compensated Absences.

	<u>Government- Wide Governmental Activities</u>
6/30/2024, as previously reported	\$ (195,156,817)
Change in accounting principle	<u>(21,639,851)</u>
6/30/2024, as adjusted or restated	<u><u>\$ (216,796,668)</u></u>

NOTE 13 - SUBSEQUENT EVENTS

On December 9, 2025, the District issued \$43,805,000 in General Obligation School Building Bonds, Series 2025A. The proceeds will be used to finance the rehabilitating, remodeling, expanding, and equipping of existing school buildings, the acquisition of sites, construction, and equipping of new school buildings and for acquisition and betterment purposes, and to pay costs of issuing the Series 2025A Bonds. The District issued \$38,070,000 in General Obligation Long-Term Facilities Maintenance Bonds, Series 2025B. The proceeds of the Series 2025B Bonds will be used to finance the projects included in the District's ten-year facilities plan, and to pay the costs associated with the issuance of the Series 2025B Bonds. The District issued \$26,265,000 in General Obligation Refunding Bonds, Series 2025C. The proceeds of the Series 2025C Bonds will be used to accomplish the refunding of the Series 2014B Bonds and the Series 2015B Bonds, and to pay costs of such refunding and costs associated with the issuance of the Series 2025C Bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 14 - GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 103, Financial Reporting Model Improvements. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making and provide for greater comparability amongst government entities. This Statement will be effective for the year ending June 30, 2026.

GASB Statement No. 104, Disclosure of Certain Capital Assets. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

**Minneapolis Public Schools
Special School District No. 1
Schedule of Changes in Net OPEB Liability
and Related Ratios**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost	\$ 6,076,552	\$ 6,419,803	\$ 6,069,488	\$ 4,623,805
Interest	3,005,357	2,178,073	2,804,957	1,939,402
Differences between expected and actual experience	-	(7,083,960)	-	(15,311,149)
Changes of assumptions	-	(2,164,523)	939,873	(10,786,001)
Benefit payments	(285,922)	(1,376,822)	(1,782,208)	(1,100,265)
Implicit rate subsidies	(1,920,313)	-	-	-
Net change in total OPEB liability	<u>6,875,674</u>	<u>(2,027,429)</u>	<u>8,032,110</u>	<u>(20,634,208)</u>
Beginning of year	<u>67,888,829</u>	<u>74,764,503</u>	<u>72,737,074</u>	<u>80,769,184</u>
End of year	<u>\$ 74,764,503</u>	<u>\$ 72,737,074</u>	<u>\$ 80,769,184</u>	<u>\$ 60,134,976</u>
Plan Fiduciary Net Pension (FNP)				
Employer contributions	\$ -	\$ 3,376,822	\$ 1,782,208	\$ 1,100,265
Net investment income	1,272,204	-	-	-
Projected earnings on fiduciary net position	-	773,287	863,995	947,116
Net difference between projected and actual earnings	-	313,862	1,059,510	(188,054)
Benefit payments	-	(1,376,822)	(1,782,208)	(1,100,265)
Administrative expense	-	(69,058)	(73,760)	(79,035)
Net change in plan fiduciary net position	<u>1,272,204</u>	<u>3,018,091</u>	<u>1,849,745</u>	<u>680,027</u>
Beginning of year	<u>14,946,492</u>	<u>16,218,695</u>	<u>19,236,786</u>	<u>21,086,531</u>
End of year	<u>\$ 16,218,696</u>	<u>\$ 19,236,786</u>	<u>\$ 21,086,531</u>	<u>\$ 21,766,558</u>
Net OPEB liability	<u>\$ 58,545,807</u>	<u>\$ 53,500,288</u>	<u>\$ 59,682,653</u>	<u>\$ 38,368,418</u>
Plan FNP as a percentage of the total OPEB liability	21.69%	26.45%	26.11%	36.20%
Covered payroll	\$ 363,751,046	\$ 360,122,986	\$ 372,727,291	\$ 331,585,577
Net OPEB liability as a percentage of covered payroll	16.10%	14.86%	16.01%	11.57%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
\$	5,213,029	\$ 5,296,029	\$ 4,436,196	\$ 3,809,643	\$ 3,862,852
	1,886,130	1,592,231	2,618,749	2,230,092	2,421,950
	(1,045,632)	347,613	(990,401)	(7,343,481)	(1,095,804)
	1,972,160	(14,247,617)	(205,995)	(7,651,166)	1,749,040
	(618,046)	(1,393,726)	(941,929)	(1,390,477)	(801,082)
	-	-	-	-	-
	<u>7,407,641</u>	<u>(8,405,470)</u>	<u>4,916,620</u>	<u>(10,345,389)</u>	<u>6,136,956</u>
	<u>60,134,976</u>	<u>67,542,617</u>	<u>59,137,147</u>	<u>64,053,767</u>	<u>53,708,378</u>
\$	<u>67,542,617</u>	<u>\$ 59,137,147</u>	<u>\$ 64,053,767</u>	<u>\$ 53,708,378</u>	<u>\$ 59,845,334</u>
\$	618,046	\$ 1,393,726	\$ 941,929	\$ 1,390,477	\$ 722,733
	-	-	-	-	-
	977,564	1,190,606	1,031,227	1,098,844	1,218,933
	3,845,709	(4,644,817)	556,798	1,694,598	1,716,701
	(618,046)	(1,393,726)	(941,929)	(1,390,477)	(801,082)
	(85,809)	(92,205)	(82,911)	(87,895)	(25,675)
	<u>4,737,464</u>	<u>(3,546,416)</u>	<u>1,505,114</u>	<u>2,705,547</u>	<u>2,831,610</u>
	<u>21,766,558</u>	<u>26,504,022</u>	<u>22,957,606</u>	<u>24,462,720</u>	<u>27,168,267</u>
\$	<u>26,504,022</u>	<u>\$ 22,957,606</u>	<u>\$ 24,462,720</u>	<u>\$ 27,168,267</u>	<u>\$ 29,999,877</u>
\$	<u>41,038,595</u>	<u>\$ 36,179,541</u>	<u>\$ 39,591,047</u>	<u>\$ 26,540,111</u>	<u>\$ 29,845,457</u>
	39.24%	38.82%	38.19%	50.58%	50.13%
\$	371,887,319	\$ 363,821,219	\$ 371,750,040	\$ 347,543,376	\$ 368,708,767
	11.04%	9.94%	10.65%	7.64%	8.09%

**Minneapolis Public Schools
Special School District No. 1
Schedule of Employer Contributions - OPEB**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Actuarially determined contribution	\$ 8,990,196	\$ 1,251,751	\$ 1,778,462	\$ 1,037,462
Contributions in relation to the actuarially determined contribution	<u>2,356,085</u>	<u>3,376,822</u>	<u>1,782,208</u>	<u>1,100,265</u>
Contribution deficiency (excess)	<u>\$ 6,634,111</u>	<u>\$ (2,125,071)</u>	<u>\$ (3,746)</u>	<u>\$ (62,803)</u>
Covered payroll	<u>\$ 363,751,046</u>	<u>\$ 360,122,986</u>	<u>\$ 372,727,291</u>	<u>\$ 331,585,577</u>
Contributions as a percentage of covered payroll	0.65%	0.94%	0.48%	0.33%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
\$ 618,046	\$ 1,393,726	\$ 941,929	\$ 1,390,477	\$ 722,733
<u>618,046</u>	<u>1,393,726</u>	<u>941,929</u>	<u>1,390,477</u>	<u>722,733</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 371,887,319</u>	<u>\$ 363,821,219</u>	<u>\$ 371,750,040</u>	<u>\$ 347,543,376</u>	<u>\$ 368,708,767</u>
0.17%	0.38%	0.25%	0.40%	0.20%

**Minneapolis Public Schools
Special School District No. 1
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Annual money-weighted rate of return, net of investment expense	8.97%	6.72%	10.02%	3.61%	22.20%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

June 30, 2022 June 30, 2023 June 30, 2024 June 30, 2025

-13.05% 6.93% 11.32% 10.94%

**Minneapolis Public Schools
Special School District No. 1
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	3.5536%	\$ 184,165,995	\$ -	\$ 184,165,995	\$ 114,079,707	161.4%	78.2%
2016	3.3730%	273,870,870	3,577,010	277,447,880	114,079,707	240.1%	78.8%
2017	2.8326%	180,831,314	2,273,787	183,105,101	87,249,667	207.3%	75.9%
2018	2.6337%	146,106,878	4,792,584	150,899,462	81,788,760	178.6%	79.5%
2019	2.9200%	161,440,259	5,017,615	166,457,874	111,419,373	144.9%	80.2%
2020	2.4981%	149,772,511	4,618,393	154,390,904	82,920,813	180.6%	79.1%
2021	2.3872%	101,944,135	3,113,163	105,057,298	76,839,200	132.7%	87.0%
2022	2.3694%	187,657,262	5,501,631	193,158,893	82,241,773	228.2%	76.7%
2023	2.2201%	124,145,505	3,422,260	127,567,765	89,068,360	139.4%	83.1%
2024	2.3835%	88,115,165	2,278,478	90,393,643	106,493,760	82.7%	89.1%

**Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - TRA Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	8.1323%	\$ 503,063,183	\$ 57,223,106	\$ 560,286,289	\$ 257,683,734	195.2%	76.8%
2016	9.1760%	2,188,694,939	192,864,529	2,394,574,710	301,171,984	726.7%	44.9%
2017	8.3442%	1,665,653,683	150,258,878	1,815,912,561	282,186,562	590.3%	51.6%
2018	7.8961%	495,950,319	43,395,549	539,345,868	273,509,336	181.3%	78.1%
2019	7.3196%	466,552,841	38,392,377	504,945,218	262,426,079	177.8%	78.2%
2020	7.1483%	528,125,983	41,243,603	569,369,586	265,187,388	199.2%	75.5%
2021	6.8341%	299,080,650	23,520,205	322,600,855	259,255,930	115.4%	86.6%
2022	6.7726%	542,313,981	37,625,433	579,939,414	272,653,965	198.9%	76.2%
2023	6.3930%	527,819,669	34,572,704	562,392,373	278,487,145	189.5%	76.4%
2024	6.3255%	401,942,575	24,677,108	426,619,683	277,812,454	144.7%	82.1%

* The District's Proportion and Proportionate Share of the Net Pension Liability include the percentage and amount under a special funding situation.

**Minneapolis Public Schools
Special School District No. 1
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 8,555,978	\$ 8,555,978	\$ -	\$ 114,079,707	7.50%
2017	6,543,725	6,543,725	-	87,249,667	7.50%
2018	6,134,157	6,134,157	-	81,788,760	7.50%
2019	8,356,453	8,356,453	-	111,419,373	7.50%
2020	6,219,061	6,219,061	-	82,920,813	7.50%
2021	5,762,940	5,762,940	-	76,839,200	7.50%
2022	6,168,133	6,168,133	-	82,241,773	7.50%
2023	6,680,127	6,680,127	-	89,068,360	7.50%
2024	7,987,032	7,987,032	-	106,493,760	7.50%
2025	8,155,417	8,155,417	-	108,738,893	7.50%

* In addition to these contributions, the District made an annual contribution of \$7,142,400 under a special funding situation for fiscal years 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025.

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 33,550,559	\$ 33,550,559	\$ -	\$ 301,171,984	11.14%
2017	31,435,583	31,435,583	-	282,186,562	11.14%
2018	30,468,940	30,468,940	-	273,509,336	11.14%
2019	29,785,360	29,785,360	-	262,426,079	11.35%
2020	30,655,662	30,655,662	-	265,187,388	11.56%
2021	30,514,423	30,514,423	-	259,255,930	11.77%
2022	32,663,945	32,663,945	-	272,653,965	11.98%
2023	33,947,583	33,947,583	-	278,487,145	12.19%
2024	34,420,963	34,420,963	-	277,812,454	12.39%
2025	34,872,584	34,872,584	-	281,457,498	12.39%

* In addition to these contributions, the District makes an annual contribution of \$2,250,000 under a special funding situation.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds

2024 Changes

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 Pub-2010 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 and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes of Benefit Terms

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.

2023 Changes

Changes in Actuarial Assumptions

- None

Changes of Benefit Terms

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2020 Changes

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%
- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. This 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.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 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.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

Post Employment Health Care Plan

2024 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 4.29% to 4.72%.
- Medical trend rates were updated to reflect actual costs increases since the valuation date, with future trend rates updated to reflect industry surveys and expectations.

2023 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 4.19% to 4.29%.

2022 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 4.15% to 4.19%.

2021 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 2.53% to 4.15%.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Medical Trend rates were shifted to maintain the same immediate rate of 8.00%.

2020 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 2.90% to 2.53%.

2019 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.46% to 2.90%.
- Annual wage increase rate was decreased from 3.50% to 3.00%.
- Loads on healthcare trend were removed due to the repeal of the so-call "Cadillac Tax".
- Per-capita costs were updated to reflect experience since the previous valuation, including increase in morbidity assumption from 3.00% to 4.00%.
- Future retiree plan election was updated for Plan 1, Plan 2, and Plan 3 from 75%, 23%, 2% to 50%, 40%, 10%, respectively.
- Mortality improvement scale was updated from MP-2015 to MP-2018 for all groups except Teachers and Principals.

2018 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.60% to 3.46%.

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SUPPLEMENTARY INFORMATION

Minneapolis Public Schools
Special School District No. 1
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue		Total Nonmajor Funds
	Food Service	Community Service	
Assets			
Cash and investments	\$ -	\$ 10,734,935	\$ 10,734,935
Current property taxes receivable	-	2,804,645	2,804,645
Delinquent property taxes receivable	-	48,198	48,198
Accounts receivable	-	113,000	113,000
Due from Department of Education	622,803	1,321,842	1,944,645
Due from other Minnesota school districts	-	1,202	1,202
Due from federal government through Department of Education	2,309,401	824,973	3,134,374
Due from federal government received directly	-	929	929
Due from other governmental units	104,622	-	104,622
Inventory	1,938,615	-	1,938,615
Prepaid Items	-	16,883	16,883
	<u>\$ 4,975,441</u>	<u>\$ 15,866,607</u>	<u>\$ 20,842,048</u>
Liabilities			
Accounts payable	\$ 286,692	\$ 148,490	\$ 435,182
Salaries and benefits payable	71,833	399,634	471,467
Due to other funds	2,602,824	-	2,602,824
Due to other governmental units	4,824	-	4,824
Unearned revenue	70,653	41,614	112,267
Total liabilities	<u>3,036,826</u>	<u>589,738</u>	<u>3,626,564</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	5,417,373	5,417,373
Unavailable revenue - delinquent property taxes	-	48,198	48,198
Total deferred inflows of resources	-	5,465,571	5,465,571
Fund Balances			
Nonspendable	1,938,615	16,883	1,955,498
Restricted			
Restricted for other purposes	-	1,664,590	1,664,590
Community education programs	-	5,283,665	5,283,665
Adult basic education	-	86,765	86,765
Early childhood and family education programs	-	1,713,950	1,713,950
School readiness	-	1,045,445	1,045,445
Total fund balances	<u>1,938,615</u>	<u>9,811,298</u>	<u>11,749,913</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,975,441</u>	<u>\$ 15,866,607</u>	<u>\$ 20,842,048</u>

**Minneapolis Public Schools
Special School District No. 1
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2025**

	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	<u>Food Service</u>	<u>Community Service</u>	
Revenues			
Local sources			
Local property taxes	\$ -	\$ 5,128,963	\$ 5,128,963
Earnings on investments	-	528,934	528,934
Other local and county revenues	239,655	13,586,236	13,825,891
Revenue from state sources	4,059,057	14,881,703	18,940,760
Revenue from federal sources	16,591,720	1,709,287	18,301,007
Sales and other conversion of assets	826,493	-	826,493
Total revenues	<u>21,716,925</u>	<u>35,835,123</u>	<u>57,552,048</u>
Expenditures			
Current			
Food service	27,606,948	-	27,606,948
Community education and services	-	37,420,015	37,420,015
Capital outlay			
Food service	68,199	-	68,199
Community education and services	-	19,132	19,132
Total expenditures	<u>27,675,147</u>	<u>37,439,147</u>	<u>65,114,294</u>
Excess of revenues over (under) expenditures	(5,958,222)	(1,604,024)	(7,562,246)
Other Financing Sources (Uses)			
Transfers in	6,159,709	-	6,159,709
Net change in fund balances	201,487	(1,604,024)	(1,402,537)
Fund Balances			
Beginning of year	<u>1,737,128</u>	<u>11,415,322</u>	<u>13,152,450</u>
End of year	<u>\$ 1,938,615</u>	<u>\$ 9,811,298</u>	<u>\$ 11,749,913</u>

Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Other local and county revenues	\$ -	\$ -	\$ 239,655	\$ 239,655
Revenue from state sources	3,857,896	3,857,896	4,059,057	201,161
Revenue from federal sources	16,977,438	16,977,438	16,591,720	(385,718)
Sales and other conversion of assets	1,085,666	1,085,666	826,493	(259,173)
Total revenues	<u>21,921,000</u>	<u>21,921,000</u>	<u>21,716,925</u>	<u>(204,075)</u>
Expenditures				
Current				
Food service	26,717,306	26,640,855	27,606,948	966,093
Capital outlay				
Food service	-	6,600	68,199	61,599
Total expenditures	<u>26,717,306</u>	<u>26,647,455</u>	<u>27,675,147</u>	<u>1,027,692</u>
Excess of revenues over (under) expenditures	(4,796,306)	(4,726,455)	(5,958,222)	(1,231,767)
Other Financing Sources				
Transfers in	<u>4,796,306</u>	<u>4,726,455</u>	<u>6,159,709</u>	<u>1,433,254</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>201,487</u>	<u>\$ 201,487</u>
Fund Balance				
Beginning of year			<u>1,737,128</u>	
End of year			<u>\$ 1,938,615</u>	

Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Local property taxes	\$ 5,355,709	\$ 5,355,709	\$ 5,128,963	\$ (226,746)
Earnings on investments	-	-	528,934	528,934
Revenue from state sources	12,555,277	14,807,571	14,881,703	74,132
Revenue from federal sources	1,600,000	1,600,000	1,709,287	109,287
Total revenues	<u>32,511,627</u>	<u>32,511,627</u>	<u>35,835,123</u>	<u>3,323,496</u>
Expenditures				
Current				
Community education and services	35,457,083	36,697,655	37,420,015	722,360
Capital outlay				
Community education and services	37,200	37,200	19,132	(18,068)
Total expenditures	<u>35,494,283</u>	<u>36,734,855</u>	<u>37,439,147</u>	<u>704,292</u>
Excess of revenues over (under) expenditures	<u>\$ (2,982,656)</u>	<u>\$ (4,223,228)</u>	(1,604,024)	<u>\$ 2,619,204</u>
Fund Balance				
Beginning of year			<u>11,415,322</u>	
End of year			<u>\$ 9,811,298</u>	

Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Local property taxes	\$ 99,384,598	\$ 99,384,598	\$ 96,387,163	\$ (2,997,435)
Earnings on investments	-	-	4,832,874	4,832,874
Revenue from state sources	-	-	11,281,012	11,281,012
Revenue from federal sources	-	-	472,085	472,085
Total revenues	<u>99,384,598</u>	<u>99,384,598</u>	<u>112,973,134</u>	<u>13,588,536</u>
Expenditures				
Debt service				
Principal	99,384,598	99,384,598	69,620,000	(29,764,598)
Interest and fiscal charges	-	-	35,128,875	35,128,875
Total expenditures	<u>99,384,598</u>	<u>99,384,598</u>	<u>104,748,875</u>	<u>5,364,277</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	8,224,259	<u>\$ 8,224,259</u>
Fund Balance				
Beginning of year			<u>48,660,067</u>	
End of year			<u>\$ 56,884,326</u>	

Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Project - Building Construction
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ -	\$ -	\$ 9,610,326	\$ 9,610,326
Expenditures				
Current				
Sites and buildings	40,821,119	32,217,111	57,627,723	25,410,612
Capital outlay				
Sites and buildings	115,352,315	123,956,323	29,366,085	(94,590,238)
Debt service				
Principal	-	-	3,709,716	3,709,716
Interest and fiscal charges	-	-	1,510,282	1,510,282
Total expenditures	<u>156,173,434</u>	<u>156,173,434</u>	<u>92,213,806</u>	<u>(63,959,628)</u>
Excess of revenues over (under) expenditures	(156,173,434)	(156,173,434)	(82,603,480)	73,569,954
Other Financing Sources (uses)				
Bond issuance	85,425,010	85,425,010	77,275,000	(8,150,010)
Bond premium	-	-	8,794,914	8,794,914
Lease issuance	-	-	576,016	576,016
Total other financing sources (uses)	<u>85,425,010</u>	<u>85,425,010</u>	<u>86,645,930</u>	<u>1,220,920</u>
Net change in fund balance	<u>\$ (70,748,424)</u>	<u>\$ (70,748,424)</u>	4,042,450	<u>\$ 74,790,874</u>
Fund Balance				
Beginning of year			<u>215,150,073</u>	
End of year			<u>\$ 219,192,523</u>	

Minneapolis Public Schools
Special School District No. 1
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2025

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 658,548,498	\$ 660,483,295	\$ (1,934,797)	Total revenue	\$ 9,610,326	\$ 9,610,328	\$ (2)
Total expenditures	705,256,604	706,283,304	(1,026,700)	Total expenditures	92,213,806	92,492,554	(278,748)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	6,064,661	1,226,261	4,838,400	4.60 Nonspendable fund balance	2,666,623	2,666,624	(1)
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	593,039	593,039	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-term Facilities Maintenance	85,071,166	85,071,166	-
4.05 Deferred Maintenance	-	-	-	<i>Restricted:</i>			
4.07 Capital Projects Levy	-	-	-	4.64 Restricted fund balance	131,454,734	131,454,730	4
4.08 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
4.12 Literacy Incentive Aid	1,492,557	1,492,557	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-	07 DEBT SERVICE FUND			
4.16 Levy Reduction	-	-	-	Total revenue	\$ 112,973,134	\$ 112,973,134	\$ -
4.17 Taconite Building Maintenance	-	-	-	Total expenditures	104,748,875	104,748,875	-
4.20 American Indian Education Aid	174,460	174,460	-	<i>Nonspendable:</i>			
4.24 Operating Capital	20,498,301	20,498,301	-	4.60 Nonspendable fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Restricted/reserved:</i>			
4.27 Disabled Accessibility	-	-	-	4.25 Bond refundings	-	-	-
4.28 Learning and Development	8,977	8,977	-	4.33 Maximum effort loan aid	-	-	-
4.34 Area Learning Center	1,004,969	1,004,969	-	4.51 QZAB payments	34,848,683	34,848,683	-
4.35 Contracted Alternative Learning Programs	741,046	741,046	-	4.67 LTFM	-	-	-
4.36 State Approved	-	-	-	<i>Restricted:</i>			
4.37 Quality Compensation - Alternative	-	-	-	4.64 Restricted fund balance	22,035,643	22,035,643	-
Teacher Professional Pay System	-	-	-	<i>Unassigned:</i>			
4.38 Gifted and Talented	-	-	-	4.63 Unassigned fund balance	-	-	-
4.39 English Learner	-	-	-	08 TRUST FUND			
4.40 Teacher Development and Evaluation	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.41 Basic Skills Programs	2,619,580	2,619,580	-	Total expenditures	-	-	-
4.43 School Library Aid	265,224	265,224	-	<i>Unassigned:</i>			
4.45 Career Technical Programs	-	-	-	4.01 Student Activities	-	-	-
4.48 Achievement and Integration	-	-	-	4.02 Scholarships	-	-	-
4.49 Safe Schools Revenue	-	-	-	4.22 Net position	-	-	-
4.51 QZAB and QSCB Payments	-	-	-	18 CUSTODIAL			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.53 Unfunded Severance and	-	-	-	Total expenditures	-	-	-
Retirement Levy	-	-	-	<i>Restricted/reserved:</i>			
4.56 Literacy Aid	162,555	162,555	-	4.01 Student Activities	-	-	-
4.57 Teacher Compensation for	-	-	-	4.02 Scholarships	-	-	-
READ Act Training	1,048,012	1,048,012	-	4.48 Achievement and Integration	-	-	-
4.59 Basic Skills Extended Time	-	-	-	4.65 Restricted	-	-	-
4.67 LTFM	2,141	2,141	-	20 INTERNAL SERVICE FUND			
4.71 Student Support Personnel Aid	539,709	539,709	-	Total revenue	\$ 73,389,159	\$ 73,389,159	\$ -
<i>Restricted:</i>				Total expenditures	88,895,258	81,823,067	7,072,191
4.72 Medical Assistance	2,254,537	2,254,537	-	<i>Unassigned:</i>			
4.64 Restricted fund balance	478,511	478,511	-	4.22 Net position	30,128,831	37,201,021	(7,072,190)
4.75 Title VII - Impact Aid	-	-	-	25 OPEB REVOCABLE TRUST			
4.76 Payments in Lieu of Taxes	-	-	-	Total revenue	\$ -	\$ -	\$ -
<i>Committed:</i>				Total expenditures	-	-	-
4.18 Committed for separation	-	-	-	<i>Unassigned:</i>			
4.61 Committed	-	-	-	4.22 Net position	-	-	-
<i>Assigned:</i>				45 OPEB IRREVOCABLE TRUST			
4.62 Assigned fund balance	19,222,835	19,222,835	-	Total revenue	\$ 2,831,610	\$ 2,831,610	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.22 Unassigned fund balance (net position)	54,470,945	60,217,438	(5,746,493)	<i>Unassigned:</i>			
02 FOOD SERVICE FUND				4.22 Net position	29,999,877	29,999,876	1
Total revenue	\$ 21,716,925	\$ 20,500,824	\$ 1,216,101	47 OPEB DEBT SERVICE			
Total expenditures	27,675,147	26,459,046	1,216,101	Total revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total expenditures	-	-	-
4.60 Nonspendable fund balance	1,938,615	1,938,615	-	<i>Nonspendable:</i>			
<i>Restricted/reserved:</i>				4.60 Nonspendable fund balance	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	<i>Restricted:</i>			
<i>Restricted:</i>				4.25 Bond refundings	-	-	-
4.64 Restricted fund balance	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.63 Unassigned fund balance	-	-	-	4.63 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND				08 TRUST FUND			
Total revenue	\$ 35,835,123	\$ 35,835,124	\$ (1)	Total revenue	\$ -	\$ -	\$ -
Total expenditures	37,439,147	37,439,146	1	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
4.60 Nonspendable fund balance	16,883	16,883	-	4.01 Student Activities	-	-	-
<i>Restricted/reserved:</i>				4.02 Scholarships	-	-	-
4.26 \$25 Taconite	-	-	-	4.48 Achievement and Integration	-	-	-
4.31 Community Education	5,283,665	3,517,193	1,766,472	4.65 Restricted	-	-	-
4.32 ECFE	1,713,950	3,402,469	(1,688,519)	20 INTERNAL SERVICE FUND			
4.40 Teacher Development and Evaluation	-	-	-	Total revenue	\$ 73,389,159	\$ 73,389,159	\$ -
4.44 School Readiness	1,045,445	1,063,084	(17,639)	Total expenditures	88,895,258	81,823,067	7,072,191
4.47 Adult Basic Education	86,765	149,397	(62,632)	<i>Unassigned:</i>			
4.52 OPEB Liabilities not Held in trust	-	-	-	4.22 Net position	30,128,831	37,201,021	(7,072,190)
<i>Restricted:</i>				25 OPEB REVOCABLE TRUST			
4.64 Restricted fund balance	1,664,590	1,662,273	2,317	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.63 Unassigned fund balance	-	-	-	<i>Unassigned:</i>			

STATISTICAL SECTION

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**Minneapolis Public Schools
Special School District No. 1
Statistical Section (Unaudited)**

III. Statistical Section (Unaudited)

This part of Special School District No. 1's annual comprehensive financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	122
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	138
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	154
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	158

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

**Minneapolis Public Schools
Special School District No. 1
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Years			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	\$ 163,600,431	\$ 149,160,083	\$ 159,397,295	\$ 154,921,449
Restricted	20,331,931	35,723,782	35,798,200	39,223,672
Unrestricted	(552,605,238)	(870,333,620)	(1,196,502,668)	(963,390,821)
 Total governmental activities	 <u>\$ (368,672,876)</u>	 <u>\$ (685,449,755)</u>	 <u>\$ (1,001,307,173)</u>	 <u>\$ (769,245,700)</u>

Note 1: The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$622.0 million.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note 5: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Table 1

Fiscal Years					
2020	2021	2022	2023	2024	2025
\$ 152,437,418	\$ 167,231,208	\$ 180,023,633	\$ 205,481,189	\$ 235,214,130	\$ 237,783,076
47,574,870	54,965,174	50,733,450	60,900,783	74,141,069	105,061,828
(965,866,372)	(945,402,805)	(862,696,210)	(631,839,604)	(504,512,016)	(559,348,873)
<u>\$ (765,854,084)</u>	<u>\$ (723,206,423)</u>	<u>\$ (631,939,127)</u>	<u>\$ (365,457,632)</u>	<u>\$ (195,156,817)</u>	<u>\$ (216,503,969)</u>

**Minneapolis Public Schools
Special School District No. 1
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities				
Administration	\$ 18,298,352	\$ 29,036,288	\$ 24,413,289	\$ 5,475,381
District support services	26,864,475	22,972,094	30,190,752	27,778,362
Elementary and secondary regular instruction	304,864,660	494,078,827	461,472,662	123,939,300
Vocational education instruction	4,191,742	6,788,131	6,528,984	1,742,583
Special education instruction	128,294,358	185,485,643	170,696,488	57,885,398
Instructional support services	56,903,247	90,336,077	66,244,175	29,676,916
Pupil support services	70,333,762	87,780,289	80,939,128	56,404,314
Sites and buildings	61,837,606	82,267,082	77,919,006	96,270,486
Fiscal and other fixed cost programs	585,971	559,310	594,641	688,012
Food service	22,736,775	23,606,809	22,597,860	22,948,092
Community service	28,205,073	36,961,573	37,364,970	27,107,793
Interest and fiscal charges	16,485,498	20,999,111	23,770,907	25,003,650
Total governmental activities expenses	<u>739,601,519</u>	<u>1,080,871,234</u>	<u>1,002,732,862</u>	<u>474,920,287</u>
Program Revenues				
Governmental activities				
Charges for services				
Food service	2,348,480	2,048,694	1,809,691	2,694,907
Community service	7,931,383	8,190,904	8,652,521	9,248,182
All other	7,412,017	6,965,141	5,917,604	6,034,017
Operating grants and contributions	155,997,379	156,341,813	180,608,137	175,750,568
Capital grants and contributions	11,000,000	10,733,375	11,198,000	11,110,000
Total governmental activities program revenues	<u>184,689,259</u>	<u>184,279,927</u>	<u>208,185,953</u>	<u>204,837,674</u>
Net (expense) revenue	(554,912,260)	(896,591,307)	(794,546,909)	(270,082,613)
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes, levied for general purposes	116,393,510	117,353,242	123,108,189	113,975,914
Property taxes, levied for capital projects	82,169	-	-	-
Property taxes, levied for community service	5,142,659	5,676,054	5,536,744	5,202,393
Property taxes, levied for debt service	57,175,506	62,926,501	65,124,099	82,407,024
Unrestricted grants and contributions	336,893,500	353,255,021	316,909,702	287,017,586
Other general revenues	8,302,254	11,189,340	701,551	13,158
Investment earnings	2,843,804	1,421,895	3,148,581	13,528,011
Total general revenues and other changes in net position	<u>526,833,402</u>	<u>551,822,053</u>	<u>514,528,866</u>	<u>502,144,086</u>
Change in net position	<u>(28,078,858)</u>	<u>(344,769,254)</u>	<u>(280,018,043)</u>	<u>232,061,473</u>
Prior period adjustment	-	-	-	-
Change in accounting principle	-	-	(35,839,375)	-
Total change in net position	<u>\$ (28,078,858)</u>	<u>\$ (344,769,254)</u>	<u>\$ (315,857,418)</u>	<u>\$ 232,061,473</u>

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note 2: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note 3: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Note 4: The District implemented GASB Statement No. 96 in 2023, resulting in a change in accounting principle of \$2,160,573.

Note 5: The District reported a prior period adjustment in fiscal 2024, increasing unrestricted net position by approximately \$11.1 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Note 6: The District implemented GASB Implementation Guide No. 2021-1 in 2024, resulting in a change in accounting principle of \$11,066,555.

Note 7: The District implemented GASB 101 in fiscal 2025, resulting in a change in accounting principle of (\$21,639,851).

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 16,864,097	\$ 17,003,242	\$ 14,936,110	\$ 8,361,982	\$ 15,358,708	\$ 22,184,537
19,824,078	24,318,391	48,857,105	38,720,471	41,910,064	42,982,581
309,850,944	280,150,136	251,618,186	130,065,948	232,706,103	275,181,712
5,068,728	5,089,516	5,013,209	2,618,812	4,461,105	6,510,653
118,877,734	122,202,296	103,577,983	66,293,506	94,210,309	137,699,917
45,584,282	41,490,014	40,278,990	32,408,488	43,307,250	48,790,897
73,028,360	63,131,018	78,666,331	83,573,060	112,661,018	107,809,187
87,021,218	90,552,655	69,871,966	96,246,230	98,745,884	117,532,632
932,903	6,275,779	1,221,175	1,401,602	2,216,255	1,818,605
22,816,700	18,174,647	24,410,001	24,193,934	25,254,319	27,679,668
31,916,490	26,261,083	27,517,183	27,843,092	30,605,377	37,969,547
25,816,996	25,999,423	27,457,019	26,534,105	26,277,977	26,539,083
757,602,530	720,648,200	693,425,258	538,261,230	727,714,369	852,699,019
2,144,670	187,554	588,874	1,795,016	1,065,297	826,493
6,531,527	2,656,536	5,882,782	9,404,450	11,041,958	12,570,670
6,589,276	5,758,440	5,045,316	6,177,552	9,273,389	9,613,158
174,224,653	202,953,369	256,492,930	248,294,318	289,188,045	229,441,822
11,000,000	11,000,000	11,000,000	11,000,000	10,331,303	11,471,934
200,490,126	222,555,899	279,009,902	276,671,336	320,899,992	263,924,077
(557,112,404)	(498,092,301)	(414,415,356)	(261,589,894)	(406,814,377)	(588,774,942)
151,288,101	144,175,066	140,428,013	141,257,137	144,584,558	146,789,820
-	-	-	-	-	-
5,483,503	5,530,668	5,409,069	5,494,669	5,379,912	5,123,311
80,690,817	84,154,604	80,263,492	90,306,485	90,784,832	96,305,468
311,877,276	292,899,839	279,405,692	271,576,778	297,488,168	321,151,226
18,765	-	-	32,105	-	-
10,449,655	754	176,386	17,243,642	24,432,567	19,697,816
559,808,117	526,760,931	505,682,652	525,910,816	562,670,037	589,067,641
2,695,713	28,668,630	91,267,296	264,320,922	155,855,660	292,699
-	13,979,031	-	-	11,066,555	-
695,903	-	-	2,160,573	3,378,600	(21,639,851)
\$ 3,391,616	\$ 42,647,661	\$ 91,267,296	\$ 266,481,495	\$ 170,300,815	\$ (21,347,152)

Minneapolis Public Schools
Special School District No. 1
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local sources				
Property taxes	\$ 179,102,986	\$ 186,848,106	\$ 193,482,261	\$ 201,623,012
Earnings on investments	2,540,323	1,454,684	2,681,596	11,546,213
Other	31,311,889	28,387,597	25,794,522	23,747,220
Revenue from state sources	434,427,393	427,523,543	434,379,126	433,327,525
Revenue from federal sources	62,467,008	66,351,478	65,693,449	64,556,526
Sales and other conversion of assets	-	-	-	2,694,907
Total revenues	<u>709,849,599</u>	<u>710,565,408</u>	<u>722,030,954</u>	<u>737,495,403</u>
Expenditures				
Current				
Administration	17,687,848	17,384,736	15,547,683	14,078,320
District support services	18,772,996	19,613,778	27,059,474	28,409,955
Elementary and secondary regular instruction	281,183,312	279,209,325	277,152,841	258,489,689
Vocational education instruction	3,824,712	4,018,952	4,166,786	4,480,099
Special education instruction	120,631,699	118,988,717	116,754,950	114,880,487
Instructional support services	53,888,807	61,076,185	48,331,889	43,030,096
Pupil support services	65,090,663	66,342,086	63,842,797	68,351,249
Sites and buildings	67,537,181	70,831,796	70,541,979	91,101,190
Fiscal and other fixed cost programs	585,971	559,310	594,641	688,012
Food service	21,379,447	21,955,089	21,226,849	22,521,883
Community service	26,096,351	28,470,422	29,788,981	32,739,857
Capital outlay	113,558,642	32,964,683	82,671,403	60,346,611
Debt service				
Principal	65,651,000	54,410,000	51,925,000	57,190,000
Interest and fiscal charges	22,474,693	24,365,539	28,224,134	31,055,389
Total expenditures	<u>878,363,322</u>	<u>800,190,618</u>	<u>837,829,407</u>	<u>827,362,837</u>
Excess of revenues over (under) expenditures	(168,513,723)	(89,625,210)	(115,798,453)	(89,867,434)
Other Financing Sources (Uses)				
Insurance recovery	-	-	-	-
Proceeds from sale of capital assets	8,042,914	14,250	1,566	9,765
Bonds issuance	111,335,000	115,840,000	119,025,000	91,670,000
Bond premium	7,562,991	18,670,496	17,676,619	11,814,468
Lease issuance	-	-	-	-
Notes from direct borrowing	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	16,000,000	3,300,000	-	-
Transfers out	-	(3,300,000)	-	-
Total other financing sources (uses)	<u>142,940,905</u>	<u>134,524,746</u>	<u>136,703,185</u>	<u>103,494,233</u>
Net change in fund balances	<u>\$ (25,572,818)</u>	<u>\$ 44,899,536</u>	<u>\$ 20,904,732</u>	<u>\$ 13,626,799</u>
Change in accounting principle	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service as a percentage of noncapital expenditures	<u>11.5%</u>	<u>10.3%</u>	<u>10.6%</u>	<u>11.5%</u>

Note 1: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 237,688,936	\$ 233,710,937	\$ 226,948,273	\$ 237,172,227	\$ 239,566,215	\$ 248,178,136
9,346,761	(9,950)	(2,090,001)	15,398,535	23,036,105	18,732,191
20,983,762	16,415,426	16,975,798	21,408,399	28,794,904	31,131,455
426,392,228	413,948,831	396,699,931	379,965,999	429,229,908	475,365,502
62,670,352	83,704,821	146,899,330	140,830,749	156,232,092	64,237,200
2,144,670	187,560	804,780	1,959,350	1,309,746	1,039,522
759,226,709	747,957,625	786,238,111	796,735,259	878,168,970	838,684,006
15,207,556	16,049,086	16,954,667	18,487,733	19,914,951	22,837,635
20,382,355	26,601,884	30,826,898	32,112,101	36,013,542	37,378,625
273,196,985	259,680,752	274,310,418	255,920,748	290,646,191	276,556,679
4,620,367	4,797,462	5,476,323	5,482,394	5,776,736	6,696,213
114,972,663	120,905,966	117,840,105	118,665,141	118,209,002	141,625,121
43,973,545	43,590,389	44,617,199	46,287,017	50,327,388	50,147,691
69,626,854	64,371,133	83,826,106	95,377,944	118,035,149	108,100,736
65,137,597	78,814,675	73,838,180	81,753,676	83,012,015	97,550,364
932,903	6,275,779	1,221,175	1,401,602	2,216,255	1,818,605
22,866,971	19,090,261	25,151,830	23,676,472	25,460,403	27,606,948
31,181,411	27,154,272	29,657,088	33,255,575	34,315,979	38,753,593
60,391,425	35,404,410	63,722,408	73,429,281	75,362,909	40,817,952
58,285,000	59,770,000	69,864,767	72,540,501	75,658,511	79,741,062
32,919,855	33,761,265	35,423,870	35,843,234	37,123,145	37,702,355
813,695,487	796,267,334	872,731,034	894,233,419	972,072,176	967,333,579
(54,468,778)	(48,309,709)	(86,492,923)	(97,498,160)	(93,903,206)	(128,649,573)
-	-	56,162	900,460	580,141	1,580,103
18,765	-	-	32,105	-	-
84,220,000	98,980,000	115,280,000	124,295,001	76,840,000	77,275,000
14,931,237	20,389,236	27,638,692	10,829,198	9,803,448	8,794,914
-	-	24,202,006	8,928,669	10,806,377	11,280,349
-	-	-	6,983,121	-	-
(6,095,000)	(29,955,000)	(59,085,000)	(70,830,000)	-	-
3,197,268	-	470,867	6,481,205	3,305,191	6,159,709
(3,197,268)	-	(470,867)	(6,481,205)	(3,305,191)	(6,159,709)
93,075,002	89,414,236	108,091,860	81,138,554	98,029,966	98,930,366
\$ 38,606,224	\$ 41,104,527	\$ 21,598,937	\$ (16,359,606)	\$ 4,126,760	\$ (29,719,207)
\$ -	\$ 695,903	\$ -	\$ -	\$ -	\$ -
12.1%	12.3%	13.0%	13.4%	12.7%	13.0%

Minneapolis Public Schools
Special School District No. 1
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 853,532	\$ 128,675	\$ 90,987	\$ 1,227,627
Restricted	293,573	3,319,894	1,107,421	2,660,707
Assigned	25,350,565	21,455,251	29,671,886	32,138,104
Unassigned	54,219,695	41,392,543	31,645,115	38,832,518
Total General Fund	80,717,365	66,296,363	62,515,409	74,858,956
All Other Governmental Funds				
Nonspendable	484,372	872,545	835,232	856,369
Restricted				
Special revenue funds	9,064,174	10,704,840	11,266,229	9,662,107
Building construction	141,287,222	201,062,678	225,872,041	219,626,151
Debt service funds	28,431,083	25,947,326	25,299,573	34,411,700
Total all other governmental funds	<u>\$ 259,984,216</u>	<u>\$ 304,883,752</u>	<u>\$ 325,788,484</u>	<u>\$ 339,415,283</u>

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,269,376	\$ 1,414,679	\$ 5,294,596	\$ 5,957,921	\$ 5,040,225	\$ 6,064,661
9,593,882	12,214,531	17,698,879	22,386,757	26,087,666	31,883,618
43,737,399	57,295,506	68,347,003	54,915,232	58,679,417	19,222,835
52,573,025	55,149,041	53,613,747	60,025,541	62,418,130	54,470,945
107,173,682	126,073,757	144,954,225	143,285,451	152,225,438	111,642,059
2,532,517	1,732,388	2,187,502	2,913,129	1,763,060	4,622,121
6,881,059	8,768,701	5,051,671	7,626,188	11,414,572	9,794,415
219,959,276	238,481,069	249,030,441	228,031,386	215,124,891	216,525,900
42,170,876	44,766,022	40,197,035	43,205,114	48,660,067	56,884,326
<u>\$ 378,717,410</u>	<u>\$ 419,821,937</u>	<u>\$ 441,420,874</u>	<u>\$ 425,061,268</u>	<u>\$ 429,188,028</u>	<u>\$ 399,468,821</u>

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**Minneapolis Public Schools
Special School District No. 1
General Fund Revenue by Source
Last Ten Fiscal Years**

Table 5

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2016	\$ 116,602,944 19.9%	\$ 410,256,617 70.1%	\$ 40,075,526 6.8%	\$ 18,292,458 3.1%	\$ 585,227,545 100.0%
2017	\$ 117,942,218 20.3%	\$ 402,839,217 69.2%	\$ 43,016,218 7.4%	\$ 17,971,173 3.1%	\$ 581,768,826 100.0%
2018	\$ 122,930,971 20.8%	\$ 408,375,976 69.2%	\$ 42,823,711 7.3%	\$ 15,705,490 2.7%	\$ 589,836,148 100.0%
2019	\$ 114,084,818 19.7%	\$ 406,906,740 70.1%	\$ 42,269,350 7.3%	\$ 17,035,980 2.9%	\$ 580,296,888 100.0%
2020	\$ 151,392,761 24.9%	\$ 400,306,331 65.9%	\$ 39,941,226 6.6%	\$ 16,203,960 2.7%	\$ 607,844,278 100.0%
2021	\$ 144,092,501 23.9%	\$ 387,675,107 64.2%	\$ 58,628,646 9.7%	\$ 13,337,269 2.2%	\$ 603,733,523 100.0%
2022	\$ 140,964,153 21.9%	\$ 371,678,222 57.8%	\$ 120,482,318 18.7%	\$ 10,084,573 1.6%	\$ 643,209,266 100.0%
2023	\$ 141,332,958 22.4%	\$ 354,667,173 56.3%	\$ 119,072,623 18.9%	\$ 14,608,422 2.3%	\$ 629,681,176 100.0%
2024	\$ 143,922,511 20.5%	\$ 400,577,499 57.1%	\$ 133,186,390 19.0%	\$ 23,507,317 3.4%	\$ 701,193,717 100.0%
2025	\$ 146,662,010 22.3%	\$ 445,143,730 67.6%	\$ 45,464,108 6.9%	\$ 21,278,650 3.2%	\$ 658,548,498 100.0%

**Minneapolis Public Schools
Special School District No. 1
General Fund Expenditures by Program
Last Ten Fiscal Years**

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2016	\$ 17,687,848 2.9%	\$ 18,772,996 3.1%	\$ 281,183,312 46.4%	\$ 3,824,712 0.6%	\$ 120,631,699 19.9%	\$ 53,888,807 8.9%
2017	\$ 17,384,736 2.9%	\$ 19,613,778 3.2%	\$ 279,209,325 46.1%	\$ 4,018,952 0.7%	\$ 118,988,717 19.6%	\$ 61,076,185 10.1%
2018	\$ 15,547,683 2.6%	\$ 27,059,474 4.6%	\$ 277,152,841 46.7%	\$ 4,166,786 0.7%	\$ 116,754,950 19.7%	\$ 48,331,889 8.1%
2019	\$ 14,078,320 2.5%	\$ 28,409,955 5.0%	\$ 258,489,689 45.5%	\$ 4,480,099 0.8%	\$ 114,880,487 20.2%	\$ 43,030,096 7.6%
2020	\$ 15,207,556 2.6%	\$ 20,382,355 3.5%	\$ 273,196,985 47.3%	\$ 4,620,367 0.8%	\$ 114,972,663 19.9%	\$ 43,973,545 7.6%
2021	\$ 16,049,086 2.7%	\$ 26,601,884 4.5%	\$ 259,680,752 44.4%	\$ 4,797,462 0.8%	\$ 120,905,966 20.7%	\$ 43,590,389 7.5%
2022	\$ 16,954,667 2.6%	\$ 30,826,898 4.8%	\$ 274,310,418 42.3%	\$ 5,476,323 0.8%	\$ 117,840,105 18.2%	\$ 44,617,199 6.9%
2023	\$ 18,487,733 2.9%	\$ 32,112,101 5.0%	\$ 255,920,748 39.9%	\$ 5,482,394 0.9%	\$ 118,665,141 18.5%	\$ 46,287,017 7.2%
2024	\$ 19,914,951 2.8%	\$ 36,013,542 5.1%	\$ 290,646,191 41.5%	\$ 5,776,736 0.8%	\$ 118,209,002 16.9%	\$ 50,327,388 7.2%
2025	\$ 22,837,635 3.2%	\$ 37,378,625 5.3%	\$ 276,556,679 39.2%	\$ 6,696,213 0.9%	\$ 141,625,121 20.1%	\$ 50,147,691 7.1%

Table 6

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Community Education and Services	Capital Outlay	Debt Service	Total
\$ 65,090,663 10.7%	\$ 34,369,886 5.7%	\$ 585,971 0.1%	\$ - -	\$ 10,348,822 1.7%	\$ - -	\$ 606,384,716 100.0%
\$ 66,342,086 10.9%	\$ 35,852,999 5.9%	\$ 559,310 0.1%	\$ 58,786 0.0%	\$ 2,824,954 0.5%	\$ - -	\$ 605,929,828 100.0%
\$ 63,842,797 10.8%	\$ 34,563,786 5.8%	\$ 594,641 0.1%	\$ - -	\$ 5,602,255 0.9%	\$ - -	\$ 593,617,102 100.0%
\$ 68,351,249 12.0%	\$ 33,716,339 5.9%	\$ 688,012 0.1%	\$ - -	\$ 1,838,860 0.3%	\$ - -	\$ 567,963,106 100.0%
\$ 69,626,854 12.1%	\$ 33,229,408 5.8%	\$ 932,903 0.2%	\$ - -	\$ 1,201,584 0.2%	\$ - -	\$ 577,344,220 100.0%
\$ 64,371,133 11.0%	\$ 40,028,331 6.8%	\$ 6,275,779 1.1%	\$ - -	\$ 2,532,666 0.4%	\$ - -	\$ 584,833,448 100.0%
\$ 83,826,106 12.9%	\$ 38,970,766 6.0%	\$ 1,221,175 0.2%	\$ 71,406 0.0%	\$ 26,408,839 4.1%	\$ 7,568,950 1.2%	\$ 648,092,852 100.0%
\$ 95,377,944 14.9%	\$ 43,860,343 6.8%	\$ 1,401,602 0.2%	\$ 133,680 0.0%	\$ 16,721,011 2.6%	\$ 6,449,264 1.0%	\$ 640,898,978 100.0%
\$ 118,035,149 16.9%	\$ 39,629,657 5.7%	\$ 2,216,255 0.3%	\$ 1,381,035 0.2%	\$ 13,017,513 1.9%	\$ 5,099,543 0.7%	\$ 700,266,962 100.0%
\$ 108,100,736 15.3%	\$ 39,922,641 5.7%	\$ 1,818,605 0.3%	\$ 1,333,578 0.2%	\$ 11,364,536 1.6%	\$ 7,474,544 1.1%	\$ 705,256,604 100.0%

Minneapolis Public Schools
Special School District No. 1
Summary of Revenues and Expenditures
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
General Fund	\$ 585,227,545	\$ 581,768,826	\$ 589,836,148	\$ 580,296,888
Special revenue funds				
Food service	22,486,250	22,589,754	21,897,237	22,062,833
Community service	28,570,581	29,825,786	30,506,573	31,853,780
Building construction	1,802,571	1,115,839	1,249,177	6,211,282
Debt service funds	71,762,652	75,265,203	78,541,819	97,070,620
	<u>\$ 709,849,599</u>	<u>\$ 710,565,408</u>	<u>\$ 722,030,954</u>	<u>\$ 737,495,403</u>
Expenditures				
General Fund	\$606,384,716	\$605,929,828	\$593,617,102	\$567,963,106
Special revenue funds				
Food service	22,027,820	22,077,485	21,646,325	22,624,251
Community service	26,563,620	28,554,216	30,234,975	32,875,347
Building construction	135,261,473	65,875,000	113,141,433	115,941,640
Debt service funds	88,125,693	77,754,089	79,189,572	87,958,493
	<u>\$ 878,363,322</u>	<u>\$ 800,190,618</u>	<u>\$ 837,829,407</u>	<u>\$ 827,362,837</u>

Table 7

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 607,844,278	\$ 603,733,523	\$ 643,209,266	\$ 629,681,176	\$ 701,193,717	\$ 658,548,498
23,694,428	21,349,575	21,168,074	18,009,094	21,977,738	21,716,925
28,471,098	27,022,352	29,701,512	35,606,486	36,848,342	35,835,123
3,611,101	212,058	597,098	10,799,107	12,781,387	9,610,326
95,605,804	95,640,117	91,562,161	102,639,396	105,367,786	112,973,134
<u>\$ 759,226,709</u>	<u>\$ 747,957,625</u>	<u>\$ 786,238,111</u>	<u>\$ 796,735,259</u>	<u>\$ 878,168,970</u>	<u>\$ 838,684,006</u>
\$577,344,220	\$ 584,833,448	\$ 648,092,852	\$ 640,898,978	\$ 700,266,962	\$ 705,256,604
22,955,476	19,211,722	25,223,498	23,904,788	25,516,568	27,675,147
31,232,002	27,155,640	29,589,555	33,152,664	33,059,208	37,439,147
91,067,412	71,747,909	73,373,599	96,831,741	113,316,605	92,213,806
91,096,377	93,318,615	96,451,530	99,445,248	99,912,833	104,748,875
<u>\$ 813,695,487</u>	<u>\$ 796,267,334</u>	<u>\$ 872,731,034</u>	<u>\$ 894,233,419</u>	<u>\$ 972,072,176</u>	<u>\$ 967,333,579</u>

**Minneapolis Public Schools
Special School District No. 1
Cash and Investments by Fund
Last Ten Fiscal Years**

	Fiscal Year			
	2016	2017	2018	2019
General Fund	\$ 95,179,498	\$ 85,619,508	\$ 94,582,285	\$ 116,595,173
Special revenue funds				
Food Service	933,829	1,939,704	2,081,764	1,869,294
Community Service	8,976,796	11,242,777	11,338,299	9,314,974
Building construction	161,675,892	213,222,358	246,717,038	236,462,242
Debt service funds	58,600,779	57,151,753	67,471,802	73,465,944
Internal service funds	29,705,483	44,918,470	52,288,028	59,713,246
OPEB Trust Fund	14,946,492	16,218,696	19,236,786	21,086,531
 Total cash and investments by fund	 <u>\$ 370,018,769</u>	 <u>\$ 430,313,266</u>	 <u>\$ 493,716,002</u>	 <u>\$ 518,507,404</u>

Table 8

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 146,432,589	\$ 167,707,285	\$ 153,196,716	\$ 139,336,994	\$ 61,830,508	\$ 105,377,788
-	2,925,204	-	-	-	-
6,423,422	4,959,083	7,234,505	7,011,091	8,725,210	10,734,935
229,145,567	247,489,262	255,932,860	237,460,374	226,972,163	225,435,283
80,663,292	83,644,344	84,334,717	87,172,216	58,897,130	104,640,309
69,745,932	88,143,884	83,801,385	86,204,994	90,602,343	83,686,814
21,766,550	26,504,022	22,957,606	24,462,720	27,168,267	29,999,877
<u>\$ 554,177,352</u>	<u>\$ 621,373,084</u>	<u>\$ 607,457,789</u>	<u>\$ 581,648,389</u>	<u>\$ 474,195,621</u>	<u>\$ 559,875,006</u>

Minneapolis Public Schools
Special School District No. 1
Governmental Funds Tax Revenues by Source and Levy Type
Last Ten Fiscal Years

Table 9

Year Ended June 30,	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects - Building Construction	Debt Service Funds	
2016	\$ 116,602,944	\$ 5,150,988	\$ 82,169	\$ 57,266,885	\$ 179,102,986
2017	117,942,218	5,699,513	-	63,206,375	186,848,106
2018	122,930,971	5,529,590	-	65,021,700	193,482,261
2019	114,084,818	5,206,428	-	82,331,766	201,623,012
2020	151,392,761	5,492,440	-	80,803,735	237,688,936
2021	144,092,501	5,528,142	-	84,090,294	233,710,937
2022	140,964,153	5,432,626	-	80,551,494	226,948,273
2023	141,332,958	5,498,248	-	90,341,021	237,172,227
2024	143,922,511	5,357,869	-	90,285,835	239,566,215
2025	146,662,010	5,128,963	-	96,387,163	248,178,136

**Minneapolis Public Schools
Special School District No. 1
Tax Capacities and Market Values
Last Ten Fiscal Years**

Table 10

For Taxes Collectible	Total Taxable Net Tax Capacity	Estimated Market Value	Percentage Tax Capacity to Market Value
2016	\$ 515,956,442	\$ 42,812,588,043	1.21 %
2017	533,536,600	46,774,230,040	1.14
2018	616,220,416	51,664,025,894	1.19
2019	657,711,218	55,348,980,258	1.19
2020	697,099,022	58,391,790,385	1.19
2021	704,727,819	59,717,760,948	1.18
2022	760,971,311	63,788,249,397	1.19
2023	806,681,563	66,880,677,472	1.21
2024	768,714,251	63,873,441,990	1.20
2025	762,358,686	63,326,682,875	1.20

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

Source: *MDE Levy Limitation and Certification Report*

**Minneapolis Public Schools
Special School District No. 1
School Tax Levies, and Tax Rates
Last Ten Fiscal Years**

Table 11

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2016	\$ 117,008,161	\$ 5,503,645	\$ 63,228,410	\$ 185,740,216
	2017	119,784,624	5,330,747	65,796,848	190,912,220
	2018	114,064,112	5,241,275	83,098,180	202,403,566
	2019	149,699,526	5,541,672	81,436,314	236,677,511
	2020	142,851,932	5,568,034	84,751,020	233,170,987
	2021	137,639,976	5,453,410	80,948,599	224,041,985
	2022	144,015,606	5,541,222	91,134,710	240,691,538
	2023	145,848,250	5,474,604	92,497,294	243,820,149
	2024	143,236,728	5,282,472	99,384,598	247,903,798
	2025	172,441,562	5,417,373	101,248,920	279,107,855
Tax Rates					
	2016	0.06278	0.01193	0.13702	0.21173
	2017	0.06197	0.01067	0.13160	0.20424
	2018	0.05877	0.00976	0.22312	0.29165
	2019	0.05328	0.00947	0.15956	0.22231
	2020	0.06900	0.00876	0.13326	0.21102
	2021	0.06576	0.00765	0.11351	0.18692
	2022	0.06618	0.07700	0.12648	0.26966
	2023	0.06179	0.00717	0.11843	0.18739
	2024	0.05808	0.00638	0.11988	0.18434
	2025	0.09695	0.00715	0.13348	0.23758

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

Source: *State of Minnesota School Tax Report*

**Minneapolis Public Schools
Special School District No. 1
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Table 12

For Taxes Collectible	ISD No. 001		Overlapping Rates				Total Rates Minneapolis Resident
	Tax Capacity Based Rates	Market Value Based Rates	City of Minneapolis	Hennepin County	Watershed Districts	Other Special Taxing Districts	
2016	2.72	0.02	8.29	5.78	0.22	0.67	17.70
2017	2.63	0.02	8.11	5.64	0.22	0.68	17.30
2018	2.88	0.01	7.94	5.49	0.22	0.68	17.22
2019	2.87	0.02	7.63	5.37	0.20	0.64	16.73
2020	2.72	0.01	7.59	5.25	0.19	0.61	16.37
2021	2.41	0.01	7.51	4.89	0.18	0.58	15.58
2022	2.65	0.01	7.44	4.96	0.18	0.58	15.82
2023	2.44	0.01	7.62	4.40	0.16	0.50	15.13
2024	2.43	0.01	7.42	4.39	0.16	0.50	14.91
2025	2.4	0.01	7.37	4.41	0.14	0.57	14.90

Note 1: Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Note 2: Per City of Mpls ACFR, Sch 6, "Data updated from 2014 to 2022 using the correct Tax Capacity Rate Card"

Source: *City of Minneapolis 'Annual Comprehensive Financial Report' (ACFR)*

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**Minneapolis Public Schools
Special School District No. 1
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 13

Taxpayer	2025			Taxpayer	2016		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity		Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
BRI 1855 IDS Center, LLC	\$ 3,094,498	1	0.41 %	Northern States Power Co.	\$ 4,557,376	1	0.88 %
SRI Eleven MPLS 225 LLC	3,052,845	2	0.40	First Minneapolis-Hines Co	3,259,187	2	0.63
WFM Office Owner LLC	2,727,926	3	0.36	SRI Eleven Minneapolis 225 L	2,937,436	3	0.57
33 City Center 33 S. Prop LLC	2,497,870	4	0.33	Target Corporation	2,882,613	4	0.56
US Bank Corp RE Tax Dept	2,103,127	5	0.28	BRI 1855 IDS Center, LLC	2,530,456	5	0.49
Piedmont-800 Nicollett	2,065,206	6	0.27	NWC Limited Partnership	2,329,316	6	0.45
South Sixth Office LLC	1,798,432	7	0.24	Minneapolis 225 Holdings LL	2,265,082	7	0.44
250 Nicollet Office LLC	1,636,695	8	0.21	Wells Operating Partnership LP	1,754,700	8	0.34
KBSIII 60 South Sith St LLC	1,439,264	9	0.19	Diamondrock Minneapolis LLC	1,602,851	9	0.31
Dayton Hudson Corporation	1,351,804	10	0.18	Wells Fargo Bank and Home Mortgage	1,536,520	10	0.30
Total taxpayers	\$ 21,767,667		2.86 %	Total taxpayers	\$ 25,655,537		4.97 %

Source: Hennepin County

**Minneapolis Public Schools
Special School District No. 1
Property Tax Levies and Receivables
Last Ten Fiscal Years**

For Taxes Collectible	Taxes Levied for the Fiscal Year			Collections	
	Operating Tax Levy	Debt Tax Levy	Total	First Year Levy Recognized Amount	Percentage of Levy
2016	\$ 122,511,806	\$ 63,228,410	\$ 185,740,216	\$ 185,740,216	100.0
2017	125,115,372	65,796,848	190,912,220	190,912,220	100.0
2018	119,305,386	83,098,180	202,403,566	202,403,566	100.0
2019	155,241,197	81,436,314	236,677,511	236,677,511	100.0
2020	148,419,966	84,751,020	233,170,986	233,170,987	100.0
2021	143,093,386	80,948,599	224,041,985	224,041,985	100.0
2022	149,556,828	91,134,710	240,691,538	240,691,538	100.0
2023	151,322,854	92,497,294	243,820,148	243,820,149	100.0
2024	148,519,200	99,384,598	247,903,798	118,675,581	47.9
2025	177,858,935	101,248,920	279,107,855	248,178,136	88.9
Total					

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections. Legislative changes, beginning with taxes collectible in 2012, significantly reduced or eliminated the amount of tax credits paid through state aids.

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

Source: *State of Minnesota School Tax Report*

Table 14

Received in Subsequent Years	Collections		Uncollected Taxes Receivable as of June 30, 2025			
	Total to Date		Delinquent (2)		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ -	\$ 185,740,216	100.0	\$ -	-	\$ -	- %
-	190,912,220	100.0	-	-	-	-
-	202,403,566	100.0	-	-	-	-
-	236,677,511	100.0	44,445	0.02	-	-
-	233,170,987	100.0	122,006	0.05	-	-
-	224,041,985	100.0	129,324	0.06	-	-
-	240,691,538	100.0	(290,434)	(0.12)	-	-
-	243,820,149	100.0	2,548,242	1.05	-	-
129,228,217	247,903,798	100.0	-	-	-	-
3,777,170	251,955,306	90.3	-	-	144,232,223	51.7
			<u>\$ 2,553,583</u>		<u>\$ 144,232,223</u>	

**Minneapolis Public Schools
Special School District No. 1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Year	G. O. Bonds	Certificates of Participation	Notes from Direct Borrowing	Lease Liability
2016	\$ 317,010,000	\$ 259,370,000	\$ -	\$ -
2017	382,585,000	255,225,000	-	-
2018	435,020,000	269,890,000	-	-
2019	495,505,000	243,885,000	-	-
2020	530,255,000	228,975,000	-	-
2021	562,395,000	206,090,000	-	-
2022	573,655,000	188,455,000	15,129,168	1,778,071
2023	585,995,000	164,755,000	15,029,262	10,315,441
2024	613,775,000	148,715,000	14,135,835	9,272,735
2025	638,660,000	131,485,000	13,960,740	8,144,708

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Personal income data for Fiscal year 23 is not available.

Note 3: GASB Statement No. 87 was implemented for fiscal year 2022 which resulted in the recognition of lease liability with finance purchases through notes from directed borrowing.

Note 4: GASB Statement No. 96 was implemented for fiscal year 2023 which resulted in the recognition of subscription - based information technology lease liability with finance purchases.

Source: *State of Minnesota School Tax Report and Metropolitan Council*

Table 15

Subscription Liability	Premiums (Discount) on Debt	Total Primary Government	Estimated Population	Total Debt per Capita	Percent of Total Debt to Personal Income
\$ -	\$ 41,126,988	\$ 617,506,988	\$ 412,517	\$ 1,497	4.31 %
-	54,506,071	692,316,071	413,645	1,674	4.85
-	65,997,346	770,907,346	422,326	1,825	4.79
-	70,897,597	810,287,597	425,403	1,905	5.14
-	78,155,890	837,385,890	435,885	1,921	4.95
-	90,870,567	859,355,567	429,954	1,999	5.14
-	106,867,987	885,885,226	435,105	2,036	4.64
-	99,831,500	875,926,203	429,292	2,040	4.03
2,183,998	100,420,440	888,503,008	425,115	2,090	3.93
4,027,044	100,021,644	896,299,136	435,233	2,059	2.74

**Minneapolis Public Schools
Special School District No. 1
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Year	G. O. Bonds	Certificates of Participation	Premiums (Discount) on Debt	Less Amounts Available in Debt Service Fund
2016	\$ 317,010,000	\$ 259,370,000	\$ 41,126,988	\$ 28,431,083
2017	382,585,000	255,225,000	54,506,071	25,947,326
2018	435,020,000	269,890,000	65,997,346	25,299,573
2019	495,505,000	243,885,000	70,897,597	34,411,700
2020	530,255,000	228,975,000	78,155,890	42,170,876
2021	562,395,000	206,090,000	90,870,567	44,766,022
2022	573,655,000	188,455,000	106,867,987	40,197,035
2023	585,995,000	164,755,000	99,831,500	43,205,114
2024	613,775,000	148,715,000	100,420,440	48,660,067
2025	638,660,000	131,485,000	100,021,644	56,884,326

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Personal income data for Fiscal year 23 is not available

Note 3: GASB Statement No. 87 was implemented for fiscal year 2022 which resulted in the recognition of lease liability with finance purchases through notes from directed borrowing.

Note 4: GASB Statement No. 96 was implemented for fiscal year 2023 which resulted in the recognition of subscription -based information technology lease liability with finance purchases.

Source: *State of Minnesota School Tax Report and Metropolitan Council*

Table 16

Net Bonded Debt	Net Tax Capacity	Percent of Estimated Actual Value of Property	Estimated Population	Net Bonded Debt per Capita
\$ 589,075,905	\$ 515,956,442	114.17%	\$ 412,517	\$ 1,428
666,368,745	533,536,600	124.90%	413,645	1611
745,607,773	616,220,416	121.00%	422,326	1765
775,875,897	657,711,218	117.97%	425,403	1824
795,215,014	697,099,022	114.07%	435,885	1824
814,589,545	704,727,819	115.59%	429,954	1895
828,780,952	760,971,311	108.91%	435,105	1905
807,376,386	806,681,563	100.09%	429,292	1881
814,250,373	768,714,251	105.92%	425,115	1915
813,282,318	762,358,686	106.68%	435,233	1869

**Minneapolis Public Schools
Special School District No. 1
Ratio of Annual Debt Expenditures to General Fund Expenditures
Last Ten Fiscal Years**

Table 17

Fiscal Year	Principal	Interest and Other Charges	Total Debt Service Expenditures	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2016	\$ 65,651,000	\$ 22,474,693	\$ 88,125,693	\$ 606,384,716	14.53 %
2017	54,410,000	24,365,539	78,775,539	605,929,828	13.00
2018	51,925,000	28,224,134	80,149,134	593,617,102	13.50
2019	57,190,000	31,055,389	88,245,389	567,963,106	15.54
2020	58,285,000	32,919,855	91,204,855	577,344,220	15.80
2021	59,770,000	33,761,265	93,531,265	584,833,448	15.99
2022	69,864,767	35,423,870	105,288,637	648,092,852	16.25
2023	72,540,501	35,843,234	108,383,735	640,898,978	16.91
2024	75,658,511	37,123,145	112,781,656	700,266,962	16.11
2025	79,741,062	37,702,355	117,443,417	705,256,604	16.65

**Minneapolis Public Schools
Special School District No. 1
Direct and Overlapping Debt
as of June 30, 2025**

Table 18

Governmental Unit	General Obligation Debt	2025 Tax Capacity Value	Percent of Debt Applicable	Amount of Debt Applicable
Overlapping debt				
City of Minneapolis	\$ 813,093,099	\$676,567,024	100.00 %	\$ 813,093,099
Hennepin County	1,192,537,479	2,835,449,560	25.97	309,701,983
Hennepin County (HCRRA)	76,774,733	2,052,772,775	25.97	19,938,398
Metropolitan Council	40,609,929	2,833,554,408	11.77	4,779,789
Total overlapping debt	2,123,015,240	8,398,343,767		1,147,513,269
Direct debt				
SSD No. 001	581,775,674	762,358,686	100.00	581,775,674
Total direct and overlapping debt	\$ 4,827,806,154	\$ 17,559,046,220		\$ 2,876,802,212

Source 1: General obligation debt and amount applicable debt data - The Official Statement associated with the District's 2024A, and 2024B(prepared by PFM)

Source 2: Tax capacity data from other entities were provided Hennipen County

Source 3: Internal data reports were used for the District's data

**Minneapolis Public Schools
Special School District No. 1
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 6,421,888,206	\$ 7,016,134,506	\$ 7,749,603,884	\$ 8,302,347,039
Total net debt applicable to the limit	262,202,375	288,578,917	356,637,674	409,776,185
Legal debt margin	<u>\$ 6,159,685,831</u>	<u>\$ 6,727,555,589</u>	<u>\$ 7,392,966,210</u>	<u>\$ 7,892,570,854</u>
Total net debt applicable to the limit as a percentage of debt limit	4.08%	4.11%	4.60%	4.94%

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

Source: *State of Minnesota School Tax Report*

Table 19

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 8,758,768,558	\$ 8,957,664,142	\$ 9,568,237,410	\$ 10,032,101,621	\$ 9,581,016,299	\$ 9,499,002,431
461,261,093	488,361,678	520,297,973	542,789,886	565,114,933	581,775,674
<u>\$ 8,297,507,465</u>	<u>\$ 8,469,302,464</u>	<u>\$ 9,047,939,437</u>	<u>\$ 9,489,311,735</u>	<u>\$ 9,015,901,366</u>	<u>\$ 8,917,226,757</u>
5.27%	5.45%	5.44%	5.41%	5.90%	6.12%

Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$ 63,326,682,875
Debt limit (15% of market value)	9,499,002,431
Debt applicable to limit	
General obligation bonds	638,660,000
Less amount set aside for repayment of general obligation debt	(56,884,326)
Total net debt applicable to the limit	<u>\$ 581,775,674</u>
Legal debt margin	<u>\$ 8,917,226,757</u>

**Minneapolis Public Schools
Special School District No. 1
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)
2016	412,517	\$ 14,340,328,471	\$ 34,763	32.4
2017	413,645	14,281,920,915	34,527	32.0
2018	422,326	16,103,712,706	38,131	32.4
2019	425,403	15,770,114,613	37,071	32.1
2020	435,885	16,915,825,080	38,808	32.2
2021	429,954	16,717,041,474	38,881	32.3
2022	435,105	19,111,987,125	43,925	33.5
2023	429,292	21,724,321,660	50,605	32.8
2024	425,115	22,561,703,280	53,072	33.0
2025	435,233	32,617,666,719	74,943	30.0

Data Sources:

Note 1: Information was provided as of December 31st (six month lag on reporting of data)

Note 2: Population provided by Metropolitan Council (calendar year)

Note 3: Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate (calendar year)

Note 4: Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate (calendar year)

Note 5: Personal Income = Population x Per Capita Income (calendar year)

Note 6: Jobs data from MN DEED/QCEW tables; (calendar year)

Note 7: Annual Average Unemployment Rate - from MN DEED/LAUS tables (calendar year)

Note 8: Median Household Income - U.S. Census Bureau - American Community Survey - 1 Year Estimate (calendar year)

Note 9: School enrollment provided by Minnesota Department of Education (June fiscal year-end)

Table 20

Households (2)	Jobs (5)	Median Household Income (2)	School Enrollment (8)	Annual Average Unemployment Rate (2)
176,878	317,475	\$ 54,571	35,449	3.4 %
179,807	324,620	56,255	35,380	3.4
176,807	327,355	60,789	35,020	3.2
173,916	332,175	58,993	34,088	2.5
176,974	339,242	62,583	33,202	2.6
178,886	309,636	66,068	31,393	4.8
182,419	314,809	70,099	29,077	2.5
188,944	316,728	80,269	28,290	2.8
197,053	321,220	86,534	28,489	3.4
N/A	312,465	83,730	29,109	2.6

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**Minneapolis Public Schools
Special School District No. 1
Principal Employers
Current Year and Nine Years Ago**

Table 21

Employer	2025			2016		
	Approximate Number of Employees	Rank	Percentage of Total District Employment	Approximate Number of Employees	Rank	Percentage of Total District Employment
University of Minnesota	25,640	1	8.0 %	14,400	1	4.5 %
Allina Health	9,605	2	3.0	9,400	5	3.0
Hennepin Healthcare	7,541	3	2.3	7,200	6	2.3
Target Corporation	7,100	4	2.2	9,500	4	3.0
Hennepin County	6,176	5	1.9	6,200	8	2.0
Minneapolis Public Schools	6,036	6	1.9	6,900	7	2.2
Wells Fargo Bank	5,500	7	1.7	11,000	2	3.5
US Bancorp	4,256	8	1.3	4,100	*	1.3
Ameriprise Financial Services	4,249	9	1.3	5,000	9	1.3
City of Minneapolis	2,378	10	0.7	5,000	9	1.3
Fairview Health Services				10,200	3	3.2
Total	<u>78,481</u>		<u>24.3 %</u>	<u>88,900</u>		<u>27.6 %</u>

Source: City of Minneapolis ACFR (2024) and Minneapolis Public Schools internal records

* Employer not part of top ten employers in 2016 City of Minneapolis Report

**Minneapolis Public Schools
Special School District No. 1
Employees by Classification
Last Ten Fiscal Years**

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
ABE Teachers	54.2	54.2	56.8	56.6	52.3	36.2
AFSCME	336.1	323.3	317.9	298.5	310.8	294.5
AMP	112.3	118.6	121.6	146.5	200.9	199.9
Board Members	9.0	9.0	9.0	9.0	9.0	9.0
Employment Contracts	39.6	35.9	27.4	6.3	6.8	3.7
ESP	1,431.2	1,510.1	1,438.5	1,367.0	1,367.4	1,276.6
Food Service	170.7	192.3	199.8	210.8	233.2	237.6
Grounds/Stockworkers	19.0	20.0	20.0	20.0	21.0	20.0
Intermittent/Clerica	11.0	11.0	10.0	10.0	10.0	-
Janitor/Eng/Bus/Ice	291.6	263.0	274.0	270.0	278.0	256.0
MAAS	140.3	123.2	126.1	113.0	117.8	113.4
MACA	117.5	117.6	124.0	115.0	127.0	125.0
Machinists	1.0	1.0	1.0	1.0	1.0	1.0
Non-Represented	42.0	43.0	39.0	40.0	33.0	31.0
Principals	124.0	130.0	128.0	122.0	121.0	117.0
SSS (until 2015)	2.0	-	-	-	-	-
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0
Teachers	3,571.9	3,593.4	3,472.0	3,306.4	3,361.1	3,215.2
Trade-Bricklayer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Carpenter	10.0	10.0	10.0	9.0	9.0	12.0
Trade-Electrician	10.0	13.0	12.0	12.0	6.0	5.0
Trade-Electronics	6.0	7.0	8.0	8.0	8.0	8.0
Trade-Glazier	3.0	3.0	3.0	2.0	2.0	2.0
Trade-Painter	16.0	16.0	16.0	11.0	11.0	11.0
Trade-Pipefitter	23.0	24.0	24.0	24.0	24.0	24.0
Trade-Plasterer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plaster Tender	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plumber	9.0	10.0	10.0	9.0	9.0	9.0
Trade-Roofer	5.0	5.0	5.0	5.0	5.0	5.0
Trade-Sheet Metal	15.0	16.0	16.0	16.0	16.0	16.0
Trade-Sprinkler Fit	2.3	2.3	2.3	2.3	2.3	2.5
Transportation	191.0	182.0	179.0	188.0	169.9	164.6
	<u>6,767.7</u>	<u>6,837.9</u>	<u>6,654.4</u>	<u>6,382.4</u>	<u>6,516.5</u>	<u>6,199.2</u>

Source: Internal records of Minneapolis Public Schools

Table 22

Fiscal Year			
2022	2023	2024	2025
34.8	33.0	31.8	32.0
287.4	311.0	306.6	288.0
222.0	270.2	270.8	262.0
9.0	9.0	9.0	9.0
3.6	8.1	14.2	9.0
1,222.5	1,536.2	1,556.0	1,340.0
240.5	214.4	220.8	223.0
20.0	19.0	19.0	18.0
-	-	-	-
285.5	256.5	257.5	237.0
109.9	169.4	169.1	169.0
125.0	150.0	149.0	138.0
1.0	1.0	-	1.0
32.0	30.0	31.0	31.0
118.0	119.0	119.0	113.0
-	-	-	-
1.0	1.0	1.0	1.0
3,228.4	3,253.4	3,234.9	2,952.0
1.0	1.0	1.0	1.0
12.0	12.0	12.0	12.0
2.5	4.5	4.5	5.0
8.0	8.0	8.0	8.0
2.0	2.0	2.0	2.0
11.0	11.0	11.0	11.0
24.0	24.0	24.0	24.0
1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0
9.0	9.0	9.0	9.0
5.0	5.0	5.0	5.0
18.0	18.0	18.0	18.0
2.5	3.0	3.0	3.0
164.6	154.8	154.6	113.0
<u>6,202.2</u>	<u>6,635.5</u>	<u>6,643.8</u>	<u>6,036.0</u>

**Minneapolis Public Schools
Special School District No. 1
Student Enrollment
as of June 30, 2025**

Table 23

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	765.59	2,821.67	17,865.38	13,996.06	35,448.70	38,247.91
2017	554.92	2,961.59	17,349.56	14,513.50	35,379.57	38,282.27
2018	625.60	2,933.68	16,800.37	14,660.08	35,019.73	37,951.60
2019	610.58	2,898.31	16,105.80	14,473.40	34,088.09	36,982.64
2020	605.53	2,934.53	15,598.05	14,064.16	33,202.27	36,015.12
2021	590.60	2,419.57	14,656.99	13,726.15	31,393.31	34,138.56
2022	469.04	2,510.56	13,174.49	12,922.83	29,076.92	31,661.46
2023	490.78	2,477.80	13,048.21	12,273.65	28,290.44	29,084.61
2024	745.34	2,310.93	13,345.57	12,087.01	28,488.85	31,067.19
2025	796.00	2,467.00	13,631.00	12,215.00	29,109.00	31,552.00

Source: *Minnesota Department of Education student reporting system*

**Minneapolis Public Schools
Special School District No. 1
Operating Statistics
as of June 30, 2025**

Table 24

Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Priced Meals
2016	35,448.70	\$ 676,678,987	\$ 19,089	4.8 %	3,572	9.92	64.1 %
2017	35,379.57	688,450,396	19,459	1.9	3,593	9.85	63.2
2018	35,019.73	675,008,870	19,275	-0.9	3,472	10.09	62.5
2019	34,088.09	678,770,837	19,912	3.3	3,306	10.31	61.7
2020	33,202.27	662,099,207	19,941	0.1	3,361	9.88	60.9
2021	31,393.31	667,331,659	21,257	6.6	3,215	9.76	60.8
2022	29,076.92	703,719,989	24,202	13.9	3,228	9.01	59.7
2023	28,290.44	712,420,403	25,182	4.1	3,253	8.70	51.3
2024	28,488.85	783,927,611	27,517	9.3	3,235	8.81	58.7
2025	29,109.00	809,072,210	27,795	1.0	2,952	9.86	58.0

Note: Operating expenditures are total expenditures less debt service and capital outlays

Source: *Nonfinancial information from district records*

Minneapolis Public Schools
Special School District No. 1
Building Information
as of June 30, 2025

Table 25

Facility	Constructed	Square Feet	Capacity	2024 - 2025 Enrollment
Elementary Schools				
Armatage	1952	86,488	575	375
Bancroft	1912	79,267	665	499
Barton Community	1915	83,752	660	502
Bethune Arts	1968	75,615	519	282
Bryn Mawr Community	1959	102,658	580	431
Burroughs Community	1926/2003	100,367	647	473
Cityview	1999	121,588	712	256
Dowling	1924	88,608	485	337
Ella Baker	1923	156,450	645	653
Emerson Spanish Dual Immersion	1926	57,061	431	519
Field Community	1921	81,171	476	287
Folwell	1931	140,629	863	468
Green Central Dual Language	1977	117,773	665	574
Hale Community	1930	81,807	539	334
Hall STEM Academy	1960	81,030	489	241
Hiawatha (Hiawatha Community)	1916	40,888	284	220
Hmong International Academy (Jordan Park)	1999	123,293	751	258
Howe (Hiawatha Community)	1927	36,161	267	247
Jenny Lind Elementary	1995	96,693	529	254
Kenny Community	1954	60,104	413	299
Kenwood Community	1908	65,699	431	383
Lake Harriet Community Lower	1924	63,646	480	314
Lake Harriet Community Upper	1915	85,874	615	273
Lake Nokomis Community Keewaydin Campus	1928	86,050	561	355
Lake Nokomis Community Wenonah Campus	1952	44,827	284	167
Las Estrellas/ Sheridan Dual Language	1967/1932	148,005	737	467
Loring	1928	59,896	373	339
Lucy Craft Laney at Cleveland Park	2000	109,026	711	417
Lyndale Elementary	1968	97,506	631	512
Marcy Arts Elementary	1992	78,957	611	470
Nellie Stone Johnson Community	2001	125,150	713	285
Northrop/ Ericsson	1916	33,698	444	384
Pillsbury Community	1907/1991	87,705	582	419
Pratt Community	1898	42,437	256	228
Seward Montessori	1887/1966	126,726	905	648
Tuttle (vacant)	1910	63,305	-	-
Waite Park Community	1950	60,073	485	293
Webster	1974	73,414	467	308
Whittier	1882/1997	142,460	565	497
Willard (vacant)	1910	53,635	-	-
Windom	1920	73,618	503	385
Middle Schools				
Andersen United	1975	232,557	1,517	1,063
Anthony	1957	143,158	931	741
Anwatin	1959	146,771	760	307
Franklin STEAM	1970	125,794	656	280
Justice Page	1931	156,856	1,189	968
Lincoln (vacant)	1922	155,831	-	-
Northeast Middle	1956	173,080	948	565
Olson, Floyd B.	1962	114,959	640	333
River Bend Educational Center (K - 8th) W Harry Davis	1995	93,483	533	68
Sanford	1926	150,680	1,025	721
Sullivan STEAM (K-8) <i>Anishinabe (K-5)</i>	1949	60,073	1,230	646 209
High Schools				
Camden	1926	240,121	1,477	785
Edison	1922	257,922	1,421	840
FAIR School Downtown	1996	86,150	728	311
Harrison Education Center	1998	54,793	246	50
Longfellow Alternative and TPS	1918	42,733	417	48
North Community	1972	329,413	1,292	510
Roosevelt	1922	324,718	2,033	1,240
South	1970	283,094	2,089	1,260
Southwest	1940	295,832	2,030	1,198
Stadium View	-	-	-	36
Washburn	1925	246,430	1,771	1,523
Other				
Adult Basic Education (ABE) South Campus (2015 E Lake St) <i>Transition Plus (ages 18-21)</i>	2018	134,340	-	71 248
Adult Basic Education (ABE) North Campus (800 W Broadway)	2017	22,009	-	-
MPS K-12 Online School	-	-	-	658
Northstar (Admin) <i>Mona Moede Early Learning Center</i>	1975	144,197	-	-
Wilder <i>Heritage Academy (program)</i>	1967	205,536	1,622 418	- 104
Administrative				
Davis Center	2012	173,768	-	-
Maintenance and Operations Building	1995	89,729	-	-
Nutrition Center	1975	73,143	-	-
Victory Memorial Ice Arena (vacant)	1974	27,725	-	-

*Information related to private alternatives are not displayed above

Source: Nonfinancial information from district records



**Minneapolis Public Schools
Special School District No. 1**

**Reports on *Government Auditing
Standards*, Uniform Guidance,
and Legal Compliance**

June 30, 2025

**Minneapolis Public Schools
Special School District No. 1
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**Minneapolis Public Schools
Special School District No. 1
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 3,124,630
National School Lunch Program	10.555	10,211,678
Commodities Programs - Non Cash	10.555	1,216,100
Fresh Fruits and Vegetables Program	10.582	498,114
Summer Food Service Program for Children	10.559	831,890
Total Child Nutrition Cluster		<u>15,882,412</u>
Cash in Lieu of Child and adult Care Food Program	10.558	709,308
Total U.S. Department of Agriculture		<u>16,591,720</u>
U.S. Department of Education		
Through Minnesota Department of Education		
Adult Education - Basic Grants to States	84.002	704,678
Title I Grants To Local Educational Agencies		
Title I, Part A	84.010	25,028,507
Title I, Part D	84.010A	148,305
Total Title I Grants To Local Educational Agencies		<u>25,176,812</u>
Special Education Cluster		
Special Education	84.027	13,463,455
Special Education - Preschool Grants	84.173	358,129
Total Special Education Cluster		<u>13,821,584</u>
Special Education - Grants for Infants and Families	84.181	184,384
Career and Technical Education - Basic Grants to States	84.048	680,503
Education for Homeless Children and Youth	84.196	79,777
Comprehensive State Literacy Development	84.371C	52,500
Maltreatment reduction	84.027A	42,893
State Personnel Development Grant	84.323	7,095
Title III, Part A - English Language Acquisition	84.365	947,687
Title II, Part A - Supporting Effective Instruction	84.367	1,208,312
Student Support and Academic Enrichment Program		
Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	1,803,306
Stronger Connections Grant	84.424F	137,173
Total Student Support and Academic Enrichment Program		<u>1,940,479</u>

See notes to the schedule of expenditures of federal awards.

**Minneapolis Public Schools
Special School District No. 1
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Education (Continued)		
Through Minnesota Department of Education		
COVID - ARP Homeless I	84.425W	\$ 61,067
COVID - Elementary and Secondary School Education Relief Fund III	84.425U	554,090
Total Education Stabilization Funds		<u>615,157</u>
 Gaining Early Awareness and Readiness for Undergraduate Programs	 84.334S	 4,342
 Direct		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	2,050,712
21st Century Community Learning Centers	84.287C	985,510
Fund for Improvement of Education	84.215	928
Indian Education Grants to Local Educational Agencies	84.060	272,017
Total U.S. Department of Education		<u>48,775,370</u>
 U.S. Department of Justice		
Direct		
COPS Lock Replacement	16.710	<u>128,375</u>
 U.S. Department of Health and Human Services		
Through Minnesota Department of Education		
Refugee Family Coach	93.566	<u>110,603</u>
 U.S. Department of Homeland Security		
Direct		
Citizenship Grant	97.010	<u>45,168</u>
 National Endowment for the Humanities		
Through Minnesota Department of Education		
Library Services Tech Art	45.310	<u>52,563</u>
 Total Federal Expenditures		<u>\$ 65,703,799</u>

**Minneapolis Public Schools
Special District No. 1
Notes to the Schedule of Expenditures of Federal Awards**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 4 - NONMONETARY ASSISTANCE

Nonmonetary assistance is reported in this schedule at the fair market value of commodities received and disbursed for the USDA Commodities Program (Assistance Listing #10.555).

NOTE 5 - INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.



**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Basic Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special District No. 1
Minneapolis, Minnesota

We have audited, in accordance with the 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 (*Government Auditing Standards*), the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Minneapolis, Minnesota, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic 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 basic 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, Audit Findings 2025-001 and 2025-002.

Report on Internal Control over Financial Reporting (Continued)

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency, Audit Finding 2025-003.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 basic financial statement amounts. 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 Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our engagement and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the 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 communication is not suitable for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota
March 27, 2026



**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance in Accordance with
the Uniform Guidance**

Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special District No. 1
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 27, 2026, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BerganKDV, Ltd.

Minneapolis, Minnesota
March 27, 2026

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
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Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	<p>Yes, Audit Findings 2025-001 and 2025-002</p> <p>Yes, Audit Finding 2025-003</p>

Noncompliance material to financial statements noted?	No
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Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
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Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	<p>No</p> <p>None reported</p>

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No
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Identification of Major Programs

Assistance Listing No:	84.010
Name of Federal Program or Cluster:	Title I

Assistance Listing No:	84.334
Name of Federal Program or Cluster:	Gaining Early Awareness and Readiness for Undergraduate Programs

Assistance Listing No:	84.424
Name of Federal Program or Cluster:	Student Support and Academic Enrichment Programs

Dollar threshold used to distinguish between type A and type B programs:	\$1,971,073
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Auditee qualified as low-risk auditee?	No
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**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS

Audit Finding 2025-001 - Lack of Segregation of Duties

Criteria or Specific Requirement:

Internal control that supports the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the basic financial statements requires adequate segregation of accounting duties.

Condition:

We noted during review of the District's internal controls that there is a lack of segregation of duties over certain processes. A lack of segregation occurs when there is an individual who has responsibility to perform multiple functions in four key areas: initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets.

We noted lack of segregation of duties, to various degrees, in the following area:

- **Financial Closing and Bank Reconciliation Process:** Certain employees record transactions and reconcile balances at the end of the year without evidence of reconciliations being performed timely with review by another employee. There were also instances noted where there was no evidence of timely review or approval of bank reconciliations.
- **SAP User Rights:** A number of employees have excessive access to Accounts Payable functions, Purchasing functions, and the general ledger. Also, there were instances identified where individuals have excessive access to perform many responsibilities within a process (e.g. create a vendor, enter an invoice for payment, and cut a check). There are also some employees who have the ability to make journal entries without review as a result of SAP user rights allocated to them. We recommend that the District review all user roles and the permissions granted to each role for appropriateness, taking into consideration adequate segregation of duties. The District should also validate that adequate compensating controls are implemented to review and detect irregular or fraudulent activity performed by users with elevated permissions. Additionally, individuals in a position of authority should have limited transactional ability within the SAP application to further prevent management override controls.

Context:

This finding impacts the internal control for all significant accounting functions.

Cause:

Process flows and SAP user access rights are not designed to provide for proper segregation of duties in each area. Turnover of finance staff contributed to reconciliations of certain account balances not being reviewed timely.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties adversely affected the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. Financial information could contain inaccurate information if reconciliations are not reviewed timely.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-001 - Lack of Segregation of Duties (Continued)

Recommendation:

We recommend the District review process and procedures to identify further segregation of accounting duties or implement additional controls to mitigate the condition. We also recommend the District improve the accounts payable listing and reconciliation process to remove all old items.

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the finding.

2. Actions Planned in Response to Finding

Financial Closing Process - The process for the financial closing and bank reconciliation process will improve after changes in roles and responsibilities in the Finance Department.

SAP User Rights - The Executive Director - IT has been working on system audits and some corrective action has already been implemented on user rights and we will keep monitoring the process.

3. Official Responsible for Ensuring CAP

The Chief Financial Officer is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2026.

5. Plan to Monitor Completion of CAP

The Finance Department will be monitoring the corrective action plan.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-002 - Deficiency in Internal Control over Disbursements

Criteria or Specific Requirement:

The District's procurement and payment policy requires that all disbursements for contracted services comply with the executed contract terms. Additionally, GAO's Standards for Internal Control in the Federal Government (Green Book) state that management should design control activities to ensure transactions are properly authorized and accurately recorded.

Condition:

For the fiscal year under audit, we noted instances of vendors that appeared to be paid more than the contracted amount. Payments were processed based on invoices that were prepared with different terms than the agreed-upon contract terms.

Context:

This finding impacts internal control over financial reporting.

Cause:

The overpayments occurred because the District does not have an effective review process to effectively reconcile complex invoices to contract terms prior to payment for certain activities. Contract terms also appeared to be unclear which contributed to misinterpretation of amounts due.

Effect or Potential Effect:

The deficiency resulted in overpayments, creating a risk of financial loss and noncompliance with procurement regulations.

Recommendation:

We recommend management:

1. Ensure contract terms are clear and that sufficient information is provided by vendors related to services performed to minimize misinterpretation of amounts due.
2. Implement a formal review process requiring reconciliation of invoices to contract terms before approving payment for all contracted services activities.
3. Ensure system-based controls are configured to flag discrepancies between invoice amounts and contract limits.
4. Provide training to staff responsible for invoice processing on contract compliance requirements.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-002 - Deficiency in Internal Control over Disbursements (Continued)

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the finding.
2. Actions Planned in Response to Finding
The District's internal controls related to the disbursement process will continue to improve.
3. Official Responsible for Ensuring CAP
The Chief Financial Officer is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
Additional procedures have been implemented related to this process.
5. Plan to Monitor Completion of CAP
The Finance Department management will be monitoring the corrective action plan.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-003 - Budget Reporting Process

Criteria or Specific Requirement:

The District should use budgets within SAP to provide budget to actual reports in accordance with UFARS and GAAP and analyze variances on a regular basis.

Condition:

During our audit, we noted significant variances between budgeted amounts and actual amounts for expenditures by program and revenue classifications. Upon further investigation, amounts presented in the original budget and final budget did not appear to follow UFARS or GAAP reporting requirements due to the current budget practice resulting in adjustments to program codes that are inconsistent with actual activity in accordance with UFARS and GAAP.

Context:

This finding impacts internal control over financial reporting.

Cause:

Budgets were not allocated to correct classifications.

Effect or Potential Effect:

Budget to actual variances may be inaccurate.

Recommendation:

We recommend that the District improve its budget process and ensure UFARS and GAAP reporting requirements are followed and that budgets reported match what the Board approved.

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the finding.
2. Actions Planned in Response to Finding
The District's internal controls related to the budgeting process will continue to improve.
3. Official Responsible for Ensuring CAP
The Chief Financial Officer and Budget Manager are the officials responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2026.
5. Plan to Monitor Completion of CAP
The Finance Department management will be monitoring the corrective action plan.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION III - PRIOR YEAR FINDINGS

Audit Finding 2024-003 - Prior Period and Material Audit Adjustments

During our audit for the year ended June 30, 2024, a prior period adjustment was required related to capital assets and material audit adjustments were identified to ensure accurate financial reporting for cash, receivables, state and federal revenues, debt related activity, and property taxes. We did not identify material misstatements during the audit for the year ended June 30, 2025.

SECTION IV - FEDERAL AWARD PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.



Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special District No. 1
Minneapolis, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Minneapolis, Minnesota, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2026.

In connection with our audit, we noted that the District failed to comply with the provisions of the uniform financial accounting and reporting standards for Minnesota school districts (UFARS) and contracting - bid laws 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 as described in the Schedule of Findings and Corrective Action Plans on Legal Compliance as items 2025-004 and 2025-005, respectfully. Also, 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 depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit as 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.

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

BerganKDV, Ltd.

Minneapolis, Minnesota
March 27, 2026

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Corrective Action
Plans on Legal Compliance**

CURRENT YEAR AND PRIOR YEAR LEGAL COMPLIANCE FINDING:

Audit Finding 2025-004 - Lack of Uniform Financial Accounting and Reporting Standards Compliance

According to *Minnesota Statute* 123B. 77, subdivision 1, Uniform financial accounting and reporting standards, state: Each Minnesota school district must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the department.

During our audit we noted instances when the District did not follow accounting practices within the Uniform Financial Accounting and Reporting Standards.

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the finding.
2. Actions Planned in Response to Finding
The District will ensure they follow the uniform financial accounting and reporting standards.
3. Official Responsible for Ensuring CAP
The Chief Financial Officer is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is November 30, 2026.
5. Plan to Monitor Completion of CAP
The Finance Department management will be monitoring the corrective action plan.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Corrective Action
Plans on Legal Compliance**

CURRENT YEAR LEGAL COMPLIANCE FINDING:

Audit Finding 2025-005 - Group Insurance Request for Proposals Noncompliance

According to *Minnesota Statute 471.6161*, subdivision 2, every political subdivision authorized by law to purchase group insurance for its employees and providing or intending to provide group insurance coverage and benefits for 25 or more of its employees shall request proposals from and enter into contracts with entities reference in subdivision 1 that in the judgement of the political subdivision are best qualified to provide coverage. The request for proposals shall be in writing and at a minimum shall include: coverage to be provided, criteria for evaluation of proposals from entities referenced in subdivision 1, and the aggregate claims records for the appropriate period. A political subdivision may exclude from consideration proposals requiring self-insurance. Public notice of the request for proposals must be provided in a newspaper or trade journal at least 21 days before the final date for submitting proposals.

During our audit, we noted public notice of the request for proposals was not provided in a newspaper or trade journal at least 21 days before the final date for submitting proposals.

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the finding.
2. Actions Planned in Response to Finding
The District will ensure they follow the group insurance request for proposals compliance standards.
3. Official Responsible for Ensuring CAP
The Chief Financial Officer is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2026.
5. Plan to Monitor Completion of CAP
The Finance Department management will be monitoring the corrective action plan.

**Minneapolis Public Schools
Special District No. 1
Schedule of Findings and Corrective Action
Plans on Legal Compliance**

PRIOR YEAR LEGAL COMPLIANCE FINDING:

Audit Finding 2024-004 - Prompt Payment of Local Government Bills

Minnesota Statute § 471.425 requires that school districts must pay each vendor obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period. For school districts with governing boards that have regular meetings at least once a month, the standard payment period is within 35 days of the date of receipt.

During our audit, we noted invoices in our sample selection were not paid within the standard payment period of 35 days.

Views of the Responsible Officials:

CORRECTIVE ACTION TAKEN:

During our audit for the year ended June 30, 2025, we noted no invoices in our sample selection that were not paid within the standard payment period of 35 days.