

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



MAHTOMEDI
PUBLIC SCHOOLS

1520 Mahtomedi Avenue, Mahtomedi, MN 55115

651-407-2000

www.mahtomedi.k12.mn.us

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

INDEPENDENT SCHOOL DISTRICT NO. 832
MAHTOMEDI, MINNESOTA

1520 Mahtomedi Avenue
Mahtomedi, MN 55115

Prepared by
Business Services

Tim Erickson • Director of Business Services

Beth Palmer • Senior Accountant

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INDEPENDENT SCHOOL DISTRICT NO. 832

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SECTION I – INTRODUCTORY SECTION

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December 15, 2025

To the School Board, Citizens, and Employees of Independent School District No. 832:

State law requires that every public school district publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

LB Carlson, LLP, Certified Public Accountants, have issued unmodified (“clean”) opinions on Independent School District No. 832’s (the District) financial statements for the year ended June 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

The management’s discussion and analysis (MD&A) immediately following the independent auditor’s report provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE ENTITY AND ITS SERVICES

The District was incorporated in 1950 and serves all or parts of nine communities on the northeastern edge of the Minneapolis/St. Paul metropolitan area. The District is governed by an elected six-member School Board. The School Board members are elected at large in even-numbered years. Members serve alternating four-year terms.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic programs, special education programs, and career/vocational education. Food service and transportation are provided as supporting programs. The community education program in the District includes early childhood and family education programs, an adult basic education program, and a variety of classes for lifelong learning experiences for children and adults.

The District has been highly rated in Minnesota Comprehensive Assessments in math, science, reading, and other achievement data. We strive to deliver an educational system dedicated to continuous improvement that defines excellence.

The District served 3,149 students in grades K–12 for the 2024–2025 school year. The District operates two elementary schools (K–2) and (3–5), one middle school (6–8), one high school (9–12), and a transition program for students ages 18–21. An early childhood family education program serves families with young children, from birth to age five.

The average age of the District's buildings is approximately 51 years. Building ages include 1930's District Education Center, 1960's O.H. Anderson Elementary, 1970's High School, 1990's Middle School, and 2010's Wildwood Elementary.

The District is on the eastern shore of White Bear Lake in a scenic area between White Bear Lake Schools and Stillwater Schools in the northeast metro. The District covers approximately 28 square miles. The District encompasses all or parts of nine communities, including: Dellwood, Grant, Hugo, Lake Elmo, Mahtomedi, Oakdale, Pine Springs, White Bear Lake, and Willernie. The total district population is estimated at 14,371 for 2024. (*Source: State of Minnesota, Data by School District*)

The mission of the District, the diverse Zephyr community setting the standard for academic and personal excellence, is to ensure each student is equipped with a world-class education to lead and thrive in a dynamic world, pursue their passions, and impact their community through learning environments distinguished by:

- A foundation of rigorous academics and real-world skills
- A community where each person is valued, respected, seen, and heard
- Innovative instructional practices and exceptional learning opportunities
- A commitment to personal growth and celebrating the success that comes in many forms
- Curiosity, engagement, and joy

All financial and budgetary decisions made as a district are assessed through our mission and belief statements.

The District strives to develop learners who are innovative, creative, and prepared for a rapidly changing world. Expectations are high and students of all abilities are challenged, supported, and motivated at every level, from early childhood through high school. Students regularly earn top awards and recognitions in academics, and performing and visual arts programs. Student athletes also consistently appear in state competitions.

BUDGETARY PROCESS

The District's budgeting process begins with a review and estimation of projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources within the General Fund. A majority of the budgeting decisions are made by the District Leadership Team, which consists of the Superintendent, Cabinet, and Building Principals. Decisions include staffing levels, capital expenditures, building supply allocations, and infrastructure improvements. The budget plan is developed following a School Board-approved timeline with completion and adoption in June, prior to the start of the school year.

School Board approval of the District's budget includes the aforementioned General Fund, Special Revenue Funds (Food Service and Community Education), Capital Projects – Building Construction Fund, as well as the District's Debt Service Funds. In addition, School Board approval is received for the District's Internal Service Fund and the Custodial and Post-Employment Benefits Fiduciary Funds. School Board approval is made at the fund level.

The School Board receives quarterly financial reports. These reports are publicly available as part of the School Board's meeting materials. The reports provide budget to actual information, as well as a comparison to the prior year. If material budget to actual variances are detected, the School Board may be asked to approve a revised budget.

LOCAL

Washington County continued to experience population growth increasing to an estimated 287,907 in 2025. The county ranks as the fifth largest out of 87 Minnesota counties. The county's median household income in 2025 is \$110,729 with a median age of 40.8 years. The county unemployment rate reported in November 2024 was 2.8 percent, which is below the state-wide level of 2.9 percent for the same time period. *(Source: Washington County, 2025 At-A-Glance)*

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

In November 2025, the taxpayers within the District generously approved an additional operating levy and a building bond levy. The operating levy of \$575 per adjusted pupil unit is a fixed amount and is estimated to raise approximately \$2 million per year and is in place for 10 years. The building bond levy of \$28,881,000 will pay for various safety and security upgrades to all district buildings. Additional projects at the high school include updates to mechanical ventilation systems, creation of collaborative multi-purpose learning space, expansion of the narrow “handprint” hallway to improve safety, expansion of the weight room, removal of risers and improved acoustics in the band room, and replacement of seating in the auditorium.

In November 2018, the taxpayers within the District approved a revoke and replace to the District's General Fund operating levy. The new authority has 3 tiers over 10 years as outlined below:

- \$1,020 per pupil for taxes payable in 2019 through 2021
- \$1,295 per pupil for taxes payable in 2022 through 2024
- \$1,570 per pupil for taxes payable in 2025 through 2028

The intention of the tiered levy authority is to maintain and enhance class sizes and programming over the longer term. The tiered levy authority helps to ensure that revenues are sufficient to meet projected expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures and to maintain compliance with School Board-approved Fund Balance Policy number 714.

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for the vast majority of its revenue authority. Recent experience demonstrates that legislated revenue increases are unpredictable and have not been sufficient to meet instructional program needs and increased costs due to inflation.

RELEVANT FINANCIAL POLICIES

The District has adopted several financial policies, which were not significantly changed in the current year. The District is required to adopt an annual budget prior to the start of the fiscal year. Legal budgetary control is at the fund level. For the 2024–2025 fiscal year, the District adopted a General Fund budget estimating revenues to be \$49.0 million versus expenditures of \$51.3 million. In March 2025, the District revised its General Fund budget reflecting updated enrollment and expenditure estimates to project revenues of \$49.1 million versus expenditures of \$51.2 million.

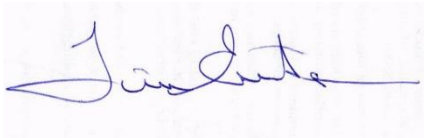
School Board Policy 714 states the School Board shall strive to maintain a minimum unassigned General Fund balance of 8.0 percent of total General Fund expenditures. Operating results for the year ended June 30, 2025 provide for compliance with School Board-approved policy.

AWARDS AND ACKNOWLEDGEMENTS

The District is honored to submit its Annual Comprehensive Financial Report for the fiscal year 2024–2025 to the Association of School Business Officials International for consideration of the Certificate of Excellence in Financial Reporting. The District has achieved this prestigious award in each of the seven preceding years.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business and District Office. We wish to thank the schools and all departments for their assistance in providing the data necessary to prepare this report. We also thank the School Board for its unfailing support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Tim Erickson
Director of Business Services

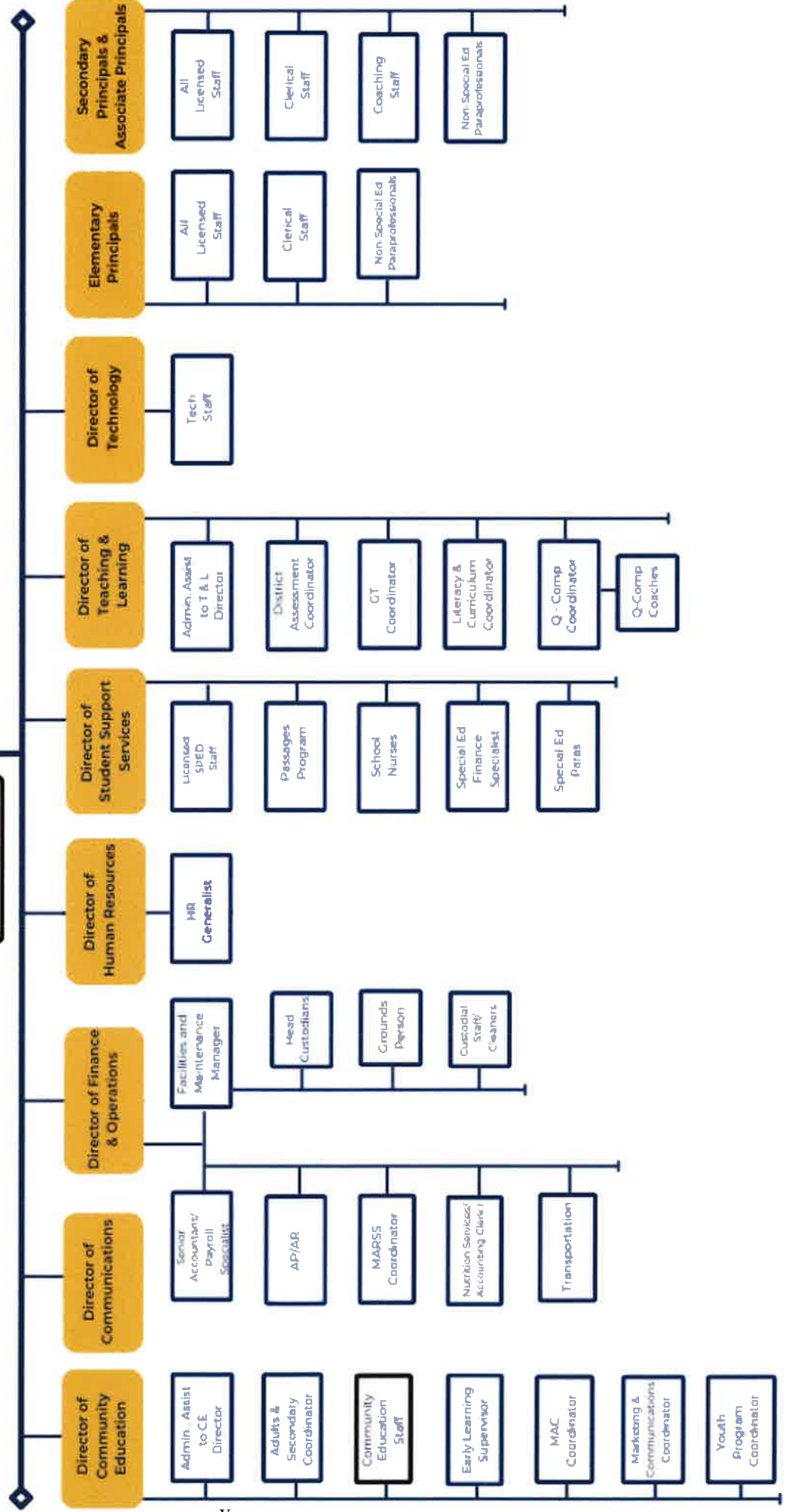
Mahtomedi Public Schools Community



Board of Education

Superintendent

Executive Assistant to Superintendent and School Board



INDEPENDENT SCHOOL DISTRICT NO. 832

School Board and Administration
as of June 30, 2025

SCHOOL BOARD

	<u>Position</u>
Stacey Stout	Chair
Kelly Reagan	Vice Chair/Clerk
Ryan Domin	Treasurer
Paul Donna	Director
Jenny Peterson	Director
Drew Whitson	Director

ADMINISTRATION

Barbara Duffrin	Superintendent of Schools
Timothy Erickson	Director of Business Services
Jennifer Reichel	Director of Teaching and Learning
Tony Pierce	Director of Student Support Services
George Macko	Director of Human Resources
Alice Seuffert	Director of Communications



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Mahtomedi School District 832

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.**

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



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

Ryan S. Stechschulte
President

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

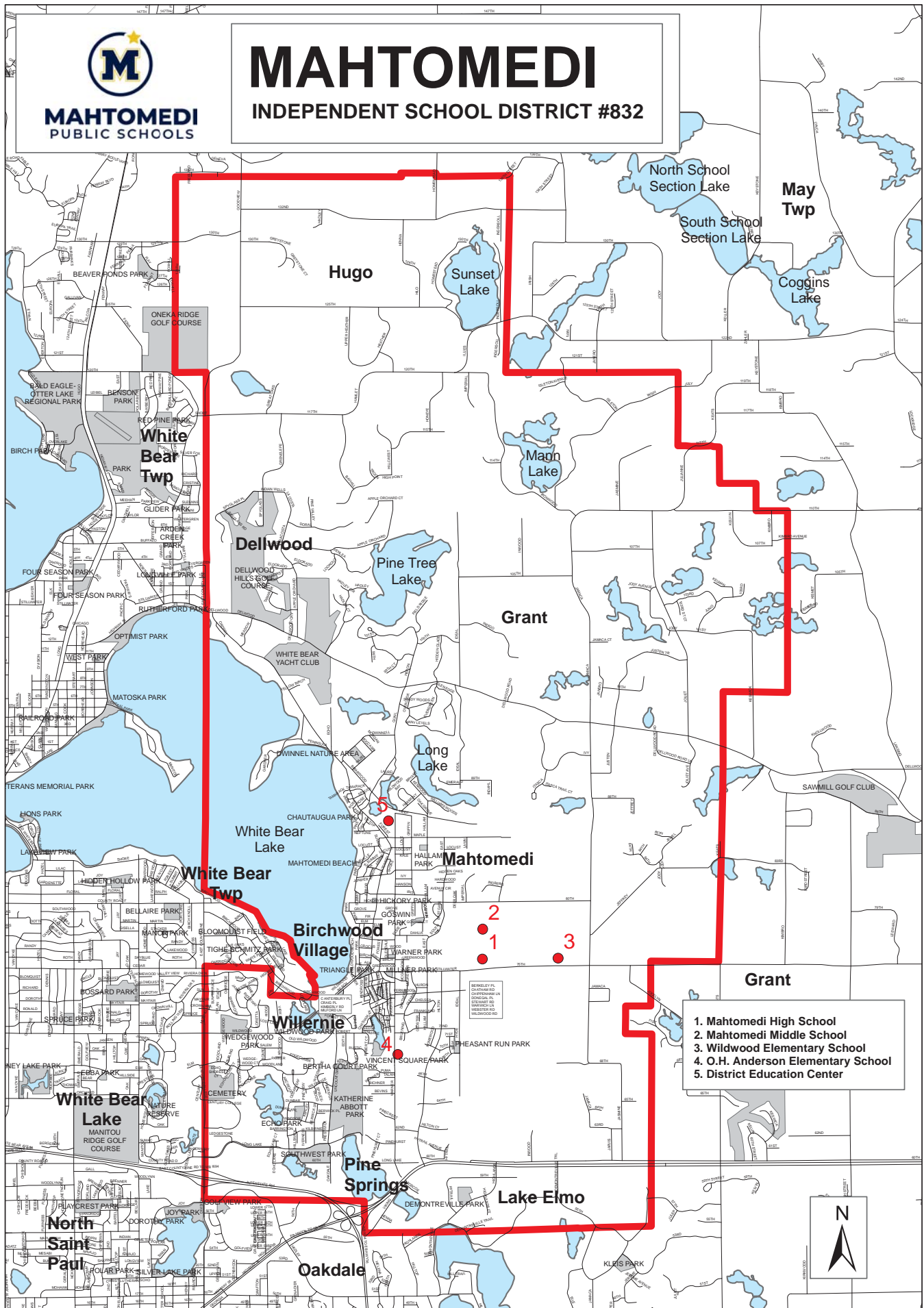
James M. Rowan, CAE, SFO
CEO/Executive Director



**MAHTOMEDI
PUBLIC SCHOOLS**

MAHTOMEDI

INDEPENDENT SCHOOL DISTRICT #832



SECTION II – FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 832
Mahtomedi, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 832 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

Emphasis of Matter

Change in Accounting Principle

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

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated December 31, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

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

LB CARLSON, LLP
Minneapolis, Minnesota

December 15, 2025

INDEPENDENT SCHOOL DISTRICT NO. 832

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

This section of Independent School District No. 832's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$23,695,272. The District's total net position increased by \$3,786,838 during the fiscal year ended June 30, 2025, excluding the impact of the change in accounting principle.
- At June 30, 2025, the District's governmental funds reported a combined ending fund balance of \$13,953,329, an increase of \$160,412 from the prior year.
- The District's General Fund unassigned fund balance decreased from \$6,055,099 to \$4,516,687 during fiscal year 2025.
- As described in Note 1 of the notes to basic financial statements, in fiscal 2025, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The implementation decreased the beginning balance in government-wide net position by \$2,112,299, including increases in long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

Proprietary Fund – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its self-insured risk of loss for the employee dental insurance plan. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2025 and 2024		
	2025	2024
Assets		
Current and other assets	\$ 33,714,654	\$ 32,736,609
Capital assets, net of depreciation/amortization	76,912,322	79,720,580
Total assets	\$ 110,626,976	\$ 112,457,189
Deferred outflows of resources		
Pension plan deferments	\$ 6,072,948	\$ 6,581,795
OPEB plan deferments	9,466	13,498
Total deferred outflows of resources	\$ 6,082,414	\$ 6,595,293
Liabilities		
Current and other liabilities	\$ 3,167,976	\$ 3,761,043
Long-term liabilities, including due within one year	65,039,316	75,474,422
Total liabilities	\$ 68,207,292	\$ 79,235,465
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 16,469,409	\$ 15,470,701
Pension plan deferments	7,251,049	1,944,749
OPEB plan deferments	386,743	380,834
Deferred gain on refunding	699,625	—
Total deferred inflows of resources	\$ 24,806,826	\$ 17,796,284
Net position		
Net investment in capital assets	\$ 38,953,023	\$ 38,125,994
Restricted	4,363,642	2,743,383
Unrestricted	(19,621,393)	(18,848,644)
Total net position	\$ 23,695,272	\$ 22,020,733

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

Total net position increased by \$1,674,539, which includes the change in accounting principle. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the increase in unrestricted net position and to the change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources in the table above. The change in compensated absences in the current year and the change in accounting principle also had an impact on the unrestricted balance.

The increase in net investment in capital assets is the result of payments on debt exceeding depreciation on the related capital assets being financed. The increase in restricted net position was in multiple categories, including debt service, food service, capital projects, and other state funded activities.

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

Table 2 Summary Statement of Activities for the Years Ended June 30, 2025 and 2024		
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 3,573,937	\$ 3,612,041
Operating grants and contributions	10,281,055	9,673,804
General revenues		
Property taxes	16,303,912	16,028,546
General grants and aids	30,442,272	30,075,325
Other	1,671,417	1,773,441
Total revenues	<u>62,272,593</u>	<u>61,163,157</u>
Expenses		
Administration	1,991,148	1,838,255
District support services	1,903,488	1,892,099
Elementary and secondary regular instruction	22,978,275	21,041,609
Vocational education instruction	1,180,468	1,035,309
Special education instruction	9,226,961	7,929,355
Instructional support services	2,855,387	2,739,589
Pupil support services	4,792,010	4,588,458
Sites and buildings	6,155,796	5,258,337
Fiscal and other fixed cost programs	238,908	203,038
Food service	2,153,514	2,122,293
Community service	2,781,535	2,905,416
Depreciation/amortization not allocated to other functions	980,113	982,673
Interest and fiscal charges	1,248,152	861,868
Total expenses	<u>58,485,755</u>	<u>53,398,299</u>
Excess of revenues over expenses	3,786,838	7,764,858
Extraordinary item		
Insurance recovery	—	5,141,106
Change in net position	3,786,838	12,905,964
Net position – beginning, as previously reported	22,020,733	9,114,769
Change in accounting principle	(2,112,299)	—
Net position – beginning, as restated	<u>19,908,434</u>	<u>9,114,769</u>
Net position – ending	<u>\$ 23,695,272</u>	<u>\$ 22,020,733</u>

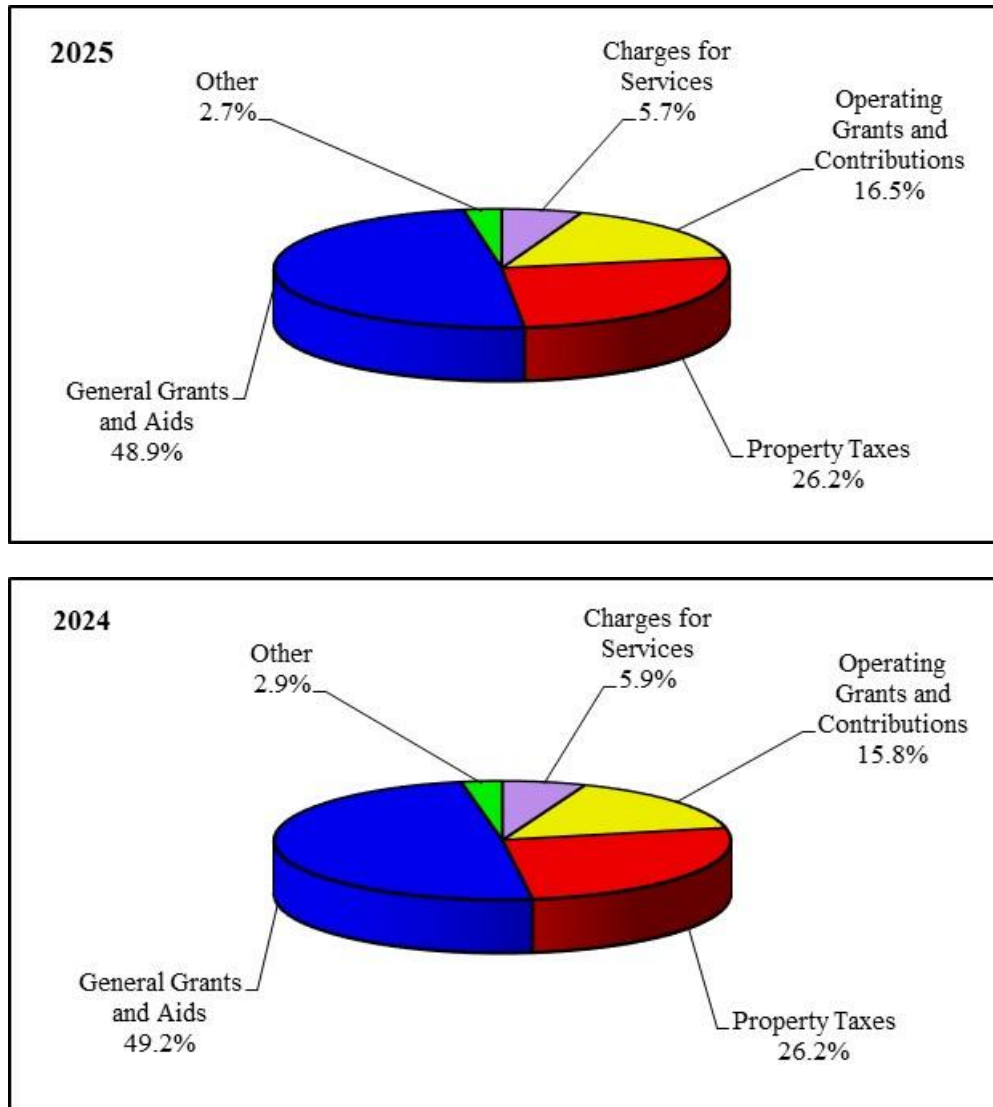
This format is similar to the fund financial statements except that this is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds,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

The increases to operating grants and contributions and general grants and aids relate to increased state aid from the general education aid formula and state special education aid.

The change in the District's share of the PERA and the TRA pension plans contributed to the change in elementary and secondary regular instruction and special education instruction expenses, as seen in the table above. The increases in elementary and secondary regular instruction and special education instruction were also related to increased salary and benefit costs for these programs. Special education costs also increased for purchased services as program needs are increasing. Sites and buildings increases were mainly from more depreciation on capital assets recently capitalized.

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

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

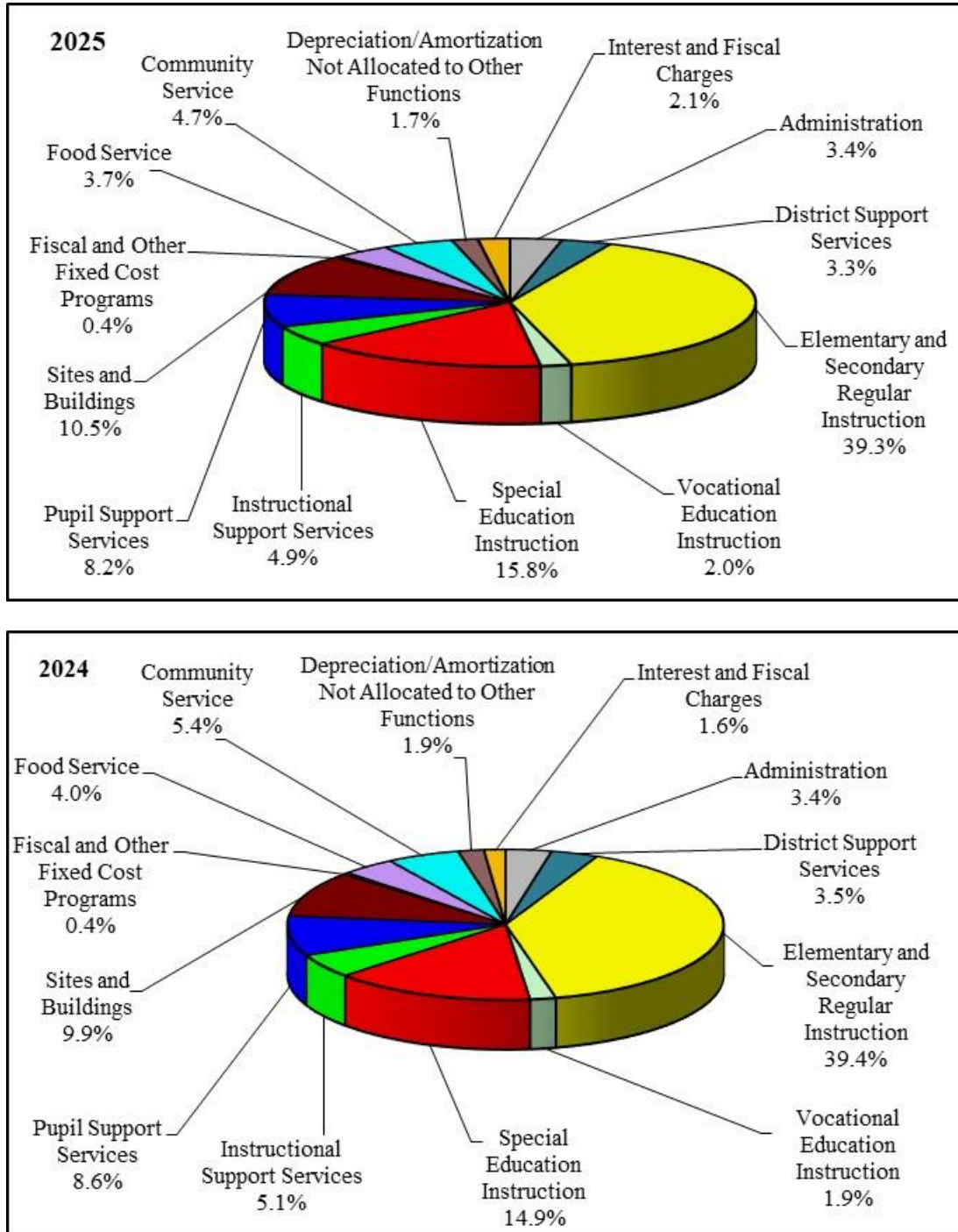


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2025 and 2024



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2025 and 2024			
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Major funds			
General	\$ 8,466,558	\$ 8,769,418	\$ (302,860)
Capital Projects –			
Building Construction	1,868,539	2,072,930	(204,391)
Debt Service			
Regular	1,487,868	1,054,520	433,348
OPEB	–	71,108	(71,108)
Nonmajor funds			
Food Service Special Revenue	1,200,372	988,555	211,817
Community Service Special Revenue	<u>929,992</u>	<u>836,386</u>	<u>93,606</u>
Total governmental funds	<u>\$ 13,953,329</u>	<u>\$ 13,792,917</u>	<u>\$ 160,412</u>

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

At June 30, 2025, the District's governmental funds reported combined fund balances of \$13,953,329, an increase of \$160,412 in comparison with the prior year.

General Fund

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K–12 educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 49,019,149</u>	<u>\$ 49,125,586</u>	<u>\$ 106,437</u>	<u>0.2%</u>
Expenditures	<u>\$ 51,321,100</u>	<u>\$ 51,211,978</u>	<u>\$ (109,122)</u>	<u>(0.2%)</u>

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

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2025</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 50,273,644	\$ 1,148,058	2.3%	\$ 128,398	0.3%
Expenditures	(51,268,913)	\$ 56,935	0.1%	\$ 1,668,451	3.4%
Other financing sources	<u>692,409</u>	\$ 692,409	100.0%	\$ 581,780	525.9%
Net change in fund balances	<u>\$ (302,860)</u>				

The fund balance of the General Fund decreased \$302,860, compared to a planned decrease of \$2,086,392 approved in the final budget.

The largest revenue variance to budget occurred in state sources, which was \$800,070 more than projected, mainly in general and special education aid.

The increase from the prior year was mainly in state aids of \$1,422,033, due to increases in state aids for general education and special education. Federal sources decreased \$1,039,735 as pandemic-related grants and aids are declining and expiring.

Expenditures were higher than the prior year in salaries and benefits by \$1,516,838. Elementary and secondary regular instruction salaries and benefits increased \$593,668, the result of contract improvements, additional staffing, and increasing health insurance costs. Special education salaries and benefits increased \$522,634 for similar reasons. Purchased services increased \$676,740, mainly in special education for increasing program needs. Supplies and materials decreased \$555,495 from technology purchases completed in the prior year.

Other financing sources were higher and over budget in the current year related to the issuance of lease liabilities in the current year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund experienced a decline in fund balance of \$204,391. The expenditures in this fund relate to spending of previous bond issues. At June 30, 2025, the District has \$1,868,539 in fund balance, mostly restricted for long-term facility maintenance projects.

Debt Service Fund

The Debt Service Fund balance ended fiscal year 2025 at \$1,487,868, an increase of \$362,240. The Debt Service Fund balance is restricted for payments on future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund balance increased \$211,817 in fiscal year 2025, compared to a planned decrease of \$137,504 in the District's budget. This change was the result of revenue exceeding budgeted amounts by \$408,314, mainly in state aid. Expenditures exceeded budgeted amounts by \$58,993, as purchased services were over budget by \$220,339, which was offset by supplies and materials and capital outlay being less than budgeted amounts by \$169,719. The fund balance at the end of the fiscal year was \$1,200,372, or 56.6 percent, of current year expenditures.

The Community Service Special Revenue Fund balance increased \$93,606, compared to a planned decrease of \$10,900 in the District's budget. Revenues were higher than budgeted by \$380,395 from tuition and fees, mainly in the extended day program. Expenditures were higher than budget by \$275,889, mainly in purchased services, which exceeded budget by \$278,938. The fund balance at the end of the fiscal year was \$929,992, or 32.6 percent, of current year expenditures.

Internal Service Fund

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains one Internal Service Fund. This fund is used to account for the District's self-insured dental insurance function.

Operating revenues for the Internal Service Fund for fiscal year 2025 totaled \$685,843. Operating expenses totaled \$535,095 for dental benefit claims. The net position for the Internal Service Fund increased by \$150,748 to a total of \$364,270 at year-end.

Post-Employment Benefits Trust Fund

This irrevocable trust fund was established to provide a source of funds to finance current and future post-employment benefit obligations to employees. The fund ended the year with a net position of \$226,911 held in trust for future benefit obligations.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6 Capital Assets			
	2025	2024	Change
Land	\$ 1,561,766	\$ 1,561,766	\$ –
Construction in progress	265,435	84,245	181,190
Buildings	94,861,819	94,341,430	520,389
Land improvements	2,250,578	2,223,299	27,279
Furniture and equipment	25,255,312	25,102,005	153,307
Leases – buildings and improvements	1,338,251	645,842	692,409
Leases – equipment	916,582	916,582	–
Less accumulated depreciation/amortization	(49,537,421)	(45,154,589)	(4,382,832)
Total	<u>\$ 76,912,322</u>	<u>\$ 79,720,580</u>	<u>\$ (2,808,258)</u>
Depreciation/amortization expense	<u>\$ 4,382,832</u>	<u>\$ 3,500,424</u>	<u>\$ 882,408</u>

The decrease in total capital assets is mostly the result of current year depreciation/amortization.

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2025	2024	Change
General obligation bonds payable	\$ 36,255,000	\$ 41,390,000	\$ (5,135,000)
Net (discount) premium	1,815,843	1,557,305	258,538
Lease liabilities	1,057,370	720,211	337,159
Net pension liability	22,786,900	29,832,251	(7,045,351)
Net OPEB liability	1,610,349	1,737,130	(126,781)
Compensated absences payable	1,513,854	237,525	1,276,329
Total	<u>\$ 65,039,316</u>	<u>\$ 75,474,422</u>	<u>\$ (10,435,106)</u>

The change in general obligation bonds payable is the result of principal and refunding bond payments on these outstanding bonds in the current year.

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

Table 8	
Limitations on Debt	
District's market value	\$ 3,323,097,800
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 498,464,670</u>

Additional details of the District's capital assets and long-term liabilities activity can be found in Notes 3 and 4 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives and utilizes. Should you have questions about these statements, or need additional information, please contact the Mahtomedi School District Business Office (phone 651-407-2003), ISD No. 832, 1520 Mahtomedi Avenue, Mahtomedi, Minnesota 55115.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Governmental Activities	
	2025	2024
Assets		
Cash and temporary investments	\$ 19,370,784	\$ 19,799,398
Receivables		
Current taxes	8,881,196	8,124,188
Delinquent taxes	125,835	165,527
Accounts and interest	92,662	153,520
Due from fiduciary fund	—	130,550
Due from other governmental units	4,212,627	3,837,106
Inventory	18,870	35,205
Prepaid items	1,012,680	491,115
Capital assets		
Not depreciated/amortized	1,827,201	1,646,011
Depreciated, net of accumulated depreciation/amortization	75,085,121	78,074,569
Total capital assets, net of accumulated depreciation/amortization	76,912,322	79,720,580
Total assets	110,626,976	112,457,189
Deferred outflows of resources		
Pension plan deferments	6,072,948	6,581,795
OPEB plan deferments	9,466	13,498
Total deferred outflows of resources	6,082,414	6,595,293
Total assets and deferred outflows of resources	\$ 116,709,390	\$ 119,052,482
Liabilities		
Salaries and benefits payable	\$ 141,138	\$ 176,150
Accounts and contracts payable	2,429,583	2,765,254
Accrued interest payable	307,241	580,682
Unearned revenue	290,014	238,957
Long-term liabilities		
Due within one year	5,085,198	4,502,894
Due in more than one year	59,954,118	70,971,528
Total long-term liabilities	65,039,316	75,474,422
Total liabilities	68,207,292	79,235,465
Deferred inflows of resources		
Property taxes levied for subsequent year	16,469,409	15,470,701
Pension plan deferments	7,251,049	1,944,749
OPEB plan deferments	386,743	380,834
Deferred gain on refunding	699,625	—
Total deferred inflows of resources	24,806,826	17,796,284
Net position		
Net investment in capital assets	38,953,023	38,125,994
Restricted for		
Debt service	1,204,663	591,559
Food service	1,200,372	988,555
Community service	930,528	837,580
Capital projects	328,507	—
Other purposes (state funding restrictions)	699,572	325,689
Unrestricted	(19,621,393)	(18,848,644)
Total net position	23,695,272	22,020,733
Total liabilities, deferred inflows of resources, and net position	\$ 116,709,390	\$ 119,052,482

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

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

Functions/Programs	2025			2024	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
				Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 1,991,148	\$ —	\$ —	\$ (1,991,148)	\$ (1,838,255)
District support services	1,903,488	—	—	(1,903,488)	(1,892,099)
Elementary and secondary regular instruction	22,978,275	776,020	—	(22,202,255)	(20,214,642)
Vocational education instruction	1,180,468	—	—	(1,180,468)	(1,035,309)
Special education instruction	9,226,961	—	8,024,542	(1,202,419)	(542,180)
Instructional support services	2,855,387	22,907	—	(2,832,480)	(2,722,408)
Pupil support services	4,792,010	20,922	—	(4,771,088)	(4,570,884)
Sites and buildings	6,155,796	—	—	(6,155,796)	(5,258,337)
Fiscal and other fixed cost programs	238,908	—	—	(238,908)	(203,038)
Food service	2,153,514	276,046	2,017,786	140,318	243,196
Community service	2,781,535	2,478,042	238,727	(64,766)	(233,957)
Depreciation/amortization not allocated to other functions (excludes amounts directly allocated by program)	980,113	—	—	(980,113)	(982,673)
Interest and fiscal charges	1,248,152	—	—	(1,248,152)	(861,868)
Total governmental activities	<u>\$ 58,485,755</u>	<u>\$ 3,573,937</u>	<u>\$ 10,281,055</u>	(44,630,763)	(40,112,454)
General revenues					
Taxes					
Property taxes, levied for general purposes				10,495,478	10,505,943
Property taxes, levied for community service				184,944	286,362
Property taxes, levied for debt service				5,623,490	5,236,241
General grants and aids				30,442,272	30,075,325
Other general revenues				682,881	820,074
Investment earnings				988,536	953,367
Extraordinary items					
Insurance recovery				—	5,141,106
Total general revenues and extraordinary items				<u>48,417,601</u>	<u>53,018,418</u>
Change in net position				3,786,838	12,905,964
Net position – beginning, as previously reported				22,020,733	9,114,769
Change in accounting principle				<u>(2,112,299)</u>	—
Net position – beginning, as restated				<u>19,908,434</u>	<u>9,114,769</u>
Net position – ending				<u>\$ 23,695,272</u>	<u>\$ 22,020,733</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds
Assets				
Cash and temporary investments	\$ 10,206,425	\$ 1,879,515	\$ 4,188,288	\$ 2,721,015
Receivables				
Current taxes	5,833,780	–	2,949,861	97,555
Delinquent taxes	80,686	–	43,546	1,603
Accounts and interest	92,662	–	–	–
Due from other funds	–	–	–	–
Due from other governmental units	4,140,043	–	21,592	50,992
Inventory	–	–	–	18,870
Prepaid items	988,568	–	–	21,132
Total assets	<u>\$ 21,342,164</u>	<u>\$ 1,879,515</u>	<u>\$ 7,203,287</u>	<u>\$ 2,911,167</u>
Liabilities				
Salaries and benefits payable	\$ 64,782	\$ –	\$ –	\$ 76,356
Accounts and contracts payable	2,151,538	10,976	–	252,818
Unearned revenue	27,412	–	–	262,602
Total liabilities	<u>2,243,732</u>	<u>10,976</u>	<u>–</u>	<u>591,776</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	10,589,535	–	5,691,383	188,491
Unavailable revenue – delinquent taxes	42,339	–	24,036	536
Total deferred inflows of resources	<u>10,631,874</u>	<u>–</u>	<u>5,715,419</u>	<u>189,027</u>
Fund balances				
Nonspendable	988,568	–	–	40,002
Restricted	1,028,079	1,868,539	1,487,868	2,090,362
Assigned	3,167,360	–	–	–
Unassigned	3,282,551	–	–	–
Total fund balances	<u>8,466,558</u>	<u>1,868,539</u>	<u>1,487,868</u>	<u>2,130,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,342,164</u>	<u>\$ 1,879,515</u>	<u>\$ 7,203,287</u>	<u>\$ 2,911,167</u>

Total Governmental Funds	
2025	2024
\$ 18,995,243	\$ 19,471,703
8,881,196	8,124,188
125,835	165,527
92,662	153,520
—	130,550
4,212,627	3,837,106
18,870	35,205
1,009,700	491,115
<u>\$ 33,336,133</u>	<u>\$ 32,408,914</u>
\$ 141,138	\$ 176,150
2,415,332	2,753,950
290,014	136,088
<u>2,846,484</u>	<u>3,066,188</u>
16,469,409	15,470,701
66,911	79,108
<u>16,536,320</u>	<u>15,549,809</u>
1,028,570	526,320
6,474,848	5,313,983
3,167,360	2,863,245
3,282,551	5,089,369
<u>13,953,329</u>	<u>13,792,917</u>
<u>\$ 33,336,133</u>	<u>\$ 32,408,914</u>

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INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025	2024
Total fund balances – governmental funds	\$ 13,953,329	\$ 13,792,917
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	126,449,743	124,875,169
Accumulated depreciation/amortization	(49,537,421)	(45,154,589)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(36,255,000)	(41,390,000)
Net discount (premium)	(1,815,843)	(1,557,305)
Lease liabilities	(1,057,370)	(720,211)
Net pension liability	(22,786,900)	(29,832,251)
Net OPEB liability	(1,610,349)	(1,737,130)
Compensated absences payable	(1,513,854)	(237,525)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(307,241)	(580,682)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	364,270	213,522
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	6,072,948	6,581,795
Deferred outflows of resources – OPEB plan deferments	9,466	13,498
Deferred inflows of resources – pension plan deferments	(7,251,049)	(1,944,749)
Deferred inflows of resources – OPEB plan deferments	(386,743)	(380,834)
Deferred inflows of resources – Deferred gain on refunding	(699,625)	–
Deferred inflows of resources – unavailable revenue – delinquent property taxes	66,911	79,108
Total net position – governmental activities	<u>\$ 23,695,272</u>	<u>\$ 22,020,733</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds
Revenue				
Local sources				
Property taxes	\$ 10,484,440	\$ –	\$ 5,646,067	\$ 185,602
Investment earnings	654,450	64,293	187,594	82,199
Other	1,502,730	–	–	2,754,088
State sources	36,823,855	–	215,922	1,660,573
Federal sources	808,169	–	–	595,940
Total revenue	50,273,644	64,293	6,049,583	5,278,402
Expenditures				
Current				
Administration	2,009,841	–	–	–
District support services	1,975,852	–	–	–
Elementary and secondary regular instruction	23,572,857	–	–	–
Vocational education instruction	1,743,670	–	–	–
Special education instruction	9,554,140	–	–	–
Instructional support services	2,800,243	–	–	–
Pupil support services	4,908,134	–	–	–
Sites and buildings	4,098,931	268,684	–	–
Fiscal and other fixed cost programs	238,908	–	–	–
Food service	–	–	–	2,109,184
Community service	–	–	–	2,788,702
Capital outlay	–	–	–	75,093
Debt service				
Principal	355,250	–	3,920,000	–
Interest and fiscal charges	11,087	–	1,842,446	–
Total expenditures	51,268,913	268,684	5,762,446	4,972,979
Excess (deficiency) of revenue over expenditures	(995,269)	(204,391)	287,137	305,423
Other financing sources (uses)				
Refunding debt issued	–	–	20,850,000	–
Premium on debt issued	–	–	1,437,203	–
Paid to refunded bond escrow agent	–	–	(22,212,100)	–
Issuance of lease liabilities	692,409	–	–	–
Sale of equipment	–	–	–	–
Insurance recovery	–	–	–	–
Transfer in	–	–	–	–
Total other financing sources (uses)	692,409	–	75,103	–
Extraordinary item				
Insurance recovery	–	–	–	–
Insurance recovery-related capital expenditures	–	–	–	–
Total extraordinary item	–	–	–	–
Net change in fund balances	(302,860)	(204,391)	362,240	305,423
Fund balances				
Beginning of year	8,769,418	2,072,930	1,125,628	1,824,941
End of year	\$ 8,466,558	\$ 1,868,539	\$ 1,487,868	\$ 2,130,364

See notes to basic financial statements

Total Governmental Funds			
2025		2024	
\$	16,316,109	\$	16,046,540
	988,536		953,367
	4,256,818		4,400,413
	38,700,350		36,969,930
	1,404,109		2,652,141
	<u>61,665,922</u>		<u>61,022,391</u>
	2,009,841		1,998,402
	1,975,852		1,865,034
	23,572,857		22,908,155
	1,743,670		1,003,189
	9,554,140		8,553,161
	2,800,243		3,488,476
	4,908,134		4,688,656
	4,367,615		4,781,543
	238,908		203,038
	2,109,184		1,988,806
	2,788,702		2,924,342
	75,093		383,806
	4,275,250		4,018,356
	1,853,533		1,793,023
	<u>62,273,022</u>		<u>60,597,987</u>
	(607,100)		424,404
	20,850,000		—
	1,437,203		—
	(22,212,100)		—
	692,409		—
	—		8,907
	—		22,795
	—		78,927
	<u>767,512</u>		<u>110,629</u>
	—		5,141,106
	—		(6,659,072)
	—		(1,517,966)
	160,412		(982,933)
	<u>13,792,917</u>		<u>14,775,850</u>
\$	<u><u>13,953,329</u></u>	\$	<u><u>13,792,917</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025	2024
Total net change in fund balances – governmental funds	\$ 160,412	\$ (982,933)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	1,574,574	9,312,300
Depreciation expense	(4,382,832)	(3,500,424)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds	(20,850,000)	–
(Premium) discount on bonds	(1,437,203)	–
Lease liabilities	(692,409)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	25,985,000	3,655,000
Lease liabilities	355,250	363,356
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	273,441	174,568
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	1,178,665	756,587
Certain expenses are included in the change in net position but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	7,045,351	341,567
Net OPEB liability	126,781	(16,647)
Compensated absences payable	835,970	56
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the Internal Service Fund is included in the governmental activities in the Statement of Activities.		
	150,748	(29,353)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(508,847)	(1,927,107)
Deferred outflows of resources – OPEB plan deferments	(4,032)	(37,372)
Deferred inflows of resources – pension plan deferments	(5,306,300)	4,693,737
Deferred inflows of resources – OPEB plan deferments	(5,909)	120,623
Deferred inflows of resources – Deferred gain on refunding	(699,625)	–
Deferred inflows of resources – unavailable revenue – delinquent property taxes	(12,197)	(17,994)
Change in net position – governmental activities	<u>\$ 3,786,838</u>	<u>\$ 12,905,964</u>

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INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 10,473,757	\$ 10,322,324	\$ 10,484,440	\$ 162,116
Investment earnings	325,000	700,000	654,450	(45,550)
Other	1,570,000	1,300,634	1,502,730	202,096
State sources	35,806,392	36,023,785	36,823,855	800,070
Federal sources	844,000	778,843	808,169	29,326
Total revenue	49,019,149	49,125,586	50,273,644	1,148,058
Expenditures				
Current				
Administration	2,519,929	2,074,611	2,009,841	(64,770)
District support services	2,010,669	2,525,024	1,975,852	(549,172)
Elementary and secondary regular instruction	23,425,150	22,967,427	23,572,857	605,430
Vocational education instruction	1,083,272	993,596	1,743,670	750,074
Special education instruction	9,150,397	9,496,001	9,554,140	58,139
Instructional support services	2,879,548	2,990,433	2,800,243	(190,190)
Pupil support services	4,907,604	5,151,391	4,908,134	(243,257)
Sites and buildings	4,830,506	4,368,264	4,098,931	(269,333)
Fiscal and other fixed cost programs	369,025	385,494	238,908	(146,586)
Debt service				
Principal	130,000	244,737	355,250	110,513
Interest and fiscal charges	15,000	15,000	11,087	(3,913)
Total expenditures	51,321,100	51,211,978	51,268,913	56,935
Excess (deficiency) of revenue over expenditures	(2,301,951)	(2,086,392)	(995,269)	1,091,123
Other financing sources				
Issuance of lease liabilities	—	—	692,409	692,409
Net change in fund balances	\$ (2,301,951)	\$ (2,086,392)	(302,860)	\$ 1,783,532
Fund balances				
Beginning of year			8,769,418	
End of year			\$ 8,466,558	

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 375,541	\$ 327,695
Prepaid items	2,980	—
Total assets	<u>378,521</u>	<u>327,695</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	14,251	11,304
Unearned revenue	—	102,869
Total current liabilities	<u>14,251</u>	<u>114,173</u>
Net position		
Unrestricted	<u>\$ 364,270</u>	<u>\$ 213,522</u>

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

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 685,843	\$ 578,595
Operating expenses		
Claims and settlements	<u>535,095</u>	<u>529,021</u>
Operating income before transfers	150,748	49,574
Transfer out	<u>—</u>	<u>(78,927)</u>
Change in net position	150,748	(29,353)
Net position		
Beginning of year	<u>213,522</u>	<u>242,875</u>
End of year	<u>\$ 364,270</u>	<u>\$ 213,522</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Cash Flows
 Proprietary Fund
 Governmental Activities
 Internal Service Fund
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	2025	2024
Cash flows from operating activities		
Received from assessments made to other funds	\$ 582,974	\$ 597,176
Payments for claims and settlements	(535,128)	(127,835)
Net cash flows from operating activities	47,846	469,341
Cash flows from noncapital financing activities		
Transfer out	—	(78,927)
Cash received from other funds	—	(62,719)
Net cash flows from noncapital financing activities	—	(141,646)
Net change in cash and cash equivalents	47,846	327,695
Cash and temporary investments		
Beginning of year	327,695	—
End of year	\$ 375,541	\$ 327,695
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 150,748	\$ 49,574
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	(2,980)	429,000
Accounts and contracts payable	2,947	(27,814)
Unearned revenue	(102,869)	18,581
Net cash flows from operating activities	\$ 47,846	\$ 469,341

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Fund	Post-Employment Benefits Trust Fund
Assets		
Deposit	\$ 3,976	\$ —
Investments held by trustee at fair value		
Money market mutual fund	—	226,911
Total assets	<u>3,976</u>	<u>226,911</u>
Net position		
Restricted for other purposes	3,976	—
Restricted for OPEB	—	226,911
Total net position	<u>\$ 3,976</u>	<u>\$ 226,911</u>

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

	Custodial Fund	Post-Employment Benefits Trust Fund
Additions		
Contributions	\$ 3,976	\$ —
Investment earnings	—	9,502
Total additions	<u>3,976</u>	<u>9,502</u>
Deductions		
Administrative expenses (refunds)	—	(2,941)
Change in net position	3,976	12,443
Net position		
Beginning of year	—	214,468
End of year	<u>\$ 3,976</u>	<u>\$ 226,911</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Notes to Basic Financial Statements June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 832 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a six-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation/amortization not allocated to other functions.” Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The Proprietary Fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statements of the Proprietary Fund (Internal Service Fund) are consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: custodial or pension (or other benefit) trust. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District’s governmental activities, the financial statements of the internal service funds are 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s Internal Service Fund is charges to other district funds for insurance. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Revenues are generally considered as available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Debt proceeds are reported as other financing sources.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by debt issue.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The Regular Debt Service Account is used for all general obligation debt service except for the financial activities of the Other Post-Employment Benefits (OPEB) Debt Service Account. The OPEB Debt Service Account is used to pay principal, interest, and related costs on the 2021B Taxable OPEB Bond issue that was fully paid in the prior fiscal year.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

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

Proprietary Fund

Internal Service Fund – The internal service 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 is used to account for dental insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

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

Custodial Fund – The Custodial Fund was established to account for cash and other assets held by the District as the agent for others.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Each June, the School Board adopts an annual budget for all governmental funds. Actual expenditures exceeded budgeted amounts in the General Fund by \$56,935, the Food Service Fund Special Revenue Fund by \$58,993, the Community Service Special Revenue Fund by \$275,889, and the Debt Service Fund by \$170,846. Revenues and other financing sources in excess of budget and available fund balances covered these variances.

F. Cash and Temporary Investments

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

In the Post-Employment Benefits Trust Fund, investments reported at fair value are deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment health insurance benefits as specified in the trust agreement. Interest earned on this trust account is allocated directly to that fund.

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

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

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

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

G. Receivables

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

H. Inventories

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

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 government-wide and fund financial statements. Prepaid items are recognized using the consumption method and recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$704,463 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for the subsequent year).

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

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below threshold, are also capitalized if the cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

L. Long-Term Obligations

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

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

M. Compensated Absences Payable

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

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. State-Wide Pension Plans

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

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

P. Other Post-Employment Benefits (OPEB) Plan

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

Q. Risk Management and Self-Insurance

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2024	\$	27,134	\$ 529,021	\$ (544,851)	\$ 11,304
2025	\$	11,304	\$ 535,095	\$ (532,148)	\$ 14,251

R. Deferred Outflows/Inflows of Resources

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

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

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

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

The District reports deferred outflows and inflows of resources related to the deferred gain on refunding in the government-wide Statement of Net Position. A deferred gain 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.

S. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

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

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

U. Fund Balance Classifications

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

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

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

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

V. Statement of Cash Flows

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Prior Period Comparative Financial Information/Reclassification

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

X. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and financial reporting for compensated absences. Certain amounts necessary to fully restate 2024 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance resulted in the District reporting a compensated absences liability, which decreased the beginning net position in the government-wide financial statements by \$2,112,299 in the current year, representing the cumulative effect of this change. See Note 4 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Cash and Investments

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

Statement of Net Position	
Cash and temporary investments	\$ 19,370,784
Statement of Fiduciary Net Position	
Cash and temporary investments	
Post-Employment Benefits Trust Fund	226,911
Custodial Fund	<u>3,976</u>
Total	<u>\$ 19,601,671</u>

B. Deposits

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the carrying amount of the District's deposits was zero, while the balance on the bank records was also zero.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	No Maturity Date	Interest Risk – Maturity Duration in Years	Carrying Value
	Credit Rating	Rating Agency			Less Than 1	
Negotiable certificates of deposits	N/R	N/A	Level 2	N/A	\$ 100,000	\$ 100,000
Investment pools/mutual funds						
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	\$ 14,877,928	N/A	14,704,877
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	\$ 3,225,835	N/A	3,398,886
MSDLAF MAX Class	AAA	S&P	Amortized Cost	\$ 170,997	N/A	170,997
MNTrust Term Series	N/R	N/A	Amortized Cost	N/A	\$ 1,000,000	1,000,000
Goldman Sachs Governmental Money Market Mutual Fund	AAA	S&P	Amortized Cost	\$ 226,911	N/A	226,911
Total						<u>\$ 19,601,671</u>

N/A – Not Applicable

N/R – Not Rated

The District's investments include investment pools managed by MNTrust and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. Investments in the MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

OPEB Trust Fund – This fund represents investments administered by the District’s OPEB Trust Fund investment managers. The District’s investment policy, discussed below, extends to the OPEB Trust Fund investments.

For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

The OPEB Trust Agreement indicates permitted investments include one or more series of MNTrust shares relating to a separate portfolio of investments, or from multi-class shares of MNTrust within the same portfolio.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

The District’s investment policy states that the District will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The maximum percent of the District’s portfolio in any instrument is as follows:

U.S. treasury obligations (bills, notes, and bonds)	100%
U.S. government agency securities and instrumentalities of government-sponsored corporations	100%
Bankers’ acceptances	75%
Commercial paper – prime	75%
Repurchase agreements	50%
Certificates of deposit	75%
Local government investment pool	100%

Also, no more than 50 percent of the total portfolio will be in any one single investment.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policy includes limits on investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 1,561,766	\$ –	\$ –	\$ –	\$ 1,561,766
Construction in progress	84,245	265,435	–	(84,245)	265,435
Total capital assets, not depreciated/amortized	1,646,011	265,435	–	(84,245)	1,827,201
Capital assets, depreciated/amortized					
Buildings	94,341,430	436,144	–	84,245	94,861,819
Land improvements	2,223,299	27,279	–	–	2,250,578
Furniture and equipment	25,102,005	153,307	–	–	25,255,312
Leases – buildings and improvements	645,842	692,409	–	–	1,338,251
Leases – equipment	916,582	–	–	–	916,582
Total capital assets, depreciated/amortized	123,229,158	1,309,139	–	84,245	124,622,542
Less accumulated depreciation/amortization for					
Buildings	(33,130,011)	(2,659,974)	–	–	(35,789,985)
Land improvements	(721,783)	(147,098)	–	–	(868,881)
Furniture and equipment	(10,315,851)	(1,211,399)	–	–	(11,527,250)
Leases – buildings and improvements	(413,740)	(134,528)	–	–	(548,268)
Leases – equipment	(573,204)	(229,833)	–	–	(803,037)
Total accumulated depreciation/amortization	(45,154,589)	(4,382,832)	–	–	(49,537,421)
Net capital assets, depreciated/amortized	78,074,569	(3,073,693)	–	84,245	75,085,121
Total capital assets, net	<u>\$ 79,720,580</u>	<u>\$ (2,808,258)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 76,912,322</u>

Depreciation and amortization expense for the year ended June 30, 2025 was charged to the following governmental functions:

District support services	\$ 11,335
Elementary and secondary regular instruction	158,758
Vocational education instruction	97,574
Special education instruction	11,681
Instructional support services	343,447
Pupil support services	9,556
Sites and buildings	2,695,290
Food service	45,759
Community service	29,319
Depreciation/amortization not allocated to other functions	<u>980,113</u>
Total depreciation/amortization expense	<u>\$ 4,382,832</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Average Annual Installments	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds payable						
Tax Abatement Bonds, Series 2016A	06/09/2016	2.00–3.00%	\$ 745,000	\$ 7,640,000	02/01/2030	\$ 3,380,000
Facilities Maintenance Bonds, Series 2021A	04/02/2021	2.00%	\$ 131,000	\$ 610,000	02/01/2027	250,000
Facilities Maintenance Bonds, Series 2022A	03/17/2022	2.00%	\$ 972,000	\$ 8,465,000	02/01/2033	8,465,000
Facilities Maintenance Bonds, Series 2023A	05/18/2023	4.00–5.00%	\$ 226,000	\$ 3,390,000	02/01/2038	3,310,000
School Building Refunding Bonds, Series 2025A	02/12/2025	5.00%	\$ 3,000,000	\$ 20,850,000	02/01/2032	20,850,000
Total general obligation bonds payable						<u>\$ 36,255,000</u>

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

In February 2025, the District issued \$20,850,000 of General Obligation School Building Refunding Bonds, Series 2025A. The proceeds of this issue refunded, in advance of their stated maturities, the 2026 through 2031 maturities of the District's 2014A General Obligation School Building Refunding Bonds. The amount paid to refunded bond escrow agent of \$22,212,100 related to this transaction includes \$22,065,000 of principal and \$147,000 of interest. This current refunding reduced the District's future debt service payments by \$1,511,395 and resulted in a present value savings of approximately \$1,353,203.

B. Lease Liabilities

The District is leasing equipment and building space at various district sites. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property or equipment and seek full recovery of the losses upon default.

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Copier	2.50%	07/01/21	09/15/25	\$ 617
Copier	2.50%	07/01/21	01/15/26	7,269
Copier	2.50%	09/20/21	09/15/26	1,714
Copier	2.50%	10/18/21	10/15/26	15,809
Building space	3.00%	07/16/16	08/31/26	116,852
Server equipment	0.93%	07/01/23	06/30/27	232,580
Copiers	6.72%	03/01/25	03/01/30	74,840
Building space	5.00%	07/01/25	06/30/30	607,689
Total lease liabilities				<u>\$ 1,057,370</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

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

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

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 2,434,010	\$ 819,303	\$ 1,644,316	\$ 214,094
State-wide, multiple-employer – TRA	20,352,890	5,253,645	5,606,733	1,673,232
Total	<u>\$ 22,786,900</u>	<u>\$ 6,072,948</u>	<u>\$ 7,251,049</u>	<u>\$ 1,887,326</u>

D. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 4,195,000	\$ 1,396,296	\$ 365,873	\$ 25,262
2027	4,345,000	1,241,800	263,002	29,953
2028	4,140,000	1,048,250	135,451	22,236
2029	4,320,000	861,500	146,690	15,137
2030	4,320,000	666,050	146,354	7,453
2031–2035	13,925,000	1,011,150	–	–
2036–2038	1,010,000	81,800	–	–
	<u>\$ 36,255,000</u>	<u>\$ 6,306,846</u>	<u>\$ 1,057,370</u>	<u>\$ 100,041</u>

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle (1)	Balance – Beginning of Year, as Restated	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 41,390,000	\$ –	\$ 41,390,000	\$ 20,850,000	\$ 25,985,000	\$ 36,255,000	\$ 4,195,000
Net (discount) premium	1,557,305	–	1,557,305	1,437,203	1,178,665	1,815,843	–
Lease liabilities	720,211	–	720,211	692,409	355,250	1,057,370	365,873
Net pension liabilities	29,832,251	–	29,832,251	3,257,584	10,302,935	22,786,900	–
Net OPEB liability	1,737,130	–	1,737,130	33,380	160,161	1,610,349	160,161
Compensated absences payable (2)	237,525	2,112,299	2,349,824	–	835,970	1,513,854	364,164
	<u>\$ 75,474,422</u>	<u>\$ 2,112,299</u>	<u>\$ 77,586,721</u>	<u>\$ 26,270,576</u>	<u>\$ 38,817,981</u>	<u>\$ 65,039,316</u>	<u>\$ 5,085,198</u>

(1) Change in accounting principle is for the implementation of GASB Statement No. 101 as described in Note 1 of the notes to the basic financial statements.

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

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Any such restrictions, which have an accumulated deficit rather than positive balance at June 30, 2025 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 18,870	\$ 18,870
Prepaid items	988,568	–	–	21,132	1,009,700
Total nonspendable	988,568	–	–	40,002	1,028,570
Restricted					
Student activities	104,290	–	–	–	104,290
Capital projects levy	328,507	–	–	–	328,507
Literacy incentive aid	158,757	–	–	–	158,757
American Indian education aid	18,745	–	–	–	18,745
English learner	55,228	–	–	–	55,228
Basic skills	135,858	–	–	–	135,858
Student support personnel	71,857	–	–	–	71,857
Long-term facilities maintenance	36,078	–	–	–	36,078
Medical Assistance	39,726	–	–	–	39,726
Teacher compensation for READ Act training	79,033	–	–	–	79,033
Food service	–	–	–	1,179,280	1,179,280
Community education	–	–	–	408,752	408,752
Early childhood family education	–	–	–	344,406	344,406
School readiness	–	–	–	157,924	157,924
Long-term facilities maintenance	–	1,868,284	–	–	1,868,284
Building construction	–	255	–	–	255
Debt service	–	–	1,487,868	–	1,487,868
Total restricted	1,028,079	1,868,539	1,487,868	2,090,362	6,474,848
Assigned					
Vehicle replacements	129,657	–	–	–	129,657
Subsequent year's budget	1,130,643	–	–	–	1,130,643
Building carryover	1,644,357	–	–	–	1,644,357
Donations	262,703	–	–	–	262,703
Total assigned	3,167,360	–	–	–	3,167,360
Unassigned					
Restricted account deficits					
Operating capital	(1,051,442)	–	–	–	(1,051,442)
Safe schools levy	(182,694)	–	–	–	(182,694)
Unassigned	4,516,687	–	–	–	4,516,687
Total unassigned	3,282,551	–	–	–	3,282,551
Total	\$ 8,466,558	\$ 1,868,539	\$ 1,487,868	\$ 2,130,364	\$ 13,953,329

NOTE 5 – FUND BALANCES (CONTINUED)

B. Fund Balance Policy

The School Board has formally adopted a fund balance policy. This policy states that the School Board will strive to maintain a minimum unassigned General Fund balance (excluding restricted account deficits) of 8.0 percent of total General Fund expenditures. At June 30, 2025, the unassigned fund balance of the General Fund was 8.8 percent of the total General Fund expenditures.

If the fund balance falls below 8.0 percent, the School Board shall implement a procedure to stabilize the District's financial position. This shall involve:

1. No new programs will be added at the District level unless matched by a like revenue source;
2. Allocations such as textbooks, supplies, etc., shall be frozen; and
3. The District will review other measures which shall not immediately affect delivery of programs, but could have a cost savings. An example might be areas where expenditures have historically been lower than budgeted levels.

If the fund balance is projected to fall below 7.0 percent, the District shall take measures to either generate additional revenues or to reduce expenditures through budget cuts, or a combination of both.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

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

B. Benefits Provided

1. GERP Benefits

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

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

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

2. TRA Benefits

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

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

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

Tier I Benefits

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

With these provisions:

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

Or

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$435,589. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2025 Coordinated Plan were 7.75 percent for the employee and 8.75 percent for the employer. Basic Plan rates were 11.25 percent for the employee and 12.75 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2025, were \$1,928,478. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2025, the District reported a liability of \$2,434,010 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$62,938.

District's proportionate share of the net pension liability	\$ 2,434,010
State's proportionate share of the net pension liability associated with the District	<u>62,938</u>
Total	<u>\$ 2,496,948</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.0658 percent at the end of the measurement period and 0.0656 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$212,407 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$1,687 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$111,987 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 227,836	\$ –
Changes in actuarial assumptions	11,227	918,794
Net difference between projected and actual investment earnings on pension plan investments	–	723,386
Changes in proportion	144,651	2,136
District's contributions to the GERF subsequent to the measurement date	435,589	–
Total	<u>\$ 819,303</u>	<u>\$ 1,644,316</u>

The \$435,589 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (693,052)
2027	\$ (86,402)
2028	\$ (294,595)
2029	\$ (186,553)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$20,352,890 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.3203 percent at the end of the measurement period and 0.3169 percent for the beginning of the period.

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

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

District's proportionate share of the net pension liability	\$ 20,352,890
State's proportionate share of the net pension liability associated with the District	<u>1,330,971</u>
Total	<u>\$ 21,683,861</u>

For the year ended June 30, 2025, the District recognized pension expense of \$1,600,068. It also recognized \$73,164 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$564,262 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 967,701	\$ 260,502
Changes in actuarial assumptions	2,017,336	2,427,137
Net difference between projected and actual investment earnings on pension plan investments	—	2,889,351
Changes in proportion	340,130	29,743
District's contributions to the TRA subsequent to the measurement date	<u>1,928,478</u>	<u>—</u>
Total	<u>\$ 5,253,645</u>	<u>\$ 5,606,733</u>

The \$1,928,478 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (1,245,551)
2027	\$ 1,846,572
2028	\$ (1,438,655)
2029	\$ (1,169,517)
2030	\$ (274,415)

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

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERP

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

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

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

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

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

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

2. TRA

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

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

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

1. GERP

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	\$ 5,316,269	\$ 2,434,010	\$ 63,089
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 35,842,630	\$ 20,352,890	\$ 7,604,467

I. Pension Plan Fiduciary Net Position

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

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

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

A. Plan Description

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

The District has provided early retirement incentive payment plans for certain employee groups. All of these early retirement incentives are based on contractual agreements with employee groups. These early retirement incentive payment plans include the payment of OPEB. These contractual agreements do not include any specific contribution or funding requirements.

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

B. Benefits Provided

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

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

In addition, full-time teachers who are at least 50 years of age or have completed 20 years of professional service in the appropriate unit in the District shall be eligible for severance pay pursuant to the provisions in the severance pay article of the teachers' master agreement. All persons whose actual service began prior to July 1, 1989 shall be eligible for this benefit.

The full-time teachers shall accumulate 10 days of credit for each full year of actual teaching in the District up to a maximum of one year's salary as determined by the salary schedule placement. In applying these provisions, a teacher's daily rate of pay shall be the basic rate of the teacher's last day of actual service as provided in the basic salary schedule for the basic school year. These amounts are contributed directly to a health savings account.

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

C. Contributions

The contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	37
Active plan members	<u>352</u>
Total members	<u><u>389</u></u>

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2024. Updated procedures were used to foll forward the total OPEB liability to the measurement date since the actuarial valuation date is not the same as the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 1,837,260
Plan fiduciary net position	<u>(226,911)</u>
District's net OPEB liability	<u><u>\$ 1,610,349</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>12.35%</u></u>

F. Actuarial Methods and Assumptions

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

Discount rate	4.90%
Expected long-term investment return	3.50% (net of investment expenses)
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare trend rate	6.25% grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

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

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

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	<u>100.00 %</u>	<u>3.50 %</u>

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 5.9 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.90 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 4.10 percent.

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

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance – July 1, 2024	\$ 1,951,598	\$ 214,468	\$ 1,737,130
Changes for the year			
Service cost	132,843	–	132,843
Interest cost	82,212	–	82,212
Assumption changes	(37,757)	–	(37,757)
Employer contributions	–	160,161	(160,161)
Projected investment return	–	7,506	(7,506)
Differences between expected and actual experience	(131,475)	5,187	(136,662)
Benefit payments – employer financed	(160,161)	(160,161)	–
Administrative expenses	–	(250)	250
Total net changes	<u>(114,338)</u>	<u>12,443</u>	<u>(126,781)</u>
Ending balance – June 30, 2025	<u>\$ 1,837,260</u>	<u>\$ 226,911</u>	<u>\$ 1,610,349</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were updated.
- The expected long-term investment return was changed from 5.00 percent to 3.50 percent.
- The discount rate was changed from 4.10 percent to 4.90 percent.

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

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 a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.90%	4.90%	5.90%
Net OPEB liability	\$ 1,705,072	\$ 1,610,349	\$ 1,518,618

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.25% decreasing to 4.00% then 3.00%	6.25% decreasing to 5.00% then 4.00%	7.25% decreasing to 6.00% then 5.00%
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	\$ 1,451,231	\$ 1,610,349	\$ 1,793,125

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

For the current year ended, the District recognized OPEB expense of \$43,321. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 313,143
Changes in actuarial assumptions	9,466	66,402
Differences between projected and actual investment earnings	–	7,198
Total	<u>\$ 9,466</u>	<u>\$ 386,743</u>

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

Year Ending June 30,	OPEB Expense Amount
2026	\$ (127,604)
2027	\$ (105,256)
2028	\$ (106,866)
2029	\$ (37,551)

NOTE 8 – INTRAFUND TRANSFERS AND BALANCES

Intrafund Transfers

During the year ended June 30, 2025, the District's OPEB Debt Service Account received a transfer in the amount of \$77,746 from the OPEB Debt Service Account. This transfer was made to close out the OPEB Debt Service Account.

Intrafund transfers and balances reported in the fund financial statements are eliminated in the government-wide financial statements.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Receivables

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

B. Legal Claims

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

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 832

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.0707%	\$ 3,664,041	\$ —	\$ 3,664,041	\$ 3,774,394	97.08%	78.20%
06/30/2017	06/30/2016	0.0673%	\$ 5,464,427	\$ 71,389	\$ 5,535,816	\$ 4,176,584	130.83%	68.90%
06/30/2018	06/30/2017	0.0645%	\$ 4,117,637	\$ 51,791	\$ 4,169,428	\$ 4,156,472	99.07%	75.90%
06/30/2019	06/30/2018	0.0647%	\$ 3,589,290	\$ 117,696	\$ 3,706,986	\$ 4,356,483	82.39%	79.50%
06/30/2020	06/30/2019	0.0668%	\$ 3,693,222	\$ 114,828	\$ 3,808,050	\$ 4,715,012	78.33%	80.20%
06/30/2021	06/30/2020	0.0658%	\$ 3,945,011	\$ 121,598	\$ 4,066,609	\$ 4,669,182	84.49%	79.10%
06/30/2022	06/30/2021	0.0624%	\$ 2,664,759	\$ 81,369	\$ 2,746,128	\$ 4,490,496	59.34%	87.00%
06/30/2023	06/30/2022	0.0622%	\$ 4,926,262	\$ 144,370	\$ 5,070,632	\$ 4,610,354	106.85%	76.70%
06/30/2024	06/30/2023	0.0656%	\$ 3,668,279	\$ 101,109	\$ 3,769,388	\$ 5,204,971	70.48%	83.10%
06/30/2025	06/30/2024	0.0658%	\$ 2,434,010	\$ 62,938	\$ 2,496,948	\$ 5,581,681	43.61%	89.08%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 308,972	\$ 308,972	\$ —	\$ 4,176,584	7.40%
06/30/2017	\$ 311,736	\$ 311,736	\$ —	\$ 4,156,472	7.50%
06/30/2018	\$ 326,328	\$ 326,328	\$ —	\$ 4,356,483	7.49%
06/30/2019	\$ 353,648	\$ 353,648	\$ —	\$ 4,715,012	7.50%
06/30/2020	\$ 350,168	\$ 350,168	\$ —	\$ 4,669,182	7.50%
06/30/2021	\$ 336,568	\$ 336,568	\$ —	\$ 4,490,496	7.50%
06/30/2022	\$ 346,271	\$ 346,271	\$ —	\$ 4,610,354	7.51%
06/30/2023	\$ 390,277	\$ 390,277	\$ —	\$ 5,204,971	7.50%
06/30/2024	\$ 417,921	\$ 417,921	\$ —	\$ 5,581,681	7.49%
06/30/2025	\$ 435,589	\$ 435,589	\$ —	\$ 5,811,590	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 832

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.3284%	\$ 20,314,788	\$ 2,491,928	\$ 22,806,716	\$ 16,114,607	126.06%	76.80%
06/30/2017	06/30/2016	0.3363%	\$ 80,215,574	\$ 8,052,513	\$ 88,268,087	\$ 17,491,654	458.59%	44.88%
06/30/2018	06/30/2017	0.3375%	\$ 67,371,122	\$ 6,512,110	\$ 73,883,232	\$ 18,167,356	370.84%	51.57%
06/30/2019	06/30/2018	0.3345%	\$ 21,009,731	\$ 1,973,781	\$ 22,983,512	\$ 18,481,913	113.68%	78.07%
06/30/2020	06/30/2019	0.3172%	\$ 20,218,395	\$ 1,789,416	\$ 22,007,811	\$ 18,018,935	112.21%	78.21%
06/30/2021	06/30/2020	0.3144%	\$ 23,228,293	\$ 1,946,326	\$ 25,174,619	\$ 18,305,143	126.89%	75.48%
06/30/2022	06/30/2021	0.3148%	\$ 13,702,781	\$ 1,161,731	\$ 14,864,512	\$ 18,860,634	72.65%	86.63%
06/30/2023	06/30/2022	0.3153%	\$ 25,247,556	\$ 1,872,428	\$ 27,119,984	\$ 19,489,707	129.54%	76.17%
06/30/2024	06/30/2023	0.3169%	\$ 26,163,972	\$ 1,832,758	\$ 27,996,730	\$ 20,163,927	129.76%	76.42%
06/30/2025	06/30/2024	0.3203%	\$ 20,352,890	\$ 1,330,971	\$ 21,683,861	\$ 21,241,846	95.82%	82.07%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 1,310,240	\$ 1,310,240	\$ —	\$ 17,491,654	7.49%
06/30/2017	\$ 1,359,847	\$ 1,359,847	\$ —	\$ 18,167,356	7.49%
06/30/2018	\$ 1,393,361	\$ 1,393,361	\$ —	\$ 18,481,913	7.54%
06/30/2019	\$ 1,389,479	\$ 1,389,479	\$ —	\$ 18,018,935	7.71%
06/30/2020	\$ 1,447,430	\$ 1,447,430	\$ —	\$ 18,305,143	7.91%
06/30/2021	\$ 1,529,806	\$ 1,529,806	\$ —	\$ 18,860,634	8.11%
06/30/2022	\$ 1,625,437	\$ 1,625,437	\$ —	\$ 19,489,707	8.34%
06/30/2023	\$ 1,724,015	\$ 1,724,015	\$ —	\$ 20,163,927	8.55%
06/30/2024	\$ 1,856,726	\$ 1,856,726	\$ —	\$ 21,241,846	8.74%
06/30/2025	\$ 1,928,478	\$ 1,928,478	\$ —	\$ 22,043,159	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	District Fiscal Year-End Date								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	\$ 132,843	\$ 128,966	\$ 137,515	\$ 126,640	\$ 154,743	\$ 160,748	\$ 105,053	\$ 146,189	\$ 145,928
Interest	82,212	77,167	87,180	50,583	59,372	77,708	80,244	56,541	61,031
Assumption changes	(37,757)	(16,057)	18,937	(127,482)	(63,631)	64,488	166,935	(97,314)	—
Plan changes	—	—	—	—	272,767	—	(68,126)	440,358	—
Differences between expected and actual experience	(131,475)	—	(415,926)	—	(132,288)	—	112,866	—	—
Benefit payments	(160,161)	(156,992)	(130,550)	(219,741)	(434,775)	(225,761)	(250,888)	(593,442)	(169,143)
Other changes	—	—	—	—	—	36,293	—	—	—
Net change in total OPEB liability	(114,338)	33,084	(302,844)	(170,000)	(143,812)	113,476	146,084	(47,668)	37,816
Total OPEB liability – beginning of year	1,951,598	1,918,514	2,221,358	2,391,358	2,535,170	2,421,694	2,275,610	2,323,278	2,285,462
Total OPEB liability – end of year	1,837,260	1,951,598	1,918,514	2,221,358	2,391,358	2,535,170	2,421,694	2,275,610	2,323,278
Plan fiduciary net position									
Employer contributions	160,161	156,992	—	—	—	—	—	—	—
Projected investment return	7,506	9,902	16,041	21,440	23,028	33,649	58,449	37,678	12,937
Differences between expected and actual experience	5,187	6,785	(8,035)	(15,746)	(11,520)	(8,568)	—	—	—
Benefit payments	(160,161)	(156,992)	(130,550)	(219,741)	(434,775)	(225,762)	(250,888)	(593,442)	(169,143)
Administrative expense	(250)	(250)	(250)	(1,124)	(250)	(165)	(250)	(250)	(250)
Net change in plan fiduciary net position	12,443	16,437	(122,794)	(215,171)	(423,517)	(200,846)	(192,689)	(556,014)	(156,456)
Plan fiduciary net position – beginning of year	214,468	198,031	320,825	535,996	959,513	1,160,359	1,353,048	1,909,062	2,065,518
Plan fiduciary net position – end of year	226,911	214,468	198,031	320,825	535,996	959,513	1,160,359	1,353,048	1,909,062
Net OPEB liability	\$ 1,610,349	\$ 1,737,130	\$ 1,720,483	\$ 1,900,533	\$ 1,855,362	\$ 1,575,657	\$ 1,261,335	\$ 922,562	\$ 414,216
Plan fiduciary net position as a percentage of the total OPEB liability	12.35%	10.99%	10.32%	14.44%	22.41%	37.85%	47.92%	59.46%	82.17%
Covered-employee payroll	\$ 24,488,734	\$ 23,724,156	\$ 23,033,161	\$ 22,798,862	\$ 22,134,817	\$ 22,446,085	\$ 21,792,316	\$ 21,784,370	\$ 21,064,964
Net OPEB liability as a percentage of covered-employee payroll	6.58%	7.32%	7.47%	8.34%	8.38%	7.02%	5.79%	4.23%	1.97%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 832

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

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	0.60 %
2018	2.00 %
2019	4.30 %
2020	2.20 %
2021	1.20 %
2022	1.10 %
2023	2.50 %
2024	12.90 %
2025	5.90 %

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 832

Notes to Required Supplementary Information June 30, 2025

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 CHANGES IN PLAN PROVISIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS (CONTINUED)

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were updated.
- The expected long-term investment return was changed from 5.00 percent to 3.50 percent.
- The discount rate was changed from 4.10 percent to 4.90 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.
- The expected long-term investment return was changed from 4.00 percent to 5.00 percent.
- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 2.40 percent to 4.00 percent.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN PLAN PROVISIONS

- An early retirement incentive was paid to a health reimbursement arrangement over two years, which was elected by nine teachers.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, and salary increase rates were updated.
- The expected long-term investment return was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 3.50 percent to 2.90 percent.
- The discount rate was changed from 3.50 percent to 2.90 percent.

2019 CHANGES IN PLAN PROVISIONS

- The severance benefit for the assistant superintendent and the director of business services was moved from another post-employment benefit to a severance benefit, since it is not defined to be paid to a Healthcare Savings Plan. The new superintendent does not have a subsidized post-employment benefit.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The ending age for valuing implicit dental was increased from age 65 to 70 for current retirees based on the average age of current retirees with dental insurance.
- The discount rate and the 20-year municipal bond rate were changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive was given to teachers retiring at the end of the 2017–2018 school year who were over age 55 with at least 15 years of service. Eligible teachers will receive two annual payments of \$10,000 paid to a health reimbursement arrangement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 1.25 percent to 3.50 percent.
- The discount rate was changed from 2.60 percent to 3.50 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 1,249,100	\$ 1,471,915	\$ 2,721,015
Receivables			
Current taxes	—	97,555	97,555
Delinquent taxes	—	1,603	1,603
Due from other governmental units	27,452	23,540	50,992
Inventory	18,870	—	18,870
Prepaid items	2,222	18,910	21,132
Total assets	<u>\$ 1,297,644</u>	<u>\$ 1,613,523</u>	<u>\$ 2,911,167</u>
Liabilities			
Salaries and benefits payable	\$ —	\$ 76,356	\$ 76,356
Accounts and contracts payable	97,272	155,546	252,818
Unearned revenue	—	262,602	262,602
Total liabilities	<u>97,272</u>	<u>494,504</u>	<u>591,776</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	—	188,491	188,491
Unavailable revenue – delinquent taxes	—	536	536
Total deferred inflows of resources	<u>—</u>	<u>189,027</u>	<u>189,027</u>
Fund balances			
Nonspendable	21,092	18,910	40,002
Restricted	1,179,280	911,082	2,090,362
Total fund balances	<u>1,200,372</u>	<u>929,992</u>	<u>2,130,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,297,644</u>	<u>\$ 1,613,523</u>	<u>\$ 2,911,167</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 185,602	\$ 185,602
Investment earnings	38,180	44,019	82,199
Other	276,046	2,478,042	2,754,088
State sources	1,421,846	238,727	1,660,573
Federal sources	595,940	—	595,940
Total revenue	<u>2,332,012</u>	<u>2,946,390</u>	<u>5,278,402</u>
Expenditures			
Current			
Food service	2,109,184	—	2,109,184
Community service	—	2,788,702	2,788,702
Capital outlay	11,011	64,082	75,093
Total expenditures	<u>2,120,195</u>	<u>2,852,784</u>	<u>4,972,979</u>
Net change in fund balances	211,817	93,606	305,423
Fund balances			
Beginning of year	<u>988,555</u>	<u>836,386</u>	<u>1,824,941</u>
End of year	<u>\$ 1,200,372</u>	<u>\$ 929,992</u>	<u>\$ 2,130,364</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025	2024
Assets		
Cash and temporary investments	\$ 10,206,425	\$ 11,275,409
Receivables		
Current taxes	5,833,780	5,162,015
Delinquent taxes	80,686	85,310
Accounts and interest	92,662	153,520
Due from other funds	—	130,550
Due from other governmental units	4,140,043	3,777,262
Prepaid items	988,568	491,115
	<u>\$ 21,342,164</u>	<u>\$ 21,075,181</u>
Liabilities		
Salaries and benefits payable	\$ 64,782	\$ 123,891
Accounts and contracts payable	2,151,538	2,537,187
Unearned revenue	27,412	22,189
Total liabilities	2,243,732	2,683,267
Deferred inflows of resources		
Property taxes levied for subsequent year	10,589,535	9,591,195
Unavailable revenue – delinquent taxes	42,339	31,301
Total deferred inflows of resources	10,631,874	9,622,496
Fund balances		
Nonspendable for prepaid items	988,568	491,115
Restricted for student activities	104,290	120,070
Restricted for capital projects levy	328,507	—
Restricted for literacy incentive aid	158,757	41,323
Restricted for American Indian education aid	18,745	23,180
Restricted for English learner	55,228	—
Restricted for basic skills	135,858	83,143
Restricted for student support personnel	71,857	42,394
Restricted for long-term facilities maintenance	36,078	—
Restricted for Medical Assistance	39,726	15,579
Restricted for teacher compensation for READ Act training	79,033	—
Assigned for separation benefits	—	100,000
Assigned for student activities	—	129,657
Assigned for vehicle replacements	129,657	—
Assigned for subsequent year's budget	1,130,643	—
Assigned for building carryover	1,644,357	2,301,951
Assigned for donations	262,703	331,637
Unassigned – operating capital restricted account deficit	(1,051,442)	(843,493)
Unassigned – safe schools levy restricted account deficit	(182,694)	(107,444)
Unassigned – long-term facilities maintenance restricted account deficit	—	(14,793)
Unassigned	4,516,687	6,055,099
Total fund balances	<u>8,466,558</u>	<u>8,769,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,342,164</u>	<u>\$ 21,075,181</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 10,322,324	\$ 10,484,440	\$ 162,116	\$ 10,535,259
Investment earnings	700,000	654,450	(45,550)	710,167
Other	1,300,634	1,502,730	202,096	1,650,094
State sources	36,023,785	36,823,855	800,070	35,401,822
Federal sources	778,843	808,169	29,326	1,847,904
Total revenue	49,125,586	50,273,644	1,148,058	50,145,246
Expenditures				
Current				
Administration				
Salaries	1,441,539	1,411,432	(30,107)	1,347,858
Employee benefits	546,681	540,424	(6,257)	517,485
Purchased services	42,018	27,127	(14,891)	31,989
Supplies and materials	3,775	3,849	74	71,024
Capital expenditures	—	676	676	—
Other expenditures	40,598	26,333	(14,265)	30,046
Total administration	2,074,611	2,009,841	(64,770)	1,998,402
District support services				
Salaries	949,149	835,485	(113,664)	809,910
Employee benefits	570,224	412,401	(157,823)	572,993
Purchased services	779,512	584,215	(195,297)	443,897
Supplies and materials	166,539	65,407	(101,132)	27,567
Capital expenditures	45,570	—	(45,570)	5,066
Other expenditures	14,030	78,344	64,314	5,601
Total district support services	2,525,024	1,975,852	(549,172)	1,865,034
Elementary and secondary regular instruction				
Salaries	14,438,396	14,247,224	(191,172)	13,968,711
Employee benefits	5,950,110	6,084,030	133,920	5,768,875
Purchased services	1,343,422	1,485,416	141,994	1,606,819
Supplies and materials	1,066,649	1,536,956	470,307	1,298,523
Capital expenditures	146,401	118,140	(28,261)	247,221
Other expenditures	22,449	101,091	78,642	18,006
Total elementary and secondary regular instruction	22,967,427	23,572,857	605,430	22,908,155

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	475,231	605,535	130,304	495,476
Employee benefits	245,495	282,473	36,978	252,367
Purchased services	263,857	244,003	(19,854)	241,176
Supplies and materials	7,726	1,431	(6,295)	14,170
Capital expenditures	1,030	607,689	606,659	—
Other expenditures	257	2,539	2,282	—
Total vocational education instruction	993,596	1,743,670	750,074	1,003,189
Special education instruction				
Salaries	6,070,641	5,753,069	(317,572)	5,440,946
Employee benefits	2,629,127	2,593,666	(35,461)	2,383,155
Purchased services	576,361	1,046,772	470,411	543,130
Supplies and materials	133,851	94,858	(38,993)	103,941
Capital expenditures	29,875	10,425	(19,450)	23,945
Other expenditures	56,146	55,350	(796)	58,044
Total special education instruction	9,496,001	9,554,140	58,139	8,553,161
Instructional support services				
Salaries	1,832,790	1,670,058	(162,732)	1,679,578
Employee benefits	696,502	668,607	(27,895)	652,385
Purchased services	176,818	114,442	(62,376)	93,337
Supplies and materials	256,311	176,647	(79,664)	938,493
Capital expenditures	12,703	143,018	130,315	119,758
Other expenditures	15,309	27,471	12,162	4,925
Total instructional support services	2,990,433	2,800,243	(190,190)	3,488,476
Pupil support services				
Salaries	1,289,679	1,265,655	(24,024)	1,142,558
Employee benefits	642,157	603,626	(38,531)	546,660
Purchased services	3,080,195	2,926,761	(153,434)	2,872,566
Supplies and materials	129,573	105,924	(23,649)	126,797
Capital expenditures	9,272	—	(9,272)	50
Other expenditures	515	6,168	5,653	25
Total pupil support services	5,151,391	4,908,134	(243,257)	4,688,656

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	1,170,364	1,199,284	28,920	1,131,026
Employee benefits	484,473	495,212	10,739	441,360
Purchased services	1,154,186	1,431,138	276,952	1,386,090
Supplies and materials	389,086	298,318	(90,768)	258,370
Capital expenditures	1,168,610	669,879	(498,731)	1,296,792
Other expenditures	1,545	5,100	3,555	4,309
Total sites and buildings	4,368,264	4,098,931	(269,333)	4,517,947
Fiscal and other fixed cost programs				
Employee benefits	152,000	—	(152,000)	—
Purchased services	233,494	238,908	5,414	203,038
Total fiscal and other fixed cost programs	385,494	238,908	(146,586)	203,038
Debt service				
Principal	244,737	355,250	110,513	363,356
Interest and fiscal charges	15,000	11,087	(3,913)	11,048
Total debt service	259,737	366,337	106,600	374,404
Total expenditures	51,211,978	51,268,913	56,935	49,600,462
Excess (deficiency) of revenue over expenditures	(2,086,392)	(995,269)	1,091,123	544,784
Other financing sources				
Issuance of lease liabilities	—	692,409	692,409	—
Sale of equipment	—	—	—	8,907
Insurance recovery	—	—	—	22,795
Transfer in	—	—	—	78,927
Total other financing sources	—	692,409	692,409	110,629
Net change in fund balances	<u>\$ (2,086,392)</u>	<u>(302,860)</u>	<u>\$ 1,783,532</u>	<u>655,413</u>
Fund balances				
Beginning of year		8,769,418		8,114,005
End of year		<u>\$ 8,466,558</u>		<u>\$ 8,769,418</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 1,249,100	\$ 1,037,343
Receivables		
Due from other governmental units	27,452	27,452
Inventory	18,870	35,205
Prepays items	2,222	—
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,297,644</u>	<u>\$ 1,100,000</u>
Liabilities		
Accounts and contracts payable	\$ 97,272	\$ 111,445
Fund balances		
Nonspendable for inventory and prepaid items	21,092	35,205
Restricted for food service	1,179,280	953,350
Total fund balances	<u>1,200,372</u>	<u>988,555</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,297,644</u>	<u>\$ 1,100,000</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 15,000	\$ 38,180	\$ 23,180	\$ 33,671
Other – primarily meal sales	275,400	276,046	646	274,603
State sources	1,000,000	1,421,846	421,846	1,286,649
Federal sources	633,298	595,940	(37,358)	804,237
Total revenue	<u>1,923,698</u>	<u>2,332,012</u>	<u>408,314</u>	<u>2,399,160</u>
Expenditures				
Current				
Salaries	40,000	48,701	8,701	39,961
Employee benefits	27,274	30,006	2,732	31,949
Purchased services	752,680	973,019	220,339	883,209
Supplies and materials	1,173,188	1,057,458	(115,730)	1,033,687
Other expenditures	3,060	–	(3,060)	–
Capital outlay	65,000	11,011	(53,989)	339,544
Total expenditures	<u>2,061,202</u>	<u>2,120,195</u>	<u>58,993</u>	<u>2,328,350</u>
Net change in fund balances	<u>\$ (137,504)</u>	211,817	<u>\$ 349,321</u>	70,810
Fund balances				
Beginning of year		<u>988,555</u>		<u>917,745</u>
End of year		<u>\$ 1,200,372</u>		<u>\$ 988,555</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 1,471,915	\$ 1,153,743
Receivables		
Current taxes	97,555	92,870
Delinquent taxes	1,603	2,888
Due from other governmental units	23,540	18,974
Prepaid items	<u>18,910</u>	<u>—</u>
Total assets	<u><u>\$ 1,613,523</u></u>	<u><u>\$ 1,268,475</u></u>
Liabilities		
Salaries and benefits payable	\$ 76,356	\$ 52,259
Accounts and contracts payable	155,546	79,250
Unearned revenue	<u>262,602</u>	<u>113,899</u>
Total liabilities	494,504	245,408
Deferred inflows of resources		
Property taxes levied for subsequent year	188,491	185,487
Unavailable revenue – delinquent taxes	<u>536</u>	<u>1,194</u>
Total deferred inflows of resources	189,027	186,681
Fund balances		
Nonspendable for prepaid items	18,910	—
Restricted for community education	408,752	507,959
Restricted for early childhood family education	344,406	213,032
Restricted for school readiness	157,924	94,249
Restricted for adult basic education	<u>—</u>	<u>21,146</u>
Total fund balances	<u><u>929,992</u></u>	<u><u>836,386</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,613,523</u></u>	<u><u>\$ 1,268,475</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 285,468	\$ 185,602	\$ (99,866)	\$ 287,239
Investment earnings	—	44,019	44,019	38,848
Other – primarily tuition and fees	2,107,110	2,478,042	370,932	2,475,716
State sources	173,417	238,727	65,310	195,743
Total revenue	<u>2,565,995</u>	<u>2,946,390</u>	<u>380,395</u>	<u>2,997,546</u>
Expenditures				
Current				
Salaries	1,571,646	1,526,623	(45,023)	1,556,560
Employee benefits	500,899	433,853	(67,046)	481,686
Purchased services	404,285	683,223	278,938	768,462
Supplies and materials	91,510	142,950	51,440	116,448
Other expenditures	1,655	2,053	398	1,186
Capital outlay	6,900	64,082	57,182	44,262
Total expenditures	<u>2,576,895</u>	<u>2,852,784</u>	<u>275,889</u>	<u>2,968,604</u>
Net change in fund balances	<u>\$ (10,900)</u>	93,606	<u>\$ 104,506</u>	28,942
Fund balances				
Beginning of year		<u>836,386</u>		<u>807,444</u>
End of year		<u>\$ 929,992</u>		<u>\$ 836,386</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	<u>\$ 1,879,515</u>	<u>\$ 2,098,998</u>
Liabilities		
Accounts and contracts payable	\$ 10,976	\$ 26,068
Fund balances		
Restricted for long-term facilities maintenance	1,868,284	2,045,396
Restricted for building construction	255	27,534
Total fund balances	<u>1,868,539</u>	<u>2,072,930</u>
Total liabilities and fund balances	<u>\$ 1,879,515</u>	<u>\$ 2,098,998</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 35,000	\$ 64,293	\$ 29,293	\$ 80,612
Expenditures				
Current				
Sites and buildings				
Purchased services	1,060,000	63,797	(996,203)	200,177
Capital expenditures	—	204,887	204,887	63,419
Total expenditures	<u>1,060,000</u>	<u>268,684</u>	<u>(791,316)</u>	<u>263,596</u>
Excess (deficiency) of revenue over expenditures	(1,025,000)	(204,391)	820,609	(182,984)
Extraordinary item				
Insurance recovery	—	—	—	5,141,106
Insurance recovery-related capital expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,659,072)</u>
Total extraordinary item	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,517,966)</u>
Net change in fund balances	<u>\$ (1,025,000)</u>	(204,391)	<u>\$ 820,609</u>	(1,700,950)
Fund balances				
Beginning of year		<u>2,072,930</u>		<u>3,773,880</u>
End of year		<u>\$ 1,868,539</u>		<u>\$ 2,072,930</u>

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INDEPENDENT SCHOOL DISTRICT NO. 832

Debt Service Fund
Balance Sheet by Account
as of June 30, 2025
(With Comparative Totals as of June 30, 2024)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2025	2024
Assets				
Cash and temporary investments	\$ 4,188,288	\$ —	\$ 4,188,288	\$ 3,906,210
Receivables				
Current taxes	2,949,861	—	2,949,861	2,869,303
Delinquent taxes	43,546	—	43,546	77,329
Due from other governmental units	21,592	—	21,592	13,418
Total assets	<u>\$ 7,203,287</u>	<u>\$ —</u>	<u>\$ 7,203,287</u>	<u>\$ 6,866,260</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 5,691,383	\$ —	\$ 5,691,383	\$ 5,694,019
Unavailable revenue – delinquent taxes	24,036	—	24,036	46,613
Total deferred inflows of resources	<u>5,715,419</u>	<u>—</u>	<u>5,715,419</u>	<u>5,740,632</u>
Fund balances				
Restricted for debt service	<u>1,487,868</u>	<u>—</u>	<u>1,487,868</u>	<u>1,125,628</u>
Total deferred inflows of resources, and fund balances	<u>\$ 7,203,287</u>	<u>\$ —</u>	<u>\$ 7,203,287</u>	<u>\$ 6,866,260</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

		2025	
		Actual	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 5,946,293	\$ 5,644,632	\$ 1,435
Investment earnings	40,000	182,141	5,453
State sources	12,000	215,922	—
Total revenue	5,998,293	6,042,695	6,888
Expenditures			
Debt service			
Principal	3,920,000	3,920,000	—
Interest	1,668,600	1,668,600	—
Fiscal charges and other	3,000	173,596	250
Total expenditures	5,591,600	5,762,196	250
Excess (deficiency) of revenue over expenditures	406,693	280,499	6,638
Other financing sources (uses)			
Refunding debt issued	—	20,850,000	—
Premium on debt issued	—	1,437,203	—
Paid to refunded bond escrow agent	—	(22,212,100)	—
Intrafund transfer in	—	77,746	—
Intrafund transfer (out)	—	—	(77,746)
Total other financing sources (uses)	—	152,849	(77,746)
Net change in fund balances	406,693	433,348	(71,108)
Fund balances			
Beginning of year		1,054,520	71,108
End of year		\$ 1,487,868	\$ —

		2024
Total	Over (Under) Budget	Actual
\$ 5,646,067	\$ (300,226)	\$ 5,224,042
187,594	147,594	90,069
215,922	203,922	85,716
<u>6,049,583</u>	<u>51,290</u>	<u>5,399,827</u>
3,920,000	—	3,655,000
1,668,600	—	1,777,325
173,846	170,846	4,650
<u>5,762,446</u>	<u>170,846</u>	<u>5,436,975</u>
<u>287,137</u>	<u>(119,556)</u>	<u>(37,148)</u>
20,850,000	20,850,000	—
1,437,203	1,437,203	—
(22,212,100)	(22,212,100)	—
77,746	77,746	—
(77,746)	(77,746)	—
<u>75,103</u>	<u>75,103</u>	<u>—</u>
362,240	<u>(44,453)</u>	(37,148)
<u>1,125,628</u>		<u>1,162,776</u>
<u>\$ 1,487,868</u>		<u>\$ 1,125,628</u>

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SECTION III – STATISTICAL SECTION

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 832's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 832

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

				Fiscal Year
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 14,765,621	\$ 15,992,115	\$ 17,152,606	\$ 18,587,875
Restricted	1,243,525	1,325,088	1,614,396	1,592,858
Unrestricted	(18,104,962)	(30,691,596)	(43,309,814)	(35,132,513)
 Total governmental activities net position	 \$ (2,095,816)	 \$ (13,374,393)	 \$ (24,542,812)	 \$ (14,951,780)

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$1.96 million.

Note 2: The District implemented GASB Statement No. 101 in fiscal 2025. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by \$2,112,299.

2020	2021	2022	2023	2024	2025
\$ 20,334,346	\$ 21,864,445	\$ 21,319,056	\$ 29,525,125	\$ 38,125,994	\$ 38,953,023
1,533,781	2,069,633	2,955,015	2,550,874	2,743,383	4,363,642
(35,345,374)	(35,368,555)	(31,851,392)	(22,961,230)	(18,848,644)	(19,621,393)
<u>\$ (13,477,247)</u>	<u>\$ (11,434,477)</u>	<u>\$ (7,577,321)</u>	<u>\$ 9,114,769</u>	<u>\$ 22,020,733</u>	<u>\$ 23,695,272</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Expenses				
Administration	\$ 1,619,612	\$ 2,389,784	\$ 2,402,693	\$ 1,318,479
District support services	1,131,424	1,321,965	1,511,534	1,383,764
Elementary and secondary regular instruction	18,653,040	26,880,726	27,200,155	13,688,037
Vocational education instruction	527,083	830,853	1,122,590	559,872
Special education instruction	6,321,217	9,098,090	9,191,728	5,454,302
Instructional support services	1,857,995	2,002,692	1,985,912	1,411,241
Pupil support services	2,697,078	3,329,970	3,553,250	2,999,858
Sites and buildings	4,740,775	4,842,234	5,221,236	4,749,556
Fiscal and other fixed cost programs	115,640	127,338	123,860	130,465
Food service	1,432,468	1,430,195	1,350,209	1,301,930
Community service	1,889,306	2,219,940	2,384,050	2,091,177
Depreciation/amortization not allocated to other functions	749,146	734,936	1,125,891	1,125,891
Interest and fiscal charges	1,617,812	1,616,865	1,439,989	1,401,844
Total governmental activities expenses	43,352,596	56,825,588	58,613,097	37,616,416
Program revenues				
Charges for services				
Elementary and secondary regular instruction	421,300	389,147	407,701	391,913
Instructional support services	870	1,439	1,297	917
Pupil support services	21,397	21,996	18,622	23,392
Sites and buildings	73,946	71,293	63,252	—
Food service	1,035,277	942,204	994,770	962,054
Community service	1,576,585	1,787,189	1,867,091	1,921,399
Operating grants and contributions	3,903,503	4,430,112	4,241,381	4,104,156
Total governmental activities program revenues	7,032,878	7,643,380	7,594,114	7,403,831
Net (expense) revenue	(36,319,718)	(49,182,208)	(51,018,983)	(30,212,585)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	7,112,358	8,086,584	8,040,986	8,395,688
Property taxes, levied for community service	262,629	257,209	275,835	273,636
Property taxes, levied for debt service	5,266,374	5,249,690	5,206,265	4,990,743
General grants and aids	24,822,060	25,182,239	25,232,775	24,919,668
Other general revenues	1,197,349	946,821	983,144	1,053,335
Gain on sale of assets	5,554	1,662	—	—
Investment earnings	24,090	137,938	111,559	170,547
Extraordinary item	—	—	—	—
Total general revenues and other changes in net position	38,690,414	39,862,143	39,850,564	39,803,617
Change in net position	\$ 2,370,696	\$ (9,320,065)	\$ (11,168,419)	\$ 9,591,032

2020	2021	2022	2023	2024	2025
\$ 2,085,841	\$ 1,934,908	\$ 1,799,211	\$ 1,636,857	\$ 1,838,255	\$ 1,991,148
1,353,272	1,440,663	1,284,668	1,750,204	1,892,099	1,903,488
20,931,554	20,638,140	20,426,449	16,049,742	21,041,609	22,978,275
883,650	978,974	799,264	850,120	1,035,309	1,180,468
7,676,376	7,559,495	7,122,968	6,498,735	7,929,355	9,226,961
1,803,914	2,517,323	1,880,135	2,147,195	2,739,589	2,855,387
3,568,833	3,744,420	3,729,189	4,151,359	4,588,458	4,792,010
5,005,374	5,153,963	7,085,606	5,017,950	5,258,337	6,155,796
121,405	133,618	148,912	165,776	203,038	238,908
1,268,643	1,042,522	1,554,158	1,679,866	2,122,293	2,153,514
1,973,416	1,673,748	2,110,761	2,587,356	2,905,416	2,781,535
1,118,675	1,118,048	1,071,716	982,749	982,673	980,113
1,283,393	1,175,096	1,256,043	1,080,691	861,868	1,248,152
49,074,346	49,110,918	50,269,080	44,598,600	53,398,299	58,485,755
285,207	402,213	525,195	801,091	826,967	776,020
1,232	300	3,160	16,873	17,181	22,907
5,353	—	—	21,592	17,574	20,922
—	—	—	—	—	—
739,569	84,193	240,235	961,441	274,603	276,046
1,601,400	1,334,355	2,065,415	2,272,869	2,475,716	2,478,042
5,140,174	6,173,014	7,435,622	6,273,076	9,673,804	10,281,055
7,772,935	7,994,075	10,269,627	10,346,942	13,285,845	13,854,992
(41,301,411)	(41,116,843)	(39,999,453)	(34,251,658)	(40,112,454)	(44,630,763)
9,365,786	9,542,135	10,049,145	10,730,599	10,505,943	10,495,478
303,976	319,365	297,714	279,760	286,362	184,944
4,988,574	4,989,804	5,032,220	5,103,126	5,236,241	5,623,490
27,051,916	27,868,671	27,653,514	28,157,152	30,075,325	30,442,272
964,454	410,135	783,206	782,877	820,074	682,881
—	9,419	2,959	—	—	—
101,238	20,084	37,851	674,034	953,367	988,536
—	—	—	5,216,200	5,141,106	—
42,775,944	43,159,613	43,856,609	50,943,748	53,018,418	48,417,601
\$ 1,474,533	\$ 2,042,770	\$ 3,857,156	\$ 16,692,090	\$ 12,905,964	\$ 3,786,838

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INDEPENDENT SCHOOL DISTRICT NO. 832

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

Fiscal Year	Property Tax			
	General Purposes	Community Service	Debt Service	Total
2016	\$ 7,112,358	\$ 262,629	\$ 5,266,374	\$ 12,641,361
2017	8,086,584	257,209	5,249,690	13,593,483
2018	8,040,986	275,835	5,206,265	13,523,086
2019	8,395,688	273,636	4,990,743	13,660,067
2020	9,365,786	303,976	4,988,574	14,658,336
2021	9,542,135	319,365	4,989,804	14,851,304
2022	10,049,145	297,714	5,032,220	15,379,079
2023	10,730,599	279,760	5,103,126	16,113,485
2024	10,505,943	286,362	5,236,241	16,028,546
2025	10,495,478	184,944	5,623,490	16,303,912

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 25,573	\$ 8,938	\$ 193,907	\$ 182,562
Restricted	438,515	379,654	409,709	404,413
Assigned	1,428,890	1,465,000	974,520	907,388
Unassigned	<u>3,527,966</u>	<u>3,108,917</u>	<u>1,727,414</u>	<u>1,683,097</u>
Total General Fund	<u>\$ 5,420,944</u>	<u>\$ 4,962,509</u>	<u>\$ 3,305,550</u>	<u>\$ 3,177,460</u>
All other governmental funds				
Nonspendable	\$ 16,943	\$ 20,924	\$ 18,472	\$ 12,701
Restricted	8,964,564	4,546,188	1,982,078	1,975,084
Unassigned	<u>(54,383)</u>	<u>(50,387)</u>	<u>(5,120)</u>	<u>(6,103)</u>
Total all other governmental funds	<u>\$ 8,927,124</u>	<u>\$ 4,516,725</u>	<u>\$ 1,995,430</u>	<u>\$ 1,981,682</u>
Total all governmental funds	<u>\$ 14,348,068</u>	<u>\$ 9,479,234</u>	<u>\$ 5,300,980</u>	<u>\$ 5,159,142</u>

2020	2021	2022	2023	2024	2025
\$ 17,859	\$ 17,800	\$ 53,918	\$ 21,835	\$ 491,115	\$ 988,568
481,548	703,596	641,689	381,674	325,689	1,028,079
1,133,443	1,885,158	1,315,543	1,811,189	2,863,245	3,167,360
3,434,646	4,460,187	5,303,962	5,899,307	5,089,369	3,282,551
<u>\$ 5,067,496</u>	<u>\$ 7,066,741</u>	<u>\$ 7,315,112</u>	<u>\$ 8,114,005</u>	<u>\$ 8,769,418</u>	<u>\$ 8,466,558</u>
\$ 12,200	\$ 15,763	\$ 22,708	\$ 20,462	\$ 35,205	\$ 40,002
1,879,040	2,031,435	8,540,594	6,641,383	4,988,294	5,446,769
(89,149)	(13,604)	—	—	—	—
<u>\$ 1,802,091</u>	<u>\$ 2,033,594</u>	<u>\$ 8,563,302</u>	<u>\$ 6,661,845</u>	<u>\$ 5,023,499</u>	<u>\$ 5,486,771</u>
<u>\$ 6,869,587</u>	<u>\$ 9,100,335</u>	<u>\$ 15,878,414</u>	<u>\$ 14,775,850</u>	<u>\$ 13,792,917</u>	<u>\$ 13,953,329</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

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	\$ 13,333,149	\$ 13,576,488	\$ 13,526,230	\$ 13,649,164
Investment earnings	24,090	137,938	111,559	170,547
Other	4,323,233	4,159,406	4,335,877	4,353,010
State sources	27,086,413	27,477,950	28,245,477	29,459,210
Federal sources	951,766	1,124,513	1,219,444	1,055,638
Total revenues	45,718,651	46,476,295	47,438,587	48,687,569
Expenditures				
Current				
Administration	1,752,516	1,720,341	1,905,703	1,736,575
District support services	1,150,350	1,283,621	1,507,137	1,440,144
Elementary and secondary regular instruction	19,288,869	19,624,166	19,972,080	19,667,716
Vocational education instruction	528,338	645,529	934,483	742,891
Special education instruction	6,343,824	6,838,551	6,998,277	7,343,628
Instructional support services	1,666,024	1,691,952	1,649,016	1,644,017
Pupil support services	2,695,742	2,863,652	3,165,217	3,338,856
Sites and buildings	3,517,883	3,312,184	3,667,550	3,958,735
Fiscal and other fixed cost programs	115,640	119,422	123,860	130,465
Food service	1,377,841	1,401,390	1,332,914	1,328,695
Community service	1,890,419	1,896,115	2,122,401	2,242,269
Capital outlay	1,764,359	4,353,617	2,423,773	162,548
Debt service				
Principal	2,965,000	2,885,000	3,135,000	2,910,000
Interest and fiscal charges	2,269,320	2,371,251	2,348,963	2,182,868
Total expenditures	47,326,125	51,006,791	51,286,374	48,829,407
Excess of revenues over (under) expenditures	(1,607,474)	(4,530,496)	(3,847,787)	(141,838)
Other financing sources (uses)				
Debt issued (bonds, COP, and leases)	7,640,000	—	—	—
Premium (discount) on debt issued	484,339	—	—	—
Payment on refunding bonds	(340,000)	(340,000)	(340,000)	—
Sale of assets	5,554	1,662	—	—
Insurance recovery	—	—	—	—
Transfer in	—	—	—	—
Extraordinary item	—	—	—	—
Total other financing sources (uses) and extraordinary items	7,789,893	(338,338)	(340,000)	—
Net change in fund balances	\$ 6,182,419	\$ (4,868,834)	\$ (4,187,787)	\$ (141,838)
Debt service as a percentage of noncapital expenditures	11.5%	11.3%	11.2%	10.6%

2020	2021	2022	2023	2024	2025
\$ 14,643,223	\$ 14,875,449	\$ 15,375,540	\$ 16,090,696	\$ 16,046,540	\$ 16,316,109
89,325	17,882	35,044	674,034	953,367	988,536
3,597,215	2,231,196	3,617,211	4,856,743	4,400,413	4,256,818
30,976,493	31,131,668	31,952,780	32,229,962	36,969,930	38,700,350
1,205,186	2,853,229	3,282,233	2,052,015	2,652,141	1,404,109
50,511,442	51,109,424	54,262,808	55,903,450	61,022,391	61,665,922
1,968,075	1,839,766	1,943,221	2,001,880	1,998,402	2,009,841
1,338,738	1,460,465	1,366,021	1,714,787	1,865,034	1,975,852
19,479,152	19,479,671	21,838,437	20,678,474	22,908,155	23,572,857
850,553	943,214	749,186	984,760	1,003,189	1,743,670
7,165,740	7,146,231	7,653,333	8,111,369	8,553,161	9,554,140
1,730,595	2,468,997	1,911,823	2,622,569	3,488,476	2,800,243
3,469,722	3,640,657	3,814,926	4,422,200	4,688,656	4,908,134
4,262,184	4,640,194	7,496,498	9,112,757	4,781,543	4,367,615
121,405	133,618	148,912	165,776	203,038	238,908
1,236,024	1,009,180	1,519,844	1,638,721	1,988,806	2,109,184
1,974,145	1,631,795	2,202,335	2,685,740	2,924,342	2,788,702
136,666	32,118	13,435	213,154	383,806	75,093
2,995,000	3,110,000	3,525,092	3,753,765	4,018,356	4,275,250
2,072,998	2,007,353	1,916,142	1,906,681	1,793,023	1,853,533
48,800,997	49,543,259	56,099,205	60,012,633	60,597,987	62,273,022
1,710,445	1,566,165	(1,836,397)	(4,109,183)	424,404	(607,100)
—	1,500,000	8,528,218	3,855,180	—	21,542,409
—	25,164	83,299	252,755	—	1,437,203
—	(870,000)	—	—	—	(22,212,100)
—	9,419	2,959	—	8,907	—
—	—	—	—	22,795	—
—	—	—	—	78,927	—
—	—	—	(1,101,316)	(1,517,966)	—
—	664,583	8,614,476	3,006,619	(1,407,337)	767,512
\$ 1,710,445	\$ 2,230,748	\$ 6,778,079	\$ (1,102,564)	\$ (982,933)	\$ 160,412
10.6%	10.5%	10.1%	12.0%	11.3%	7.0%

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INDEPENDENT SCHOOL DISTRICT NO. 832

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2016	\$ 7,795,116	\$ 263,302	\$ 5,274,731	\$	13,333,149
2007	8,080,579	247,053	5,248,856		13,576,488
2018	8,042,652	275,844	5,207,734		13,526,230
2019	8,388,598	273,294	4,987,272		13,649,164
2020	9,355,775	303,709	4,983,739		14,643,223
2021	9,557,355	319,848	4,998,246		14,875,449
2022	10,046,706	297,539	5,031,295		15,375,540
2023	10,713,595	279,434	5,097,667		16,090,696
2024	10,535,259	287,239	5,224,042		16,046,540
2025	10,484,440	185,602	5,646,067		16,316,109

INDEPENDENT SCHOOL DISTRICT NO. 832

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation				
	Agricultural	Nonagricultural	Fiscal Disparities		
			Contribution	Distribution	
2016	\$ 361,716	\$ 21,644,421	\$ (646,439)	\$ 1,291,826	
2017	371,984	22,224,920	(705,658)	1,355,452	
2018	378,365	23,617,568	(706,319)	1,439,349	
2019	384,797	24,361,946	(739,621)	1,539,746	
2020	377,851	25,925,374	(768,851)	1,664,067	
2021	379,701	27,108,457	(788,484)	1,689,839	
2022	394,438	27,447,555	(839,422)	1,852,611	
2023	496,124	34,297,975	(853,093)	1,814,148	
2024	552,652	36,758,131	(866,411)	1,875,599	
2025	560,772	36,726,681	(1,050,709)	2,130,311	

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>		<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$	(1,776)	\$ 22,649,748	34.11	\$ 2,040,219,100	1.11 %
	(220)	23,246,478	34.09	2,085,503,900	1.11
	(230)	24,728,733	32.16	2,196,603,700	1.13
	(226)	25,546,642	31.89	2,265,402,400	1.13
	(212)	27,198,229	29.93	2,400,602,400	1.13
	(219)	28,389,294	29.55	2,501,549,300	1.13
	(261)	28,854,921	29.03	2,533,106,700	1.14
	(260)	35,754,894	23.94	3,120,566,100	1.15
	(46,032)	38,273,939	23.32	3,314,732,300	1.15
	(149,179)	38,217,876	23.80	3,323,097,800	1.15

INDEPENDENT SCHOOL DISTRICT NO. 832

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	ISD No. 832	Overlapping Rates Municipalities				
			Mahtomedi	Dellwood	Pine Springs	Hugo	Grant
Tax capacity rate	2016	34.110%	34.657%	16.756%	7.234%	36.322%	13.755%
Market value rate	2016	0.26630%	–	–	–	–	–
Tax capacity rate	2017	34.090%	37.560%	15.100%	9.110%	36.360%	13.790%
Market value rate	2017	0.25378%	–	–	–	–	–
Tax capacity rate	2018	32.160%	36.374%	17.877%	7.449%	36.374%	14.601%
Market value rate	2018	0.24118%	–	–	–	–	–
Tax capacity rate	2019	31.890%	38.890%	10.360%	9.290%	36.270%	13.920%
Market value rate	2019	0.27420%	–	–	–	–	–
Tax capacity rate	2020	29.930%	36.470%	21.000%	9.130%	39.280%	13.090%
Market value rate	2020	0.25900%	–	–	–	–	–
Tax capacity rate	2021	29.554%	37.307%	29.544%	9.340%	35.576%	13.609%
Market value rate	2021	0.25300%	–	–	–	–	–
Tax capacity rate	2022	29.032%	39.119%	19.248%	9.427%	35.863%	13.426%
Market value rate	2022	0.28696%	–	–	–	–	–
Tax capacity rate	2023	23.941%	34.410%	15.724%	7.484%	33.058%	11.054%
Market value rate	2023	0.21652%	–	–	–	–	–
Tax capacity rate	2024	23.316%	33.936%	16.360%	7.764%	36.522%	10.330%
Market value rate	2024	0.20841%	–	–	–	–	–
Tax capacity rate	2025	23.796%	33.539%	16.558%	7.732%	39.321%	11.044%
Market value rate	2025	0.23253%	–	–	–	–	–

Source: Washington County Tax Rates

White Bear Township	Willernie	Lake Elmo	Birchwood Village	Washington County	Total Mahtomedi Resident
19.690% —	53.691% —	23.120% —	23.893% —	30.563% 0.00390%	99.330% 0.27020%
18.970% —	48.810% —	20.010% —	24.300% —	30.434% 0.00378%	102.084% 0.25756%
21.139% —	52.135% —	7.754% —	27.011% —	32.751% 0.00448%	101.285% 0.24566%
20.190% —	48.210% —	22.930% —	23.010% —	29.680% 0.00330%	100.460% 0.27750%
20.620% —	46.040% —	23.480% —	28.070% —	28.940% 0.00341%	95.340% 0.26241%
20.185% —	51.674% —	23.630% —	29.231% —	27.435% 0.00324%	94.296% 0.25624%
20.106% —	49.194% —	30.546% —	28.692% —	27.532% 0.00378%	95.683% 0.29074%
17.560% —	46.245% —	24.064% —	21.270% —	23.625% 0.00261%	81.976% 0.21913%
16.455% —	48.031% —	24.631% —	24.708% —	27.319% 0.00261%	84.571% 0.21102%
17.033% —	50.247% —	26.845% —	26.051% —	23.846% 0.00236%	81.181% 0.23489%

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INDEPENDENT SCHOOL DISTRICT NO. 832

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer*	2025			2016		
	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity Value
FedEx Ground Packaging System	\$ 350,980	1	1.97 %	\$ 179,122	1	1.83 %
PSA Housing/Assist Living Inc.	278,256	2	1.56	150,652	3	1.54
Echo Lake, LLC	212,876	3	1.20	—	—	—
Xcel Energy	162,408	4	0.91	161,761	2	1.66
Wash N Fill Property	117,669	5	0.66	—	—	—
Flex Holding, LLC	109,376	6	0.62	40,366	9	0.41
Murray Properties, LLC	90,336	7	0.51	—	—	—
Wixie LLC	80,558	8	0.45	46,380	7	0.48
Lincoln HKM	72,936	9	0.41	—	—	—
592 Investments, LLC	61,588	10	0.35	41,168	10	0.42
P-4 Properties, LLC	—	—	—	108,126	4	1.11
Park Tool	—	—	—	56,210	5	0.58
NCSM Wedgewiid I, LLC	—	—	—	46,499	6	0.48
Lincoln Square Limited Partnership	—	—	—	41,826	8	0.43
Total	<u>\$ 1,536,983</u>		<u>8.64 %</u>	<u>\$ 872,110</u>		<u>8.93 %</u>
Total all property	<u>\$ 17,782,617</u>			<u>\$ 9,762,425</u>		

*Data for City of Mahtomedi only

Source: City of Mahtomedi

INDEPENDENT SCHOOL DISTRICT NO. 832

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Tax Credits and Other	Total Spread	First Year Levy Recognized	
					Amount	Percentage of Levy
2016	\$ 12,695,156	\$ 808,092	\$ —	\$ 13,503,248	\$ 6,617,672	49.0 %
2017	12,725,536	805,677	5,944	13,537,157	6,680,622	49.4
2018	12,787,931	837,153	(22,135)	13,602,949	7,411,284	54.5
2019	13,868,609	845,448	(14,669)	14,699,388	7,025,185	47.8
2020	13,830,110	961,326	29,172	14,820,608	6,968,829	47.0
2021	14,235,438	917,193	29,519	15,182,150	7,541,385	49.7
2022	15,108,562	987,769	(30,942)	16,065,389	8,406,430	52.3
2023	14,882,553	1,015,056	(34,038)	15,863,571	7,738,272	48.8
2024	15,394,726	822,417	(39,006)	16,178,137	8,063,285	49.8
2025	16,314,504	901,008	(41,340)	17,174,172	8,292,976	48.3

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

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2025						
Received in Subsequent Years	Total to Date		Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
\$ 6,885,576	\$ 13,503,248	100.0 %	\$ —	— %	\$ —	— %
6,856,535	13,537,157	100.0	—	—	—	—
6,191,665	13,602,949	100.0	—	—	—	—
7,674,203	14,699,388	100.0	—	—	—	—
7,851,779	14,820,608	100.0	—	—	—	—
7,640,628	15,182,013	100.0	137	—	—	—
7,649,045	16,055,475	99.9	9,914	0.1	—	—
8,109,391	15,847,663	99.9	15,908	0.1	—	—
8,014,976	16,078,261	99.4	99,876	0.6	—	—
—	8,292,976	48.3	—	—	8,881,196	51.7
			<u>\$ 125,835</u>		<u>\$ 8,881,196</u>	

INDEPENDENT SCHOOL DISTRICT NO. 832

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Premium (Discount) on Bonds	Lease Liabilities	Total Primary Government
2016	\$ 55,075,000	\$ 7,324,999	\$ —	\$ 62,399,999
2017	51,850,000	6,539,752	—	58,389,752
2018	48,375,000	5,700,148	—	54,075,148
2019	45,465,000	4,954,793	—	50,419,793
2020	42,470,000	4,208,369	—	46,678,369
2021	39,990,000	3,478,898	—	43,468,898
2022	45,165,000	2,814,676	862,152	48,841,828
2023	45,045,000	2,313,892	1,083,567	48,442,459
2024	41,390,000	1,557,305	720,211	43,667,516
2025	36,255,000	1,815,843	1,057,370	39,128,213

(1) See the Schedule of Demographic and Economic Statistics for personal income and total ISD No. 832 population data.

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

<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
14.4 %	\$ 4,414
12.8	4,075
11.3	3,754
9.8	3,361
8.5	3,091
7.9	2,874
8.3	3,202
9.0	3,399
6.9	3,004
5.8	2,723

INDEPENDENT SCHOOL DISTRICT NO. 832

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percent of Net Debt to Market Value
2016	\$ 62,399,999	\$ 1,650,722	\$ 60,749,277	\$ 2,040,219,100	2.98 %
2017	58,389,752	1,354,620	57,035,132	2,085,503,900	2.73
2018	54,075,148	1,074,777	53,000,371	2,196,603,700	2.41
2019	50,419,793	1,142,489	49,277,304	2,265,402,400	2.18
2020	46,678,369	1,111,621	45,566,748	2,400,602,400	1.90
2021	43,468,898	1,075,530	42,393,368	2,501,549,300	1.69
2022	47,979,676	1,209,404	46,770,272	2,533,106,700	1.85
2023	47,358,892	1,162,776	46,196,116	3,120,566,100	1.48
2024	42,947,305	1,125,628	41,821,677	3,314,732,300	1.26
2025	38,070,843	1,487,868	36,582,975	3,323,097,800	1.10

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

<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>
14,138	\$ 4,297
14,328	3,981
14,404	3,680
15,000	3,285
15,100	3,018
15,125	2,803
15,254	3,066
14,254	3,241
14,536	2,877
14,371	2,546

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INDEPENDENT SCHOOL DISTRICT NO. 832

Direct and Overlapping Debt
as of June 30, 2025

Governmental Unit	2024–2025 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 832	Portion Allocable to ISD No. 832
Independent School District No. 832	\$ 38,217,876	\$ 36,255,000	100.00 %	\$ 36,255,000
Overlapping debt				
Washington County	590,192,255	98,060,000	7.30 %	7,158,380
Dellwood	6,058,709	3,680,000	100.00 %	3,680,000
Hugo	32,043,813	15,735,000	7.00 %	1,101,450
Lake Elmo	37,342,380	59,540,000	3.80 %	2,262,520
Mahtomedi	17,501,858	19,430,000	100.00 %	19,430,000
Oakdale	46,837,207	23,165,000	1.20 %	277,980
White Bear Lake	660,283	39,600,000	1.90 %	752,400
Metropolitan Council	590,192,255	1,694,829,000	0.60 %	10,168,974
Total overlapping debt				44,831,704
Total direct and overlapping debt				\$ 81,086,704

Note 1: The percentage of overlapping debt applicable is estimated using taxable net tax capacity values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable net tax capacity value that is within the District's boundaries and dividing it by the overlapping government's total taxable net tax capacity value.

Note 2: The Washington County HRA and Metropolitan Transit District are governmental units with overlapping debt applicable to the District. Overlapping debt information for these units of government applicable to the District was not readily available.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 832

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 306,032,865	\$ 312,825,585	\$ 329,490,555	\$ 339,810,360
Total net debt applicable to the limit	53,424,278	50,495,380	47,300,223	44,322,511
Legal debt margin	<u>\$ 252,608,587</u>	<u>\$ 262,330,205</u>	<u>\$ 282,190,332</u>	<u>\$ 295,487,849</u>
Total net debt applicable to the limit as a percentage of debt limit	17.46%	16.14%	14.36%	13.04%

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

Source: State of Minnesota School Tax Report

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 360,090,360	\$ 375,232,395	\$ 379,966,005	\$ 468,084,915	\$ 497,209,845	\$ 498,464,670
<u>41,358,379</u>	<u>38,914,469</u>	<u>43,955,596</u>	<u>43,882,224</u>	<u>40,264,372</u>	<u>34,767,132</u>
<u>\$ 318,731,981</u>	<u>\$ 336,317,926</u>	<u>\$ 336,010,409</u>	<u>\$ 424,202,691</u>	<u>\$ 456,945,473</u>	<u>\$ 463,697,538</u>
11.49%	10.37%	11.57%	9.37%	8.10%	6.97%

Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$ 3,323,097,800
Debt limit (15% of market value)	498,464,670
Debt applicable to limit	
General obligation bonds	36,255,000
Less amount set aside for repayment of general obligation debt	<u>1,487,868</u>
Total net debt applicable to the limit	<u>34,767,132</u>
Legal debt margin	<u>\$ 463,697,538</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Mahtomedi			Total ISD No. 832 Population (3)	School Enrollment (4)	Washington County Unemployment Rate (5)
	Population (1)	Personal Income (1)	Per Capita Personal Income (2)			
2016	7,845	\$ 432,978,819	\$ 55,192	14,138	3,289	3.20 %
2017	8,030	456,288,735	56,823	14,328	3,234	3.40
2018	7,964	479,784,470	60,244	14,404	3,273	3.50
2019	8,191	514,860,885	62,857	15,000	3,303	3.60
2020	8,040	546,141,120	67,928	15,100	3,296	3.20
2021	8,021	549,639,025	68,525	15,125	3,193	2.90
2022	8,138	588,157,674	72,273	15,254	3,179	2.90
2023	8,075	535,840,850	66,358	14,254	3,145	1.60
2024	7,938	633,563,532	79,814	14,536	3,171	2.40
2025	7,985	670,883,730	84,018	14,371	3,149	2.80

N/A – Not Available

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

Sources:

- (1) City of Mahtomedi's Annual Comprehensive Financial Report
- (2) The per capita personal income used is that of the City of Mahtomedi
- (3) Annual school district census
- (4) The District
- (5) Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 832

Principal Employers
Current Year and Nine Years Ago

Employer*	Fiscal Year			
	2025		2016	
	Employees	Rank	Employees	Rank
FedEx	877	1	680	1
Century College – East Campus	657	2	500	2
ISD No. 832 (Mahtomedi)	431	3	354	3
TLC Electronics	109	4	60	5
St. Andrew’s Village	107	5	57	6
St. Andrew’s Lutheran Church and School	96	6	87	4
St. Jude of the Lake School	50	7	17	10
Encore at Mahtomedi	48	8	–	–
Quinny’s Sports Pub and Grill	24	9	–	–
Federal Molding	18	10	20	9
Coventry Senior Living	–	–	38	7
Jethro’s Char House and Pub	–	–	22	8
Total	2,417		1,835	

*City of Mahtomedi only

Source: City of Mahtomedi

INDEPENDENT SCHOOL DISTRICT NO. 832

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2016	2017	2018	2019
District directors/superintendent	5	5	6	5
Principals	6	6	6	6
Teachers	235	241	237	226
Coordinators, supervisors, specialists, and technical support	22	20	20	20
Paraprofessionals	76	75	77	85
Clerical	18	19	19	18
Custodians	23	23	24	23
Community education leads and assistants	19	19	21	19
Total	404	408	410	402

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

Source: The District's Human Resources Department

2020	2021	2022	2023	2024	2025
5	5	5	7	7	8
7	7	7	7	7	7
225	225	230	224	225	227
20	19	20	17	16	15
83	82	76	79	82	84
18	17	18	19	19	18
22	22	20	22	23	24
20	20	20	22	23	23
400	397	396	397	402	406

INDEPENDENT SCHOOL DISTRICT NO. 832

Teacher Data
Year Ended June 30, 2025

	Salary Schedule			
	BA	BA +15	BA +30	BA +45
Low range	\$ 47,708	\$ 49,614	\$ 51,525	\$ 52,956
High range	\$ 82,920	\$ 86,264	\$ 89,599	\$ 93,421
Number of teachers (Headcount)	22	6	1	10
Average salary	\$ 83,528			
Average education	MA			
Number of full-time equivalents	222.20			

N/A – Not Applicable

Source: The District's Human Resources Department

MA		MA +20		MA +40		Total
\$	54,387	\$	56,298	\$	58,201	N/A
\$	97,234	\$	100,574	\$	104,393	N/A
	76		15		97	227

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INDEPENDENT SCHOOL DISTRICT NO. 832

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	Minnesota Department of Education Student to Staff Ratio (1)		
	ISD No. 832	Washington County Average	State Average
2016	15.43	14.42	12.69
2017	14.72	13.66	12.49
2018	15.15	N/A	N/A
2019	15.50	N/A	N/A
2020	15.00	N/A	N/A
2021	14.71	N/A	N/A
2022	13.88	N/A	N/A
2023	14.99	N/A	N/A
2024	13.55	N/A	N/A
2025	13.28	N/A	N/A

N/A – Not Available

- (1) This data is computed by dividing total students (Minnesota Department of Education enrollment numbers pre-kindergarten through Grade 12) by total certified staff. Certified staff includes classroom teachers, administrators, special education teachers, and all other licensed professionals measured in full-time equivalents.

Source: Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 832

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

	Fiscal Year			
	2016	2017	2018	2019
Standardized Tests				
MCA Reading (1)				
Grade 3	66.40 %	69.90 %	64.50 %	62.20 %
Grade 5	87.00	84.60	82.80	81.60
Grade 7	79.10	82.70	83.20	76.20
Grade 10	85.90	79.20	74.90	85.10
MCA Math (1)				
Grade 3	82.70	87.60	83.50	88.70
Grade 5	79.80	75.10	78.80	65.40
Grade 7	86.90	81.60	82.40	79.60
Grade 11	79.00	73.80	67.80	62.20
ACT				
Average composite score	25.10	25.00	23.40	24.80
Graduation data				
ISD No. 832's graduation rate	96.90	93.90	N/A	94.90
State graduation rate	82.00	82.00	N/A	N/A
Post-graduation student survey				
Four-year college/university	77.00	78.00	71.00	67.00
Two-year college	8.00	8.00	6.00	8.00
Vocational/technical college	2.00	1.00	3.00	3.00
Employment	1.00	2.00	2.00	4.00
Military	1.00	1.00	1.00	2.00
No response/undecided	11.00	10.00	17.00	16.00
	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

N/A – Not Available

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

Source: Minnesota Department of Education, the District's Testing Department, the District's Registrar, and ACT Corporation.

2020	2021	2022	2023	2024	2025
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	63.40 %	66.50 %	66.90 %	N/A	N/A
N/A	80.90	69.70	67.50	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	60.00	64.10	70.20	N/A	N/A
N/A	67.90	57.50	55.00	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
98.60	97.20	96.20	97.10	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

INDEPENDENT SCHOOL DISTRICT NO. 832

School Facilities
Year Ended June 30, 2025

Facility	Use	Constructed	Acres	Classrooms	Square Footage
District Education Center	Office/School	1930/1992	18.55	10	25,864
O.H. Anderson Elementary	School	1964	24.88	41	69,370
Mahtomedi High School	School	1971	9.98	61	189,781
Mahtomedi Middle School	School	1992	69.29	47	141,885
Wildwood Elementary	School	2013	29.60	43	86,400

(1) Enrollment data from Minnesota Department of Education.

Source: The District's Business Services Department and Facilities Department, and the Minnesota Department of Education School ADM Served Report

<u>Capacity</u>	<u>Enrollment (1)</u>
—	—
650	660
1,270	1,151
927	750
581	596

INDEPENDENT SCHOOL DISTRICT NO. 832

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Fiscal Year	Total Lunches Served	Days	Average Daily Participation	Free Lunch	
				Number Served	Percent of Total
2016	291,168	172	1,693	27,984	9.61 %
2017	252,061	172	1,517	24,890	9.87
2018	257,908	171	1,508	24,152	9.36
2019	265,983	167	1,593	26,408	9.93
2020 (1)	192,057	120	1,600	20,374	10.61
2021 (2)	220,482	171	1,289	188,703	85.59
2022 (2)	279,340	171	1,634	50,974	18.25
2023	265,581	167	1,590	38,954	14.67
2024	330,293	172	1,920	44,498	13.47
2025	331,926	170	1,953	35,746	10.77

N/A – Not Available

- (1) Schools were closed starting in mid-March, due to the COVID-19 pandemic.
- (2) Schools provided free lunches throughout the 2020–2021 and 2021–2022 school years.

Source: The District's Food Service Department

Reduced-Priced Lunch	
Number Served	Percent of Total
11,308	3.88 %
12,572	4.99
12,367	4.80
10,498	3.95
6,848	3.57
—	—
6,211	2.22
10,150	3.82
10,871	3.29
11,820	3.56

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INDEPENDENT SCHOOL DISTRICT NO. 832

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	31.27	147.95	1,133.26	1,976.34	3,288.82	3,631.22
2017	42.04	118.21	1,085.54	1,988.31	3,234.10	3,578.19
2018	45.28	155.81	1,332.24	1,739.29	3,272.62	3,620.49
2019	41.71	169.11	1,362.93	1,729.47	3,303.22	3,649.10
2020	44.77	164.88	1,359.58	1,726.45	3,295.68	3,640.99
2021	37.00	158.57	1,294.82	1,702.56	3,192.95	3,533.46
2022	44.99	154.69	1,299.91	1,679.83	3,179.42	3,515.90
2023	51.36	156.47	1,269.89	1,667.55	3,145.27	3,478.79
2024	40.11	184.11	1,307.82	1,639.26	3,171.30	3,499.15
2025	31.08	180.26	1,311.76	1,625.44	3,148.54	3,473.63

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

	<u>Pre-Kindergarten and Kindergarten</u>	<u>Half-Day Kindergarten</u>	<u>Elementary</u>	<u>Secondary</u>
Fiscal 2016 through 2025	1.000	0.550	1.000	1.200

Source: Minnesota Department of Education student reporting system

INDEPENDENT SCHOOL DISTRICT NO. 832

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Expenditures per student (ADM) (1)				
General Fund				
District and school administration	\$ 533	\$ 532	\$ 582	\$ 526
District support services	350	350	460	436
Regular instruction	5,865	6,068	6,102	5,955
Career and technical instruction	161	200	286	225
Special education	1,929	2,115	2,138	2,223
Instructional support services	507	545	504	498
Pupil support services	820	911	967	1,011
Sites, buildings, and equipment	1,070	1,024	1,121	1,199
Fiscal and other	35	37	38	39
Total General Fund expenditures per ADM	<u>\$ 11,268</u>	<u>\$ 11,781</u>	<u>\$ 12,198</u>	<u>\$ 12,111</u>
ADM	<u>3,289</u>	<u>3,234</u>	<u>3,273</u>	<u>3,303</u>

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 597	\$ 576	\$ 611	\$ 636	\$ 630	\$ 638
406	457	430	545	588	627
5,910	6,101	6,870	6,573	7,224	7,486
258	295	236	313	316	554
2,174	2,238	2,407	2,578	2,697	3,034
525	773	601	834	1,100	889
1,053	1,140	1,200	1,406	1,479	1,559
1,293	1,453	1,459	1,532	1,425	1,302
37	53	129	140	182	192
<u>\$ 12,253</u>	<u>\$ 13,086</u>	<u>\$ 13,943</u>	<u>\$ 14,557</u>	<u>\$ 15,642</u>	<u>\$ 16,281</u>
<u>3,296</u>	<u>3,193</u>	<u>3,179</u>	<u>3,145</u>	<u>3,171</u>	<u>3,149</u>

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