

Annual Comprehensive Financial Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

2025

Eden Prairie Schools | ISD #272 | Eden Prairie, MN
Fiscal Year Ending June 30, 2025

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

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

8100 School Road
Eden Prairie, MN 55344

Prepared by
Finance Department

Andrew Adams • Executive Director of Business Services

Matt Hippen • Director of Finance

Nicole Johnson • Finance Coordinator

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INDEPENDENT SCHOOL DISTRICT NO. 272

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SECTION I – INTRODUCTORY SECTION

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EDEN PRAIRIE SCHOOLS

Inspiring each student every day

October 28, 2025

To the Citizens of the School District, Board of Education, and Employees of the School District:

PREFACE

The Annual Comprehensive Financial Report (Annual Report) of Independent School District No. 272, Eden Prairie Schools (the District) is submitted for the fiscal year ended June 30, 2025. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

Independent School District No. 272, also known as Eden Prairie Schools, is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

The Annual Report is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes an organizational chart, list of School Board members and administration, and this transmittal letter. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), basic financial statements, individual fund statements and related schedules, and required supplementary information. The statistical section includes selected financial and demographic information generally presented on a multi-year comparative basis.

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Uniform Guidance. Information related to the Single Audit is issued separately and is not included in this report.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

DISTRICT GOALS

School District Mission: Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world. To complete our mission, we have created strategic results: Authentic and Personalized Learning, Well-Being, and Inclusion and Belonging. These results are further defined as follows:

- We will inspire students to engage and achieve at high levels through authentic and personalized learning experiences.
- We will nurture well-being among all students and staff by fostering belonging, ensuring physical and emotional health, and promoting safety, kindness, and personal responsibility.
- We will cultivate an inclusive learning environment that fosters a sense of belonging for each student within our diverse community.

The School Board governs under a Policy Governance model, which provides a clear differentiation between governance and management responsibilities in organizations. Within this governance structure, the School Board has set parameters in the areas of Board Management Delegation, Executive Limitations (EL), and Ends Policies. The School Board has overall control of the organization. Through its policies, the Superintendent is the School Board's link to operational achievement and conduct, so that all authority and accountability of staff, as far as the School Board is concerned, is considered the authority and accountability of the Superintendent. The School Board's EL defines the parameters within which the Superintendent works, outlining the expectations and limitations of the organization.

Executive Limitations

The Superintendent shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, unethical, imprudent, or in violation of commonly accepted business and professional practices.

1. Emergency Superintendent Succession
2. Treatment of Students
3. Treatment of Parents
4. Treatment of Staff
5. Financial Management and Operations
6. Financial Planning and Budgeting
7. Asset Protection
8. Compensation and Benefits
9. Communication and Support to the School Board

Ends Policies

Eden Prairie Schools exist so that each student obtains an outstanding education that prepares them for their next stage of life in a manner that justifies the resources expended.

1. Each student graduates and is academically prepared to progress to multiple opportunities after high school.
2. Each student is reading at grade level by the end of third grade.
3. Each student achieves individual growth and proficiency expectations annually in, but not limited to, Language Arts, Math, and Science.
4. Each student receives a broad-based education that exceeds the Minnesota State Graduation Requirements.
5. Each student has the 21st century skills needed to succeed in the global economy.
6. Each student has the knowledge that citizens and residents of the United States need to contribute positively to society.

DISTRICT FISCAL FRAMEWORK

The District has been functioning under financial constraints over the past several years as a result of:

- Increasing student needs around special education services, mental health services, English language learners' programs, and other support services requiring additional resources
- Insufficient increases in state funding
- Inflationary pressures on key expenditure areas, such as salary and benefits, digital subscriptions, utilities, and general supplies and services

The District has been proactively planning for conditions affecting school funding considering:

- State economic and political conditions
- Enrollment projections and trends
- Necessary budget adjustments and expenditure reductions

Strong community partnerships have enhanced the success of the District. The Citizen's Financial Advisory Committee continues to function as a key committee, guiding the District's financial planning and long-term outlook on investment decisions. This committee's purpose is to assist the District in financial analysis and long-range financial planning. Specifically, the purposes of the committee are as follows:

- To inform members on school district finances
- Engage in discussion of financial goals
- Empower members as ambassadors
- Advise administration on the financial direction to support the mission of Eden Prairie Schools

LOCAL ECONOMIC CONDITION

Eden Prairie is a relatively stable suburban area southwest of the twin cities of Minneapolis and St. Paul that covers 36 square miles with an estimated population of 64,600. Eden Prairie residents enjoy amenities, including transportation, employment opportunities, housing, educational institutions, and a quality school district.

Learners in the District attend nine district sites. The District operates six pre-kindergarten through fifth grade elementary schools with five boundary schools and a Spanish Immersion School. The Eagle Heights Spanish Immersion School is housed in the same building as the Oak Point Elementary School. Eden Prairie's sixth through eighth graders attend Central Middle School, while Eden Prairie High School is home to students in Grades 9 through 12. The District opened Eden Prairie Online School in the 2021–2022 school year, educating kindergarten through Grade 12 students. Eden Prairie Online School is servicing not only Eden Prairie residents, but many open-enrolled students from all over the state. The District's Administrative Services Center houses community education programs and other administrative support departments. In the 2024–2025 school year, the District opened the Valley View location which housed the Teaching All Students Skills for Employment and Life (TASSEL) Transition Program. Starting with the 2025–2026 school year, the Valley View building will also house the District's Area Learning Center (ALC), Eden Prairie Online School, and Adult Basic Education programming. The total district-owned instruction and administrative buildings account for 2,057,738 square feet of space with an average age of 51 years.

As one of the largest employers in the city with approximately 1,800 staff members, the District plays a dual role in economic development. The highly skilled staff remains focused on the mission: “Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world.” The District’s commitment to quality and service is among the reasons it operates its own student transportation system and food service program. Buildings and grounds staff members are responsible for maintaining the facilities to ensure a healthy and safe learning environment. A dedicated auxiliary staff, including a wide variety of positions, such as lunchroom/playground supervisors, computer assistants, network managers, special education inclusion assistants, clerical staff, and health assistants, collaborate in advancing our goals.

The District has a long reputation for fiscal soundness and efficiency. The District’s expenditures per pupil are consistently among the lowest in Hennepin County, while maintaining high achievement standards in both academic and extracurricular activities.

DISTRICT ECONOMIC CONDITION

The District’s School Board policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures to ensure financial health and viability. Annually, the School Board is presented with a five-year financial forecast that evaluates enrollment projections, expenditure increases, efficiencies, and other financial factors. Additionally, the District’s finance committee—comprising School Board member(s), community members, and staff—meets several times each year to review a range of finance-related elements. This collaborative approach ensures the District is well-prepared for both current needs and future planning.

In fiscal 2022, a new operating referendum and a renewal of the Capital Projects Levy were approved. The operating referendum is expected to provide ongoing stability to the District’s finances by increasing revenues, contributing to a stronger unassigned General Fund balance.

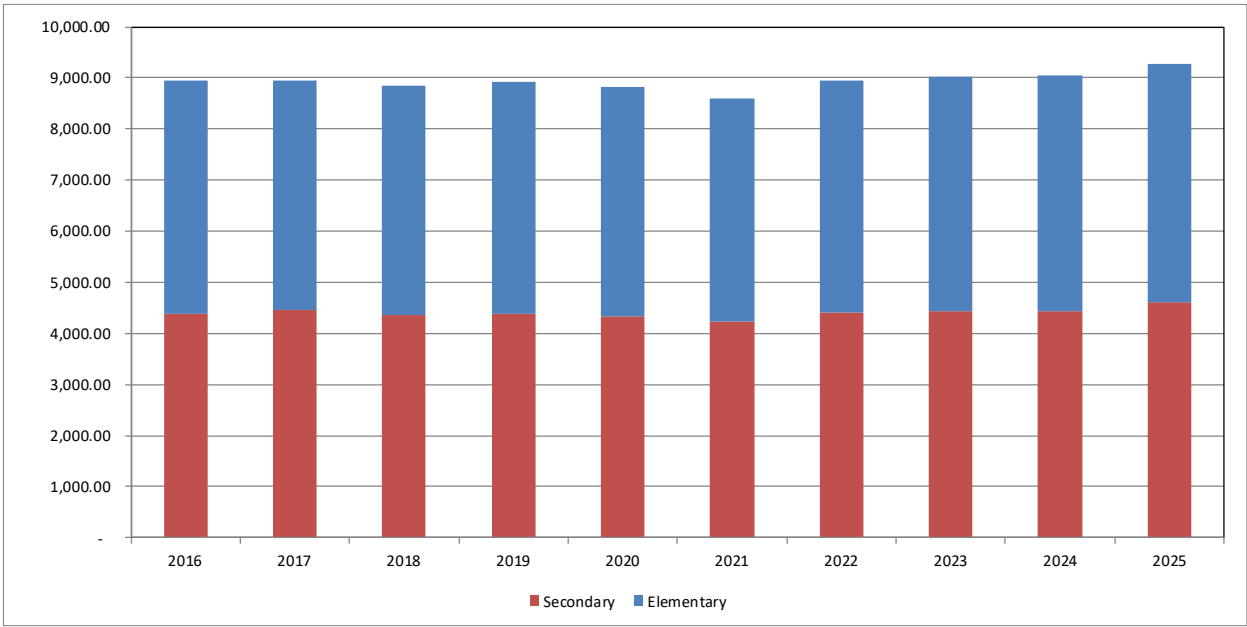
ENROLLMENT

Enrollment is a critical factor in determining funding levels. Approximately 66 percent of the General Fund revenue is enrollment driven. During fiscal year 2025, enrollment increased to 9,267.

Student Enrollment (Average Daily Membership)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-K	76.11	72.84	71.78	95.62	66.52	63.62	78.15	89.75	121.23	205.05
Reg K	610.80	605.20	614.82	619.28	642.01	597.41	634.50	652.70	605.55	548.97
Elementary	3,880.82	3,791.63	3,804.19	3,807.70	3,788.77	3,700.07	3,816.49	3,835.55	3,871.29	3,902.87
Secondary	4,379.74	4,466.26	4,350.39	4,393.78	4,337.11	4,237.29	4,408.51	4,445.86	4,444.70	4,610.26
Total Students for Aid	8,947.47	8,935.93	8,841.18	8,916.38	8,834.41	8,598.39	8,937.65	9,023.86	9,042.77	9,267.15
Percent Change	-1.17%	-0.13%	-1.06%	0.85%	-0.92%	-2.67%	3.95%	0.96%	0.21%	2.48%

Student Enrollment (Average Daily Membership)



In 2025, the District saw a 224 student increase. The majority of the increases was within the Voluntary Pre-Kindergarten enrollment, Eden Prairie Online School, and Eden Prairie High School. The enrollment and demographic changes presented above offer both financial and strategic challenges and opportunities for the District.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools. The UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the Minnesota Department of Education by December 31, subsequent to year-end on June 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line-item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 14,000 accounts have been defined within the District's chart of accounts. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The District's administration receives and reviews monthly financial reports. These reports are also presented to the School Board and are publicly available as part of the School Board's meeting materials.

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally, including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs. The District adopts an annual budget for all governmental funds that is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of LB Carlson, LLP was selected by the District's School Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) for their Certificates of Excellence in Financial Reporting Programs. Achieving recognition by these programs provides a clear indication of the District's high standards for financial reporting. The District intends to submit this Annual Report to the ASBO International and the GFOA Certificate Programs for consideration. The District has received the ASBO International Certificate of Excellence in Financial Reporting for the Annual Report for the last 25 financial years, and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 11 years.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire Business Office staff in providing complete and accurate data for this Annual Report.

Sincerely,



Dr. Josh Swanson
Superintendent



Andrew Adams
Executive Director of Business Services



EDEN PRAIRIE SCHOOLS

Inspiring each student every day®



DR. JOSH SWANSON
Superintendent,
Eden Prairie Schools



**Assistant
Superintendent of
Elementary Education**
FELICIA THAMES

Elementary
Principals

Elementary
Associate
Principals



**Director of
Learning
Analytics, Data
& Reporting**
DR. HEATHER
MACMURRAY



**Director of
Special Services**
AMY PETERSON



**Assistant
Superintendent of
Secondary Education**
DR. ROBB VIRGIN



**Director of
Learning,
Teaching &
Curriculum**
LISA BIRNO



**Director of
Technology**
TINA MOSES

CMS, EPHS, &
Valley View
Principals

CMS & EPHS
Associate
Principals



**Director of
Facilities, Safety
& Grounds**
KYLE FISHER



**Director of Food
& Nutrition
Services**
BRENDA BOEHM



**Executive Director
of Business Services**
ANDREW ADAMS



**Director of
Finance**
MATT HIPPEN



**Director of
Transportation**
BRYAN BARNHART



**Director of
Youth Programs**
TBD



**Executive Director of
Community Education**
DR. SHAWN
HOFFMAN-BRAM



**Director of
Community
Engagement &
Alumni Relations**
MOLLY MALONE



**Executive Director
of Human Resources**
THOMAS MAY



**Director of
Staffing, Hiring
& Retention**
CAMILLE SHERMAN



**Executive Director
of Marketing &
Communications**
DIRK TEDMON, APR



**Director of
Marketing &
Communications**
GRACE BECKER,
APR

INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration
Year Ended June 30, 2025

SCHOOL BOARD

	<u>Board Position</u>
Aaron Casper	Chairperson
Steven Bartz	Vice Chairperson
Ann Bradsher	Treasurer
Abby Libsack	Clerk
Debjyoti “DD” Dwivedy	Director
Kim Ross	Director
Jody Ward-Rannow	Director

ADMINISTRATION

Dr. Joshua Swanson	Superintendent
Felicia Thames	Assistant Superintendent of Elementary Education
Dr. Robb Virgin	Assistant Superintendent of Secondary Education
Andrew Adams	Executive Director of Business Services
Thomas May	Executive Director of Human Resources
Dirk Tedmon	Executive Director of Marketing and Communications
Dr. Shawn Hoffman-Bram	Executive Director of Community Education



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Independent School District 272

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Eden Prairie Independent School District #272
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

SECTION II – FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 272
Eden Prairie, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (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 comparisons for the general and major special revenue funds 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 supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual 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. have previously audited the District's 2024 financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated November 13, 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 October 28, 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

October 28, 2025

INDEPENDENT SCHOOL DISTRICT NO. 272

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

This section of Independent School District No. 272'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 \$15,354,116. The District's total net position increased by \$4,475,976 during the fiscal year ended June 30, 2025.
- Government-wide revenues totaled \$200,116,593 and were \$6,655,377 more than expenses of \$193,461,216.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* during the year. Beginning net position was restated for the cumulative impact of implementing this new guidance, which lowered beginning net position by \$2,179,401 in governmental activities. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$2,379,799 from the prior year, to a year-end balance of \$33,859,470, compared to a \$2,394,290 decrease planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund 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 are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2025 and 2024		
	2025	2024
Assets		
Current and other assets	\$ 149,444,352	\$ 142,355,374
Capital assets, net of depreciation	156,882,835	151,633,859
Total assets	<u>\$ 306,327,187</u>	<u>\$ 293,989,233</u>
Deferred outflows of resources		
Pension plan deferments	\$ 24,828,342	\$ 24,871,910
OPEB plan deferments	64,212	395,197
Total deferred outflows of resources	<u>\$ 24,892,554</u>	<u>\$ 25,267,107</u>
Liabilities		
Current and other liabilities	\$ 22,432,300	\$ 19,192,618
Long-term liabilities, including due within one year	203,991,072	220,596,702
Total liabilities	<u>\$ 226,423,372</u>	<u>\$ 239,789,320</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 59,133,089	\$ 56,592,765
Lease revenue for subsequent year	994,704	1,015,946
Pension plan deferments	27,269,207	9,306,973
OPEB plan deferments	2,045,253	1,673,196
Total deferred inflows of resources	<u>\$ 89,442,253</u>	<u>\$ 68,588,880</u>
Net position		
Net investment in capital assets	\$ 45,693,678	\$ 46,484,146
Restricted	18,290,785	15,917,698
Unrestricted	(48,630,347)	(51,523,704)
Total net position	<u>\$ 15,354,116</u>	<u>\$ 10,878,140</u>

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

Total net position increased by \$4,475,976 in 2025, which reflects an increase of \$6,655,377 from current year operating results and a decrease of \$2,179,401 from the change in accounting principle. Much of the increase is attributable to the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being depreciated and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, community service, debt service, OPEB, and other state funding restrictions contributed to the change in this portion of net position.

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

Table 2 Summary Statement of Activities for the Years Ended June 30, 2025 and 2024		
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 8,578,948	\$ 9,344,026
Operating grants and contributions	39,577,812	33,497,544
Capital grants and contributions	796,417	960,800
General revenues		
Property taxes	60,871,863	56,615,343
General grants and aids	84,180,860	81,165,307
Other	6,110,693	6,665,732
Total revenues	<u>200,116,593</u>	<u>188,248,752</u>
Expenses		
Administration	3,651,000	4,089,856
District support services	11,338,231	10,135,146
Elementary and secondary regular instruction	75,556,715	68,728,614
Vocational education instruction	3,704,503	2,586,285
Special education instruction	29,299,087	23,980,926
Instructional support services	13,782,496	12,548,607
Pupil support services	17,001,646	15,286,330
Sites and buildings	20,205,979	16,673,974
Fiscal and other fixed cost programs	643,644	625,116
Food service	6,747,213	6,672,402
Community service	8,129,851	8,267,310
Interest and fiscal charges	3,400,851	4,204,709
Total expenses	<u>193,461,216</u>	<u>173,799,275</u>
Change in net position	6,655,377	14,449,477
Net position – beginning, as previously reported	10,878,140	(3,571,337)
Change in accounting principle	<u>(2,179,401)</u>	<u>–</u>
Net position – beginning, restated	<u>8,698,739</u>	<u>(3,571,337)</u>
Net position – ending	<u>\$ 15,354,116</u>	<u>\$ 10,878,140</u>

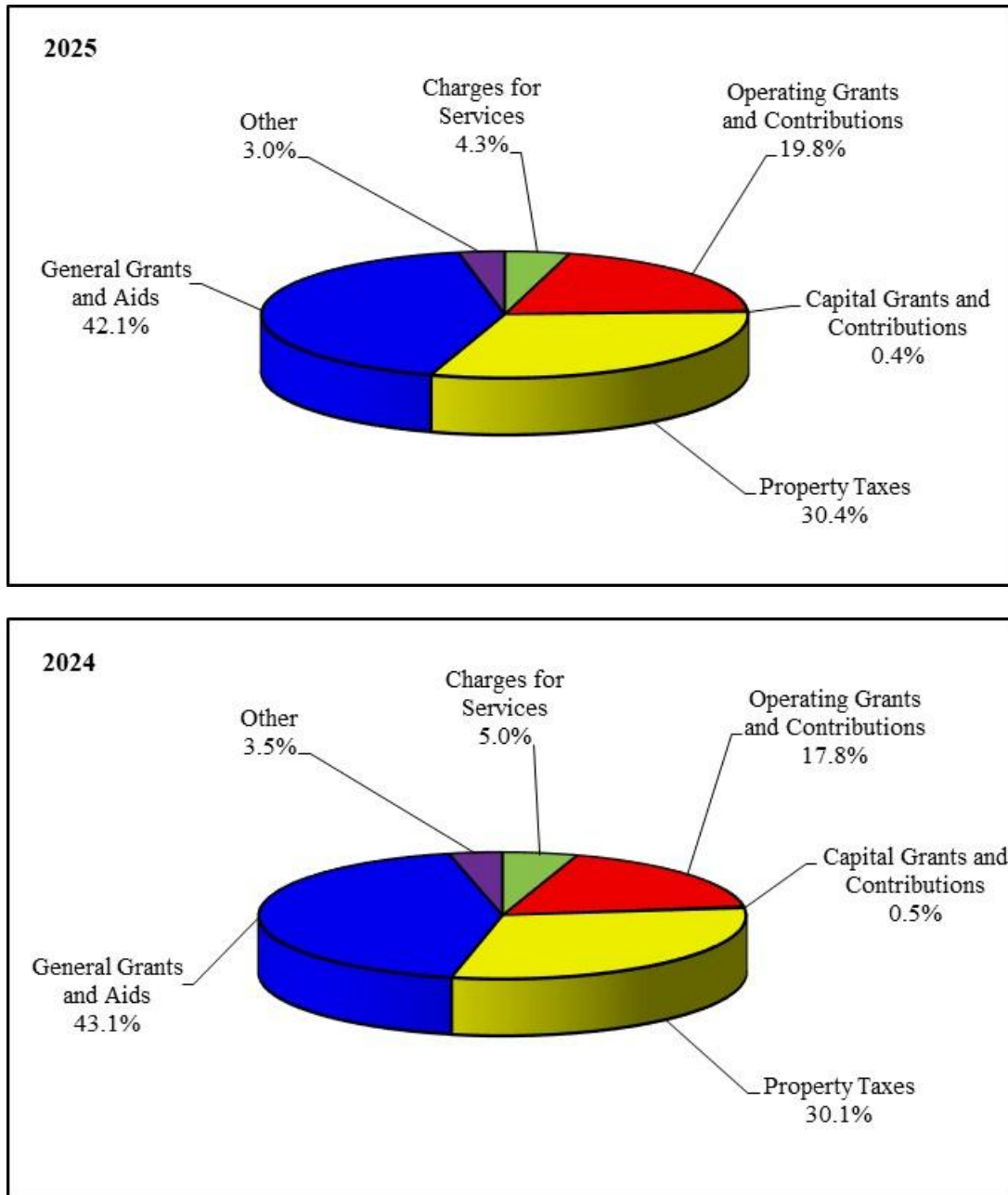
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$11,867,841 (6.3 percent) from the previous year. The District recognized more special education funding contributing to the increase in operating grants and contributions. The increase in the voter and School Board-approved levy contributed to the change in property taxes. General grants and aids were up largely in general education funding with the increase in the formula allowance and enrollment.

Governmental activity expenses increased \$19,661,941 (11.3 percent) from last year. Contractual increases to salaries, inflationary increases in benefits and other expenses, and changes in the pension expense for the District's proportionate share of the PERA and TRA state-wide pension plans contributed to this increase.

Figure A shows further analysis of these revenue sources:

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

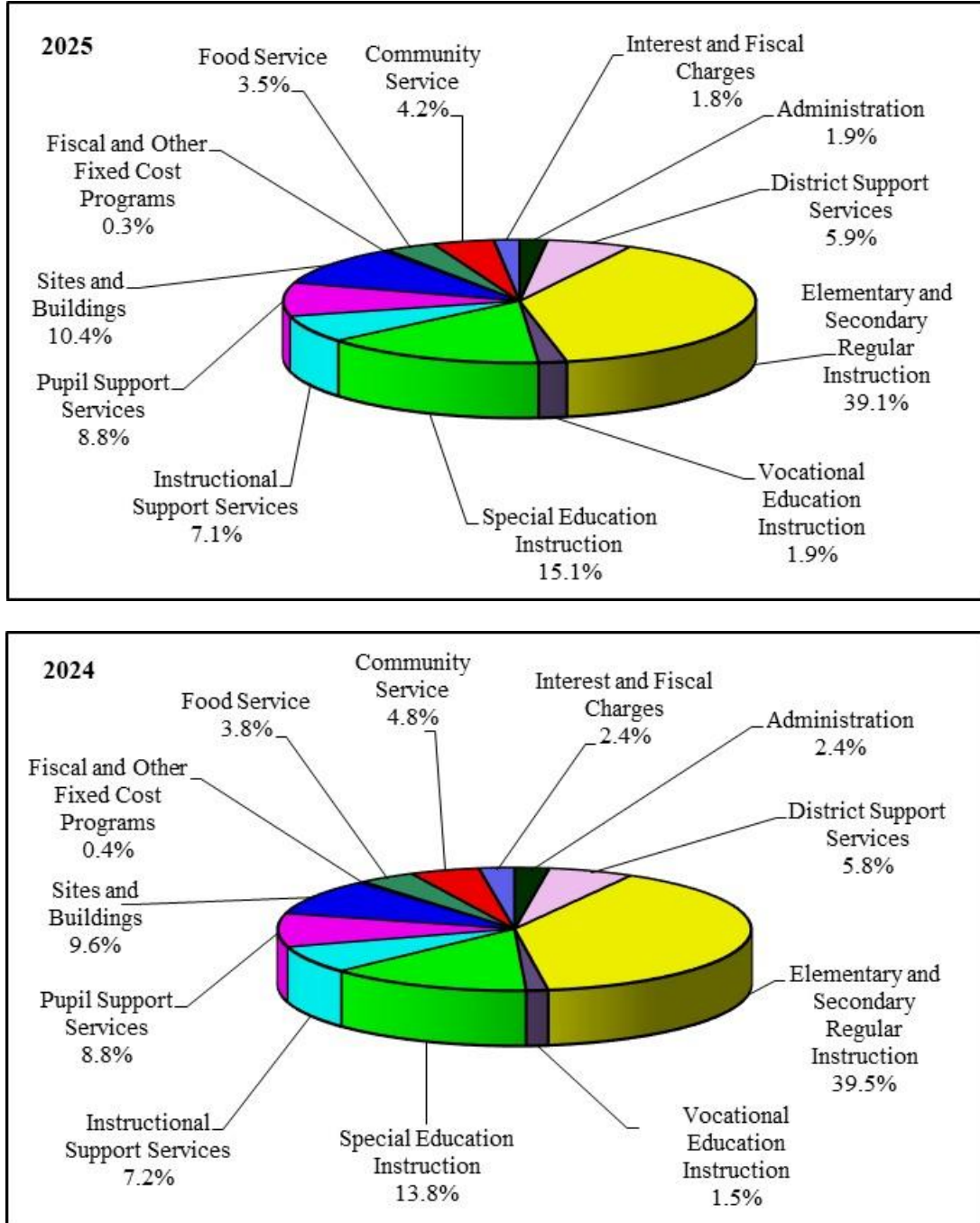


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of 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	\$ 33,859,470	\$ 31,479,671	\$ 2,379,799
Food Service	1,641,274	1,725,687	(84,413)
Community Service	4,009,826	3,736,205	273,621
Capital Projects – Building			
Construction	10,457,719	13,205,535	(2,747,816)
Debt Service	<u>2,348,732</u>	<u>1,555,504</u>	<u>793,228</u>
Total governmental funds	<u>\$ 52,317,021</u>	<u>\$ 51,702,602</u>	<u>\$ 614,419</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 \$52,317,021, an increase of \$614,419 in comparison with the prior year. Approximately 38.3 percent of this amount (\$20,027,409) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$413,891), 2) restricted for particular purposes (\$22,422,936), or 3) assigned for particular purposes (\$9,452,785).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	Original Budget	Final Budget	Change	Percent Change
Revenues	<u>\$ 163,324,302</u>	<u>\$ 165,692,802</u>	<u>\$ 2,368,500</u>	<u>1.5%</u>
Expenditures and other financing uses	<u>\$ 164,428,524</u>	<u>\$ 168,087,092</u>	<u>\$ 3,658,568</u>	<u>2.2%</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 amended the budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2025 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue and other financing sources	\$ 172,317,628	\$ 6,624,826	4.0%	\$ 8,805,836	5.4%
Expenditures and other financing uses	<u>169,937,829</u>	<u>1,850,737</u>	1.1%	<u>8,340,299</u>	5.2%
Net change in fund balances	<u>\$ 2,379,799</u>	<u>\$ 4,774,089</u>		<u>\$ 465,537</u>	

The fund balance of the General Fund increased \$2,379,799, compared to a planned decrease of \$2,394,290 approved in the final budget.

General Fund revenues and other financing sources for 2025 increased \$8,805,836 (5.4 percent), compared to the prior year, and were \$6,624,826 (4.0 percent) more than budget. The largest revenue variances occurred in state sources, mainly in general education and special education funding.

The increase from the prior year was mainly in state sources and property taxes. The increase in state sources was mainly due to improved funding in special education aid and general education aid and an increase in enrollment. Property taxes increased with the increased levy in the current year. These increases were offset by a decrease in federal sources with the expiration of certain pandemic-related grant funding.

Total General Fund expenditures and other financing uses for 2025 increased \$8,340,299 (5.2 percent) from the prior year. Current year expenditures and other financing uses of \$169,937,829 were \$1,850,737 (1.1 percent) over budget. The expenditure variance was spread across several programs and object categories of the General Fund.

The District made investments in collectively bargained agreements, which resulted in increased salaries and benefits, along with continued investments in smaller class sizes. The District's purchased services expenditures increased in special education instruction mainly in tuition and in pupil support services mainly in transportation costs.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing total fund balance by \$84,413, compared to a planned fund balance decrease of \$125,000. The decrease is mainly due to salaries, employee benefits, and supplies and materials (including food) costs exceeding revenues received from state sources, federal sources, and other local sources as planned in the budget.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures by \$273,621, compared to a planned fund balance increase of \$295,142. A current year transfer of \$12,618 was made from the General Fund to help support program activity in the Community Service Special Revenue Fund. Revenues were down from last year mainly in program fees and tuition, but were more than expenditures in the current year resulting in the increased fund balance as planned in the budget.

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. At June 30, 2025, the District had a fund balance of \$10,185,589 restricted for long-term facilities maintenance and \$272,130 restricted for projects funded by certificates of participation. Fund balance decreased \$2,747,816 during the year, due to the spend down of prior year certificates of participation offset by the issuance of bonds in the current year.

Debt Service Fund

The Debt Service Fund revenues and other financing sources exceeded expenditures by \$793,228 in the current year mainly due to capitalized interest received from the bond proceeds to pay interest in a future year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$2,348,732 at June 30, 2025, is restricted for meeting future debt service obligations.

COMMENTS ON OTHER FUNDS

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2025 was \$8,013,006, which represents a \$827,561 decrease from the prior year due to health claims exceeding premiums collected.

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 expense for fiscal years ended June 30, 2025 and 2024:

Table 6			
Capital Assets			
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 11,727,739	\$ 11,727,739	\$ —
Construction in progress	10,416,985	6,630,270	3,786,715
Land improvements	15,960,907	15,682,950	277,957
Buildings and improvements	281,775,083	274,498,916	7,276,167
Equipment	46,608,667	42,042,045	4,566,622
Less accumulated depreciation	<u>(209,606,546)</u>	<u>(198,948,061)</u>	<u>(10,658,485)</u>
Total	<u>\$ 156,882,835</u>	<u>\$ 151,633,859</u>	<u>\$ 5,248,976</u>
Depreciation expense	<u>\$ 11,780,665</u>	<u>\$ 11,845,546</u>	<u>\$ (64,881)</u>

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

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

The District defines capital assets as those with an initial, individual cost of \$10,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2025	2024	Change
General obligation bonds payable	\$ 101,235,000	\$ 97,360,000	\$ 3,875,000
Certificates of participation payable	13,365,000	13,365,000	—
Unamortized premiums/discount	6,706,063	6,173,988	532,075
Finance purchases payable	340,813	1,034,626	(693,813)
Arbitrage liability	—	421,634	(421,634)
Net/total pension liability	79,866,206	101,965,718	(22,099,512)
Compensated absences payable	2,477,990	275,736	2,202,254
Total	<u>\$ 203,991,072</u>	<u>\$ 220,596,702</u>	<u>\$ (16,605,630)</u>

The changes in general obligation bonds payable, certificates of participation payable, and unamortized premiums/discount are due to the sale of general obligation bonds offset by the scheduled principal payments and amortization in the current year.

The decrease in finance purchases payable is due to scheduled principal payments in the current year.

The difference in the net/total pension liability reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

The implementation of new GASB guidance for compensated absences, as previously discussed, increased compensated absences payable in the current year.

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

Table 8 Limitations on Debt	
District's market value	\$ 13,752,554,300
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,062,883,145</u>

Additional details of the District's long-term debt activity can be found in Note 5 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$200, or 2.74 percent, per pupil to the formula for fiscal year 2026.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Services Department, Independent School District No. 272, 8100 School Road, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 86,596,465	\$ 80,049,800
Receivables		
Current taxes	31,428,107	29,980,040
Delinquent taxes	439,946	295,505
Accounts and interest	1,385,536	1,429,012
Due from other governmental units	16,531,697	18,523,750
Due from post-employment benefits trust	306,249	338,419
Lease	994,704	1,015,946
Inventory	116,187	158,787
Prepaid items	297,704	150,670
Net OPEB asset	7,727,815	6,131,208
Restricted assets – temporarily restricted		
Cash and investments for future construction	3,619,942	4,282,237
Capital assets		
Not depreciated	22,144,724	18,358,009
Depreciated, net of accumulated depreciation	134,738,111	133,275,850
Total capital assets, net of accumulated depreciation	<u>156,882,835</u>	<u>151,633,859</u>
Total assets	306,327,187	293,989,233
Deferred outflows of resources		
Pension plan deferments	24,828,342	24,871,910
OPEB plan deferments	64,212	395,197
Total deferred outflows of resources	<u>24,892,554</u>	<u>25,267,107</u>
Total assets and deferred outflows of resources	<u>\$ 331,219,741</u>	<u>\$ 319,256,340</u>
Liabilities		
Salaries payable	\$ 6,275,042	\$ 5,981,992
Accounts and contracts payable	10,438,280	8,463,796
Accrued interest payable	1,613,529	1,415,837
Due to other governmental units	797,725	474,456
Claims payable	741,936	755,895
Unearned revenue	2,565,788	2,100,642
Long-term liabilities		
Due within one year	8,275,060	6,513,035
Due in more than one year	195,716,012	214,083,667
Total long-term liabilities	<u>203,991,072</u>	<u>220,596,702</u>
Total liabilities	226,423,372	239,789,320
Deferred inflows of resources		
Property taxes levied for subsequent year	59,133,089	56,592,765
Lease revenue for subsequent year	994,704	1,015,946
Pension plan deferments	27,269,207	9,306,973
OPEB plan deferments	2,045,253	1,673,196
Total deferred inflows of resources	<u>89,442,253</u>	<u>68,588,880</u>
Net position		
Net investment in capital assets	45,693,678	46,484,146
Restricted for		
Capital asset acquisition	3,350,156	3,093,313
Food service	1,641,274	1,725,687
Community service	4,019,429	3,742,489
Debt service	805,046	764,662
OPEB	7,727,815	6,131,208
Other purposes (state and other funding restrictions)	747,065	460,339
Unrestricted	(48,630,347)	(51,523,704)
Total net position	<u>15,354,116</u>	<u>10,878,140</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 331,219,741</u>	<u>\$ 319,256,340</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

2025				
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 3,651,000	\$ —	\$ —	\$ —
District support services	11,338,231	—	—	—
Elementary and secondary regular instruction	75,556,715	1,648,213	6,866,427	—
Vocational education instruction	3,704,503	—	—	—
Special education instruction	29,299,087	352,619	24,546,907	—
Instructional support services	13,782,496	—	133,581	—
Pupil support services	17,001,646	—	1,018,410	—
Sites and buildings	20,205,979	80,328	—	796,417
Fiscal and other fixed cost programs	643,644	—	—	—
Food service	6,747,213	815,072	5,748,872	—
Community service	8,129,851	5,682,716	1,263,615	—
Interest and fiscal charges	3,400,851	—	—	—
Total governmental activities	<u>\$ 193,461,216</u>	<u>\$ 8,578,948</u>	<u>\$ 39,577,812</u>	<u>\$ 796,417</u>
General revenue				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for community service				
Property taxes, levied for debt service				
General grants and aids				
Other general revenues				
Gain on sale of capital assets				
Investment earnings				
Total general revenues				
Change in net position				
Net position – beginning, as previously reported				
Change in accounting principle				
Net position – beginning, restated				
Net position – ending				

	2024
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (3,651,000)	\$ (4,089,856)
(11,338,231)	(10,135,146)
(67,042,075)	(61,572,241)
(3,704,503)	(2,586,285)
(4,399,561)	(3,691,283)
(13,648,915)	(12,548,607)
(15,983,236)	(14,363,855)
(19,329,234)	(15,635,481)
(643,644)	(625,116)
(183,269)	(6,730)
(1,183,520)	(537,596)
(3,400,851)	(4,204,709)
(144,508,039)	(129,996,905)
50,216,473	47,444,467
1,298,217	1,253,118
9,357,173	7,917,758
84,180,860	81,165,307
2,798,269	3,239,630
88,420	41,197
3,224,004	3,384,905
151,163,416	144,446,382
6,655,377	14,449,477
10,878,140	(3,571,337)
(2,179,401)	—
8,698,739	(3,571,337)
\$ 15,354,116	\$ 10,878,140

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Assets			
Cash and temporary investments	\$ 51,624,389	\$ 1,533,139	\$ 5,399,868
Cash and investments held by trustee	—	—	—
Receivables			
Current taxes	25,676,704	—	654,178
Delinquent taxes	360,500	—	9,603
Accounts and interest	976,016	9,868	281,181
Due from other governmental units	16,254,737	180,163	96,630
Due from other funds	3,654,061	—	—
Lease	994,704	—	—
Inventory	—	116,187	—
Prepaid items	282,055	—	15,649
Total assets	\$ 99,823,166	\$ 1,839,357	\$ 6,457,109
Liabilities			
Salaries payable	\$ 5,954,505	\$ 5,270	\$ 315,267
Accounts and contracts payable	10,077,946	36,167	131,244
Due to other governmental units	778,808	—	18,917
Unearned revenue	198,347	156,646	657,634
Due to other funds	—	—	—
Total liabilities	17,009,606	198,083	1,123,062
Deferred inflows of resources			
Property taxes levied for subsequent year	47,598,886	—	1,314,618
Lease revenue for subsequent year	994,704	—	—
Unavailable revenue – delinquent taxes	360,500	—	9,603
Total deferred inflows of resources	48,954,090	—	1,324,221
Fund balances			
Nonspendable	282,055	116,187	15,649
Restricted	4,097,221	1,525,087	3,994,177
Assigned	9,452,785	—	—
Unassigned	20,027,409	—	—
Total fund balances	33,859,470	1,641,274	4,009,826
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,823,166	\$ 1,839,357	\$ 6,457,109

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2025	2024
\$ 10,359,274	\$ 7,425,770	\$ 76,342,440	\$ 69,208,686
3,619,942	–	3,619,942	4,282,237
–	5,097,225	31,428,107	29,980,040
–	69,843	439,946	295,505
15,245	45,155	1,327,465	1,357,599
–	167	16,531,697	18,523,750
–	–	3,654,061	486,810
–	–	994,704	1,015,946
–	–	116,187	158,787
–	–	297,704	150,670
<u>\$ 13,994,461</u>	<u>\$ 12,638,160</u>	<u>\$ 134,752,253</u>	<u>\$ 125,460,030</u>
\$ –	\$ –	\$ 6,275,042	\$ 5,981,992
188,930	–	10,434,287	8,454,945
–	–	797,725	474,456
–	–	1,012,627	793,428
3,347,812	–	3,347,812	148,391
3,536,742	–	21,867,493	15,853,212
–	10,219,585	59,133,089	56,592,765
–	–	994,704	1,015,946
–	69,843	439,946	295,505
–	10,289,428	60,567,739	57,904,216
–	–	413,891	309,457
10,457,719	2,348,732	22,422,936	24,180,583
–	–	9,452,785	7,091,244
–	–	20,027,409	20,121,318
<u>10,457,719</u>	<u>2,348,732</u>	<u>52,317,021</u>	<u>51,702,602</u>
<u>\$ 13,994,461</u>	<u>\$ 12,638,160</u>	<u>\$ 134,752,253</u>	<u>\$ 125,460,030</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 52,317,021	\$ 51,702,602
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	366,489,381	350,581,920
Accumulated depreciation/amortization	(209,606,546)	(198,948,061)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(101,235,000)	(97,360,000)
Certificates of participation payable	(13,365,000)	(13,365,000)
Unamortized premiums/discount	(6,706,063)	(6,173,988)
Finance purchases payable	(340,813)	(1,034,626)
Arbitrage liability	–	(421,634)
Net/total pension liability	(79,866,206)	(101,965,718)
Compensated absences payable	(2,477,990)	(275,736)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.		
	7,727,815	6,131,208
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.		
	8,013,006	8,840,567
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,613,529)	(1,415,837)
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	24,828,342	24,871,910
Deferred outflows of resources – OPEB plan deferments	64,212	395,197
Deferred inflows of resources – pension plan deferments	(27,269,207)	(9,306,973)
Deferred inflows of resources – OPEB plan deferments	(2,045,253)	(1,673,196)
Deferred inflows of resources – unavailable revenue – delinquent taxes	439,946	295,505
Total net position – governmental activities	<u>\$ 15,354,116</u>	<u>\$ 10,878,140</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Revenue			
Local sources			
Property taxes	\$ 50,092,115	\$ —	\$ 1,294,898
Investment earnings	2,085,226	49,642	142,313
Other	4,755,447	856,071	6,048,826
State sources	111,648,550	3,281,029	983,540
Federal sources	3,641,139	2,467,841	—
Total revenue	<u>172,222,477</u>	<u>6,654,583</u>	<u>8,469,577</u>
Expenditures			
Current			
Administration	3,749,911	—	—
District support services	12,510,937	—	—
Elementary and secondary regular instruction	70,137,732	—	—
Vocational education instruction	3,668,650	—	—
Special education instruction	29,459,686	—	—
Instructional support services	15,453,084	—	—
Pupil support services	17,586,931	—	—
Sites and buildings	15,448,907	—	—
Fiscal and other fixed cost programs	643,644	—	—
Food service	—	6,699,710	—
Community service	—	—	8,205,698
Capital outlay	—	39,286	2,876
Debt service			
Principal	693,813	—	—
Interest and fiscal charges	571,916	—	—
Total expenditures	<u>169,925,211</u>	<u>6,738,996</u>	<u>8,208,574</u>
Excess (deficiency) of revenue over expenditures	2,297,266	(84,413)	261,003
Other financing sources (uses)			
Debt issued	—	—	—
Premium on debt issued	—	—	—
Sale of capital assets	95,151	—	—
Transfers in	—	—	12,618
Transfers (out)	(12,618)	—	—
Total other financing sources (uses)	<u>82,533</u>	<u>—</u>	<u>12,618</u>
Net change in fund balances	2,379,799	(84,413)	273,621
Fund balances			
Beginning of year	<u>31,479,671</u>	<u>1,725,687</u>	<u>3,736,205</u>
End of year	<u>\$ 33,859,470</u>	<u>\$ 1,641,274</u>	<u>\$ 4,009,826</u>

See notes to basic financial statements

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2025	2024
\$ –	\$ 9,340,409	\$ 60,727,422	\$ 56,629,088
460,180	207,516	2,944,877	3,067,080
–	–	11,660,344	12,368,064
–	1,674	115,914,793	104,998,317
–	–	6,108,980	9,856,868
460,180	9,549,599	197,356,416	186,919,417
–	–	3,749,911	4,423,885
–	–	12,510,937	10,457,048
–	–	70,137,732	69,058,392
–	–	3,668,650	2,673,342
–	–	29,459,686	25,487,097
–	–	15,453,084	14,218,679
–	–	17,586,931	15,969,158
–	–	15,448,907	17,964,476
–	–	643,644	625,116
–	–	6,699,710	6,530,508
–	–	8,205,698	8,541,117
13,318,565	–	13,360,727	12,906,511
–	5,735,000	6,428,813	5,868,813
114,658	3,400,432	4,087,006	3,886,545
13,433,223	9,135,432	207,441,436	198,610,687
(12,973,043)	414,167	(10,085,020)	(11,691,270)
9,230,939	379,061	9,610,000	13,365,000
994,288	–	994,288	291,716
–	–	95,151	675,408
–	–	12,618	26,524
–	–	(12,618)	(26,524)
10,225,227	379,061	10,699,439	14,332,124
(2,747,816)	793,228	614,419	2,640,854
13,205,535	1,555,504	51,702,602	49,061,748
\$ 10,457,719	\$ 2,348,732	\$ 52,317,021	\$ 51,702,602

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INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 614,419	\$ 2,640,854
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	17,036,372	22,243,140
Depreciation expense	(11,780,665)	(11,845,546)
A gain or loss on the disposal of capital assets and the lease liability, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(6,731)	(27,196)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(9,610,000)	–
Certificates of participation payable	–	(13,365,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,735,000	5,175,000
Finance purchases payable	693,813	693,813
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.		
	(197,692)	(26,686)
Debt issuance premiums/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.		
	(532,075)	(161,560)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liability	421,634	(421,634)
Net/total pension liability	22,099,512	5,432,515
Net OPEB asset	1,596,607	266,872
Compensated absences payable	(22,853)	165,926
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	(827,561)	1,859
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	(43,568)	(8,764,468)
Deferred outflows of resources – OPEB plan deferments	(330,985)	(547,838)
Deferred inflows of resources – pension plan deferments	(17,962,234)	12,061,213
Deferred inflows of resources – OPEB plan deferments	(372,057)	941,958
Deferred inflows of resources – unavailable revenue – delinquent taxes	144,441	(13,745)
Change in net position – governmental activities	\$ 6,655,377	\$ 14,449,477

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INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 50,276,360	\$ 50,058,990	\$ 50,092,115	\$ 33,125
Investment earnings	1,500,000	1,750,000	2,085,226	335,226
Other	4,132,643	4,132,643	4,755,447	622,804
State sources	103,862,299	106,228,669	111,648,550	5,419,881
Federal sources	3,553,000	3,522,500	3,641,139	118,639
Total revenue	163,324,302	165,692,802	172,222,477	6,529,675
Expenditures				
Current				
Administration	4,312,903	3,480,438	3,749,911	269,473
District support services	10,547,486	10,611,033	12,510,937	1,899,904
Elementary and secondary regular instruction	69,275,068	69,154,774	70,137,732	982,958
Vocational education instruction	2,688,833	3,337,667	3,668,650	330,983
Special education instruction	26,155,955	26,257,202	29,459,686	3,202,484
Instructional support services	14,319,036	16,880,567	15,453,084	(1,427,483)
Pupil support services	15,746,836	16,505,226	17,586,931	1,081,705
Sites and buildings	19,974,284	19,880,146	15,448,907	(4,431,239)
Fiscal and other fixed cost programs	612,105	612,105	643,644	31,539
Debt service				
Principal	696,018	696,018	693,813	(2,205)
Interest	—	571,916	571,916	—
Total expenditures	164,328,524	167,987,092	169,925,211	1,938,119
Excess (deficiency) of revenue over expenditures	(1,004,222)	(2,294,290)	2,297,266	4,591,556
Other financing sources (uses)				
Sale of capital assets	—	—	95,151	95,151
Transfers (out)	(100,000)	(100,000)	(12,618)	87,382
Total other financing sources (uses)	(100,000)	(100,000)	82,533	182,533
Net change in fund balances	\$ (1,104,222)	\$ (2,394,290)	2,379,799	\$ 4,774,089
Fund balances				
Beginning of year			31,479,671	
End of year			\$ 33,859,470	

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Investment earnings	\$ 30,000	\$ 30,000	\$ 49,642	\$ 19,642
Other – primarily meal sales	1,001,000	1,001,000	856,071	(144,929)
State sources	3,148,000	3,201,000	3,281,029	80,029
Federal sources	2,193,000	2,493,000	2,467,841	(25,159)
Total revenue	6,372,000	6,725,000	6,654,583	(70,417)
Expenditures				
Current				
Salaries	2,270,027	2,299,838	2,346,740	46,902
Employee benefits	967,926	992,233	877,740	(114,493)
Purchased services	497,449	247,449	226,920	(20,529)
Supplies and materials	2,526,300	2,950,182	2,743,122	(207,060)
Other expenditures	12,000	262,000	505,188	243,188
Capital outlay	98,298	98,298	39,286	(59,012)
Total expenditures	6,372,000	6,850,000	6,738,996	(111,004)
Net change in fund balances	\$ –	\$ (125,000)	(84,413)	\$ 40,587
Fund balances				
Beginning of year			1,725,687	
End of year			\$ 1,641,274	

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 1,302,511	\$ 1,302,511	\$ 1,294,898	\$ (7,613)
Investment earnings	—	—	142,313	142,313
Other – primarily tuition and fees	5,376,738	5,379,738	6,048,826	669,088
State sources	1,076,513	926,513	983,540	57,027
Federal sources	—	150,000	—	(150,000)
Total revenue	<u>7,755,762</u>	<u>7,758,762</u>	<u>8,469,577</u>	<u>710,815</u>
Expenditures				
Current				
Salaries	4,575,577	4,575,577	5,621,580	1,046,003
Employee benefits	1,554,913	1,554,913	1,641,466	86,553
Purchased services	1,076,480	1,076,480	698,893	(377,587)
Supplies and materials	239,600	239,600	240,505	905
Other expenditures	10,800	10,800	3,254	(7,546)
Capital outlay	2,500	2,500	2,876	376
Debt service				
Principal	3,750	3,750	—	(3,750)
Total expenditures	<u>7,463,620</u>	<u>7,463,620</u>	<u>8,208,574</u>	<u>744,954</u>
Excess (deficiency) of revenue over expenditures	292,142	295,142	261,003	(34,139)
Other financing sources				
Transfers in	<u>3,000</u>	<u>—</u>	<u>12,618</u>	<u>12,618</u>
Net change in fund balances	<u>\$ 295,142</u>	<u>\$ 295,142</u>	273,621	<u>\$ (21,521)</u>
Fund balances				
Beginning of year			<u>3,736,205</u>	
End of year			<u>\$ 4,009,826</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 10,254,025	\$ 10,841,114
Receivables		
Accounts and interest	<u>58,071</u>	<u>71,413</u>
Total current assets	<u>10,312,096</u>	<u>10,912,527</u>
Liabilities		
Current liabilities		
Accounts payable	3,993	8,851
Unearned revenue	1,553,161	1,307,214
Claims payable	<u>741,936</u>	<u>755,895</u>
Total current liabilities	<u>2,299,090</u>	<u>2,071,960</u>
Net position		
Unrestricted	<u>\$ 8,013,006</u>	<u>\$ 8,840,567</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 16,083,679	\$ 14,744,658
Operating expenses		
Health benefit claims	15,893,786	13,783,926
Dental benefit claims	<u>1,296,581</u>	<u>1,276,698</u>
Total operating expenses	<u>17,190,367</u>	<u>15,060,624</u>
Operating income (loss)	(1,106,688)	(315,966)
Nonoperating revenue		
Investment earnings	<u>279,127</u>	<u>317,825</u>
Change in net position	(827,561)	1,859
Net position		
Beginning of year	<u>8,840,567</u>	<u>8,838,708</u>
End of year	<u>\$ 8,013,006</u>	<u>\$ 8,840,567</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 16,329,626	\$ 14,880,626
Payment for health claims	(15,911,083)	(13,684,863)
Payment for dental claims	<u>(1,298,101)</u>	<u>(1,362,422)</u>
Net cash flows from operating activities	(879,558)	(166,659)
Cash flows from investing activities		
Investment income received	<u>292,469</u>	<u>271,641</u>
Net change in cash and cash equivalents	(587,089)	104,982
Cash and cash equivalents		
Beginning of year	<u>10,841,114</u>	<u>10,736,132</u>
End of year	<u><u>\$ 10,254,025</u></u>	<u><u>\$ 10,841,114</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,106,688)	\$ (315,966)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts payable	(4,858)	(63,419)
Unearned revenue	245,947	135,968
Claims payable	<u>(13,959)</u>	<u>76,758</u>
Net cash flows from operating activities	<u><u>\$ (879,558)</u></u>	<u><u>\$ (166,659)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position
as of June 30, 2025

	Custodial Fund	Post-Employment Benefits Trust Fund
Assets		
Cash and temporary investments	\$ 118,000	\$ 387,134
Receivables		
Accounts and interest	358	57,634
Investments, at fair value		
Treasury securities	—	1,589,729
Agency securities	—	1,834,399
Corporate obligations	—	2,242,378
Equities	—	5,719,175
Real estate investment trusts	—	853,469
Mutual funds	—	4,167,394
Mortgage-backed securities	—	284,905
Total assets	<u>118,358</u>	<u>17,136,217</u>
Liabilities		
Accounts and contracts payable	680	—
Due to governmental funds	<u>—</u>	<u>306,249</u>
Total liabilities	<u>680</u>	<u>306,249</u>
Net position		
Restricted for other organizations	117,678	—
Restricted for OPEB	<u>—</u>	<u>16,829,968</u>
Total net position	<u>\$ 117,678</u>	<u>\$ 16,829,968</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Custodial Fund	Post-Employment Benefits Trust Fund
Additions		
Contributions		
Miscellaneous	\$ 729,324	\$ —
Investment earnings		
Total investment earnings	2,160	1,499,097
Less investment expense	—	63,231
Net investment earnings	2,160	1,435,866
Total additions	731,484	1,435,866
Deductions		
Miscellaneous	613,806	—
OPEB	—	306,249
Total deductions	613,806	306,249
Change in net position	117,678	1,129,617
Net position		
Beginning of year	—	15,700,351
End of year	\$ 117,678	\$ 16,829,968

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INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Basic Financial Statements June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 272 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. 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.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and custodial. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

Description of Funds

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

Major Governmental Funds

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

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program, which is financed through revenue from meal sales, state aids, and federal grants.

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. These activities are financed by program fees and tuition, property tax levies, and state aids.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

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

Proprietary Funds

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

Fiduciary Funds

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

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 for eligible employees and retirees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. For the year ended June 30, 2025, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess
General	\$ 167,987,092	\$ 169,925,211	\$ 1,938,119
Community Service Special Revenue	\$ 7,463,620	\$ 8,208,574	\$ 744,954
Capital Projects – Building Construction	\$ 12,726,689	\$ 13,433,223	\$ 706,534

The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

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 or resources held in the trust funds are not pooled, and earnings on those investments are allocated directly to the respective funds.

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 equivalent. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

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

Due from the MDE	\$ 15,905,710
Due from other Minnesota school districts	97,179
Due from other governmental units	<u>528,808</u>
Total due from other governmental units	<u>\$ 16,531,697</u>

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the 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 \$3,895,017 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$10,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets exceeds \$50,000 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. The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements, buildings and improvements, and 5 to 15 years for equipment. Land and construction in progress are not depreciated.

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 governmental fund financial statements, 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, in the current period.

M. Employee Benefits

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. Benefits are accrued in the governmental funds as they become due and payable. See the Defined Benefit Pension Plan – District note for further information.
3. **Post-Employment Healthcare Benefits** – The District provides post-employment healthcare benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. For eligible retirees, the District pays health insurance premiums until the retiree reaches age 65 in an amount equal to active employee health insurance premiums. See the Other Post-Employment Benefits (OPEB) Plan note for further information.

For purposes of measuring the net OPEB liability (asset), deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

4. **State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the 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 into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

N. Risk Management and Self-Insurance

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments that include both employer and employee contributions to the internal service fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus stop-loss health and dental insurance premium costs and administrative service charges. Any excess of the premiums above claims remaining is used to establish a reserve for future claims.

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

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

Year Ended June 30,	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 43,163	\$ 1,276,698	\$ 1,298,910	\$ 20,951
2025	\$ 20,951	\$ 1,296,581	\$ 1,291,956	\$ 25,576

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

Year Ended June 30,	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2024	\$ 635,974	\$ 13,783,926	\$ 13,684,956	\$ 734,944
2025	\$ 734,944	\$ 15,893,786	\$ 15,912,370	\$ 716,360

O. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

P. Net Position

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

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

Q. Fund Balance Classifications

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

R. 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.

S. Restricted Assets

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

T. Prior Period Comparative Financial Information/Reclassification

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

U. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Implementation of this new guidance resulted in the restatement of beginning net position for the cumulative effect of this change. The beginning net position was reduced by \$2,179,401 in the government-wide financial statements in the current year. See Note 5 of the notes to basic financial statements for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 6,521,435
Investments	100,885,611
Cash on hand	<u>5,944</u>
Total	<u><u>\$ 107,412,990</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 86,596,465
Restricted assets – temporarily restricted	
Cash and investments for future construction	3,619,942
Statement of Fiduciary Net Position	
Custodial Fund	
Cash and temporary investments	118,000
Post-Employment Benefits Trust Fund	
Cash and temporary investments	
and investments, at fair value	<u>17,078,583</u>
Total	<u><u>\$ 107,412,990</u></u>

B. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the District’s deposits was \$6,521,435. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Interest Risk –									Total
	Credit Risk		Fair Value Measurements	Maturity Duration in Years						
				No Maturity Date	Less Than 1	1 to 5	6 to 10	Greater Than 10		
	Rating	Agency	Using							
U.S. treasury securities	N/A	N/A	Level 1	\$	–	\$ 1,094,410	\$ 702,545	\$ 275,115	\$ 612,069	\$ 2,684,139
U.S. treasury securities	N/A	N/A	Level 2	\$	–	\$ 7,606,923	\$ –	\$ –	\$ –	7,606,923
U.S. agency securities	AA	S&P	Level 1	\$	–	\$ –	\$ –	\$ 56,158	1,778,241	1,834,399
U.S. agency securities	AA	S&P	Level 2	\$	–	\$ 1,088,174	\$ –	\$ –	\$ –	1,088,174
State and local bonds	AAA	S&P	Level 2	\$	–	\$ 59,065	\$ –	\$ –	\$ –	59,065
State and local bonds	AA	S&P	Level 2	\$	–	\$ 503,115	\$ –	\$ –	\$ –	503,115
State and local bonds	A	S&P	Level 2	\$	–	\$ 500,025	\$ –	\$ –	\$ –	500,025
State and local bonds	AA	Moody's	Level 2	\$	–	\$ 304,556	\$ –	\$ –	\$ –	304,556
State and local bonds	A	Moody's	Level 2	\$	–	\$ 489,795	\$ –	\$ –	\$ –	489,795
Corporate obligations	AA	S&P	Level 1	\$	–	\$ –	\$ –	\$ –	\$ 140,829	140,829
Corporate obligations	A	S&P	Level 1	\$	–	\$ 34,948	\$ 438,750	\$ 424,516	\$ 93,934	992,148
Corporate obligations	A	Moody's	Level 1	\$	–	\$ –	\$ 145,298	\$ –	\$ –	145,298
Corporate obligations	Baa	Moody's	Level 1	\$	–	\$ –	\$ –	\$ –	\$ 51,807	51,807
Corporate obligations	BBB	S&P	Level 1	\$	–	\$ 124,138	\$ 127,963	\$ 570,090	\$ 90,105	912,296
Equities		Not Rated	Level 1	\$	5,719,175	\$ –	\$ –	\$ –	\$ –	5,719,175
Real estate investment trusts		Not Rated	Level 2	\$	31,326	\$ –	\$ –	\$ –	\$ –	31,326
Real asset mutual funds		Not Rated	Level 2	\$	822,143	\$ –	\$ –	\$ –	\$ –	822,143
Mortgage backed securities	AAA	S&P	Level 1	\$	–	\$ –	\$ 109,966	\$ –	\$ 88,968	198,934
Mortgage backed securities	AAA	Moody's	Level 1	\$	–	\$ –	\$ 85,971	\$ –	\$ –	85,971
OPEB mutual funds		Not Rated	Level 1	\$	4,167,394	\$ –	\$ –	\$ –	\$ –	4,167,394
Morgan Stanley Institutional Liquidity Funds	AAA	S&P	Amortized Cost	\$	2,527,533	\$ –	\$ –	\$ –	\$ –	2,527,533
Dreyfus Treasury Obligation	AAA	S&P	Amortized Cost	\$	4,231	\$ –	\$ –	\$ –	\$ –	4,231
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	\$	48,845,423	\$ –	\$ –	\$ –	\$ –	48,845,423
MNTrust Term Series		Not Rated	Amortized Cost	\$	–	\$ 6,000,000	\$ –	\$ –	\$ –	6,000,000
MNTrust Limited Term Duration		Not Rated	Amortized Cost	\$	13,871,958	\$ –	\$ –	\$ –	\$ –	13,871,958
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	\$	1,298,954	\$ –	\$ –	\$ –	\$ –	1,298,954
Total investments										\$ 100,885,611

N/A – Not Applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Term Series, MNTrust Limited Term Duration, and the Minnesota School District Liquid Asset Fund (MSDLAF) Liquid Class are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For the MSDLAF Liquid Class investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required. MNTrust Term Series are intended to be held until maturity; 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 to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein. MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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. 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.

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

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

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

NOTE 3 – LEASE RECEIVABLE

The District has entered into lease receivable agreements for cell tower rental space on district property. These leases are reported using an incremental rate increase each year per the agreements with a final maturity through 2039. During the current year, the District received principal and interest payments of \$88,450 on these leases.

NOTE 4 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 11,727,739	\$ –	\$ –	\$ –	\$ 11,727,739
Construction in progress	6,630,270	11,174,040	–	(7,387,325)	10,416,985
Total capital assets, not depreciated	18,358,009	11,174,040	–	(7,387,325)	22,144,724
Capital assets, depreciated					
Land improvements	15,682,950	77,768	–	200,189	15,960,907
Buildings and improvements	274,498,916	220,737	(131,706)	7,187,136	281,775,083
Equipment	42,042,045	5,563,827	(997,205)	–	46,608,667
Total capital assets, depreciated	332,223,911	5,862,332	(1,128,911)	7,387,325	344,344,657
Less accumulated depreciation for					
Land improvements	(8,393,314)	(646,938)	–	–	(9,040,252)
Buildings and improvements	(164,599,429)	(7,637,938)	124,975	–	(172,112,392)
Equipment	(25,955,318)	(3,495,789)	997,205	–	(28,453,902)
Total accumulated depreciation	(198,948,061)	(11,780,665)	1,122,180	–	(209,606,546)
Net capital assets, depreciated	133,275,850	(5,918,333)	(6,731)	7,387,325	134,738,111
Total capital assets, net	\$ 151,633,859	\$ 5,255,707	\$ (6,731)	\$ –	\$ 156,882,835

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

Administration	\$ 46,600
District support services	733,685
Elementary and secondary regular instruction	5,784,789
Vocational education instruction	35,760
Special education instruction	42,275
Instructional support services	651,085
Pupil support services	508,853
Sites and buildings	3,781,722
Food service	110,619
Community service	85,277
Total depreciation expense	\$ 11,780,665

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
Alternative facilities bonds	04/07/2015	3.000%	\$ 10,310,000	02/01/2028	\$ 7,630,000
Facilities maintenance bonds	02/22/2017	3.000–4.000%	\$ 10,940,000	02/01/2032	10,940,000
Facilities maintenance bonds	03/21/2019	2.875–4.000%	\$ 9,995,000	02/01/2036	9,995,000
School building bonds	07/18/2019	3.000–5.000%	\$ 37,765,000	02/01/2040	33,715,000
Facilities maintenance and refunding bonds	11/19/2020	2.000–4.000%	\$ 26,285,000	02/01/2041	14,605,000
Facilities maintenance and capital facilities bonds	03/23/2023	4.000–5.000%	\$ 15,010,000	02/01/3036	14,740,000
Facilities maintenance bonds	04/17/2025	5.000%	\$ 9,610,000	02/01/2035	9,610,000
Total general obligation bonds payable					<u>\$ 101,235,000</u>

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

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2024A Certificates of Participation	06/27/2024	4.800–6.750%	\$ 13,365,000	04/01/2040	<u>\$ 13,365,000</u>

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

C. Finance Purchase Payable

On September 17, 2012, the District entered a master debt agreement with Apple, Inc. for iPads and MacBooks. The District acquires equipment from time to time under this master agreement as needed. Each debt “schedule” added under this master debt agreement adds equipment to the debt and carries its own debt term and payment schedule. The debt schedules have interest rates ranging from zero percent to 0.99 percent and mature in fiscal year 2026. Upon payment in full of all scheduled debt payments, the lessor’s (Apple, Inc.) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability. If the District does not pay the debt payments on the date which payments are due, the District shall pay a charge at the rate of 12.00 percent per annum or the highest lawful rate, whichever is less, from such due date until paid. If the District breaches any term of this agreement, the debtor may require that the District return the equipment and pay any and all amounts, which may then be due and payable under the debt, plus all debt payments remaining through the end of the then current fiscal period.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, pensions, and OPEB; the details of which are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund or a trust fund established by the District to finance the OPEB liability.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the current year ended, are as follows:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 13,354,706	\$ 4,593,201	\$ 8,853,313	\$ 896,877
State-wide, multiple-employer – TRA	66,415,363	20,216,975	18,358,917	6,678,129
Single-employer – District	96,137	18,166	56,977	5,206
Total	<u>\$ 79,866,206</u>	<u>\$ 24,828,342</u>	<u>\$ 27,269,207</u>	<u>\$ 7,580,212</u>

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 97,360,000	\$ –	\$ 9,610,000	\$ 5,735,000	\$ 101,235,000	\$ 6,645,000
Certificates of participation payable	13,365,000	–	–	–	13,365,000	565,000
Unamortized premiums/discount	6,173,988	–	994,288	462,213	6,706,063	–
Finance purchases payable	1,034,626	–	–	693,813	340,813	340,813
Arbitrage liability	421,634	–	–	421,634	–	–
Net/total pension liability	101,965,718	–	15,130,900	37,230,412	79,866,206	22,577
Compensated absences payable	275,736	2,179,401	22,853	–	2,477,990	701,670
	<u>\$ 220,596,702</u>	<u>\$ 2,179,401</u>	<u>\$ 25,758,041</u>	<u>\$ 44,543,072</u>	<u>\$ 203,991,072</u>	<u>\$ 8,275,060</u>

* The change in accounting principle was required by new guidance in financial reporting on compensated absences implemented in the current year. The change in the compensated absences liability is presented as a net change.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

Minimum principal and interest payments for general obligation bonds, certificates of participation, and finance purchases are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Finance Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 6,645,000	\$ 3,561,267	\$ 565,000	\$ 751,423	\$ 340,813	\$ –
2027	7,565,000	3,401,606	605,000	713,285	–	–
2028	6,985,000	3,096,806	645,000	672,448	–	–
2029	6,750,000	2,801,806	685,000	628,910	–	–
2030	6,990,000	2,492,606	735,000	582,673	–	–
2031–2035	36,405,000	8,133,431	4,430,000	2,151,593	–	–
2036–2040	27,195,000	2,543,225	5,700,000	883,000	–	–
2041	2,700,000	57,375	–	–	–	–
	<u>\$ 101,235,000</u>	<u>\$ 26,088,122</u>	<u>\$ 13,365,000</u>	<u>\$ 6,383,332</u>	<u>\$ 340,813</u>	<u>\$ –</u>

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

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

Net investment in capital assets	
Capital assets	
Not depreciated	\$ 22,144,724
Depreciated, net of accumulated depreciation	134,738,111
Less capital related long-term debt outstanding	(121,646,876)
Add debt adjustment for unspent debt proceeds	10,646,649
Less capital-related accounts/contracts payable	<u>(188,930)</u>
Total net investment in capital assets	<u>\$ 45,693,678</u>

B. Governmental Fund Balance Classifications

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

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

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

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
Nonspendable						
Inventory	\$ –	\$ 116,187	\$ –	\$ –	\$ –	\$ 116,187
Prepaid items	282,055	–	15,649	–	–	297,704
Total nonspendable	282,055	116,187	15,649	–	–	413,891
Restricted						
Student activities	60,976	–	–	–	–	60,976
Scholarships	29,284	–	–	–	–	29,284
Capital projects levy	707,751	–	–	–	–	707,751
Literacy incentive aid	62,942	–	–	–	–	62,942
Operating capital	1,407,903	–	–	–	–	1,407,903
Literacy aid	150,945	–	–	–	–	150,945
Long-term facilities maintenance	1,234,502	–	–	10,185,589	–	11,420,091
Medical Assistance	442,918	–	–	–	–	442,918
Projects funded by certificates of participation	–	–	–	272,130	–	272,130
Food service	–	1,525,087	–	–	–	1,525,087
Community education programs	–	–	1,686,944	–	–	1,686,944
Early childhood family education programs	–	–	695,835	–	–	695,835
School readiness	–	–	1,611,398	–	–	1,611,398
Debt service	–	–	–	–	2,348,732	2,348,732
Total restricted	4,097,221	1,525,087	3,994,177	10,457,719	2,348,732	22,422,936
Assigned						
Site carryover	290,341	–	–	–	–	290,341
Activity accounts	607,430	–	–	–	–	607,430
Construction	912,640	–	–	–	–	912,640
Curriculum adoption	1,296,396	–	–	–	–	1,296,396
Subsequent year's budget	1,683,338	–	–	–	–	1,683,338
Enrollment	1,250,000	–	–	–	–	1,250,000
Inspired Journey	1,709,193	–	–	–	–	1,709,193
Program initiatives	1,685,951	–	–	–	–	1,685,951
Achievement and integration	17,496	–	–	–	–	17,496
Total assigned	9,452,785	–	–	–	–	9,452,785
Unassigned						
Unassigned	20,027,409	–	–	–	–	20,027,409
Total	<u>\$ 33,859,470</u>	<u>\$ 1,641,274</u>	<u>\$ 4,009,826</u>	<u>\$ 10,457,719</u>	<u>\$ 2,348,732</u>	<u>\$ 52,317,021</u>

C. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures. At June 30, 2025, the unassigned fund balance of the General Fund was 14.7 percent of fiscal 2025 expenditures related to the unassigned fund balance category.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

1. GERF Benefits

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

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

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

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

2. TRA Benefits

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

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

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

Tier I Benefits

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

With these provisions:

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

Or

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$2,426,343. 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 \$6,442,634. 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 \$13,354,706 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 \$345,325.

District's proportionate share of the net pension liability	\$ 13,354,706
State's proportionate share of the net pension liability associated with the District	<u>345,325</u>
Total	<u>\$ 13,700,031</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 0.3612 percent at the end of the measurement period and 0.3489 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$887,619 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$9,258 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$614,440 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	\$ 1,239,551	\$ –
Changes in actuarial assumptions	61,387	4,928,469
Net difference between projected and actual investment earnings on pension plan investments	–	3,923,778
Changes in proportion	865,920	1,066
District's contributions to the GERF subsequent to the measurement date	2,426,343	–
Total	<u>\$ 4,593,201</u>	<u>\$ 8,853,313</u>

The \$2,426,343 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	\$ (3,755,262)
2027	\$ (458,835)
2028	\$ (1,448,801)
2029	\$ (1,023,557)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$66,415,363 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.0452 percent at the end of the measurement period and 0.9964 percent for the beginning of the period.

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

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

District's proportionate share of the net pension liability	\$ 66,415,363
State's proportionate share of the net pension liability associated with the District	<u>4,343,991</u>
Total	<u>\$ 70,759,354</u>

For the year ended June 30, 2025, the District recognized pension expense of \$6,439,338. It also recognized \$238,791 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,841,293 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,135,872	\$ 810,578
Changes in actuarial assumptions	6,094,503	7,920,212
Net difference between projected and actual investment earnings on pension plan investments	–	8,969,244
Changes in proportion	4,543,966	658,883
District's contributions to the TRA subsequent to the measurement date	<u>6,442,634</u>	<u>–</u>
Total	<u>\$ 20,216,975</u>	<u>\$ 18,358,917</u>

The \$6,442,634 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	\$ (3,011,407)
2027	\$ 6,139,785
2028	\$ (3,914,754)
2029	\$ (3,421,565)
2030	\$ (376,635)

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

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERF

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

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

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

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

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

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

2. TRA

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

Actuarial Assumptions Used in Valuation of Total Pension Liability

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

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	\$ 29,168,827	\$ 13,354,706	\$ 346,149
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 116,961,340	\$ 66,415,363	\$ 24,814,825

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

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

These benefits are summarized as follows:

Principal Pension Benefits – Principals hired before July 1, 2016 are eligible to receive an additional retirement incentive benefit. Principals accumulate four days of credit for each full year of service to the District. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum to a 403(b) account.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

Eden Prairie Supervisors and Specialists (EPSS) Pension Benefits – EPSS employees hired before July 1, 1999 are eligible to receive an additional retirement incentive benefit. EPSS employees accumulate one day of credit for each full year of service to the District from July 1, 1989. For employees who have completed at least 18 years of continuous service with the District and are at least age 55, the benefit increases to the maximum of one day of credit for each full year of service to the District from July 1, 1989 or 30 days. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum of 50 percent to a VEBA account (OPEB) and 50 percent to a 403(b) account (pension).

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

Active plan members	<u><u>5</u></u>
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D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2024, and update procedures were used to roll forward the total pension liability to the measurement date. The total pension liability was 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%
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table

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

E. Discount Rate

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)**F. Changes in the Total Pension Liability**

	Total Pension Liability
Beginning balance – July 1, 2024	\$ 190,605
Changes for the year	
Service cost	7,322
Interest	6,302
Assumption changes	(4,306)
Differences between expected and actual experience	(14,445)
Benefit payments	(89,341)
Total net changes	<u>(94,468)</u>
Ending balance – June 30, 2025	<u>\$ 96,137</u>

Assumption changes since the prior measurement date include the following:

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	3.90%	4.90%	5.90%
Total pension liability	\$ 101,505	\$ 96,137	\$ 90,664

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

For the current year ended, the District recognized pension expense of \$5,206. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,182	\$ 37,228
Changes in actuarial assumptions	3,984	19,749
Total	<u>\$ 18,166</u>	<u>\$ 56,977</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (7,146)
2027	\$ (13,439)
2028	\$ (14,966)
2029	\$ (3,260)

NOTE 9 – 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 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 employee reaches age 65. 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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributes 100 percent of the cost of the negotiated current year premiums for specified coverage levels of eligible retired plan members and their spouses. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The Post-Employment Benefits Trust Fund reimbursed the General Fund for the actual cost of medical insurance premiums paid for retirees and the implicit rate subsidy for the year ended June 30, 2025.

D. Membership

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

Retirees and beneficiaries receiving benefits	52
Active plan members	<u>1,423</u>
Total members	<u><u>1,475</u></u>

E. Net OPEB Liability (Asset) of the District

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

Total OPEB liability	\$ 9,102,153
Plan fiduciary net position	<u>(16,829,968)</u>
District's net OPEB liability (asset)	<u><u>\$ (7,727,815)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>184.9%</u></u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

Discount rate	6.70%
Expected long-term investment return	6.70% (net of investment expenses)
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 5 years, then 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 (General, Teachers) with MP-2021 Generational Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	43.00 %	8.29 %
Fixed income	37.00	4.30 %
International equity	14.00	7.56 %
Real estate	6.00	7.60 %
Total	100.00 %	6.70 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 9.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.70 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 6.40 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2024	\$ 9,569,143	\$ 15,700,351	\$ (6,131,208)
Changes for the year			
Service cost	688,867	–	688,867
Interest	646,865	–	646,865
Assumption changes	34,591	–	34,591
Projected investment earnings	–	1,051,924	(1,051,924)
Differences between expected and actual experience	(1,531,064)	383,942	(1,915,006)
Benefit payments – paid by trust	(306,249)	(306,249)	–
Total net changes	(466,990)	1,129,617	(1,596,607)
Ending balance – June 30, 2025	\$ 9,102,153	\$ 16,829,968	\$ (7,727,815)

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The expected long-term investment return was changed from 6.40 percent to 6.70 percent.
- The discount rate was changed from 6.40 percent to 6.70 percent.

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	5.70%	6.70%	7.70%
Net OPEB liability (asset)	\$ (7,215,074)	\$ (7,727,815)	\$ (8,209,547)

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using 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	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB medical 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 (asset)	\$ (8,496,302)	\$ (7,727,815)	\$ (6,833,726)

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

For the current year ended, the District recognized negative OPEB expense of \$893,565. 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	\$ –	\$ 1,901,076
Changes in actuarial assumptions	60,169	144,177
Differences between projected and actual investment earnings on OPEB plan investments	4,043	–
Total	\$ 64,212	\$ 2,045,253

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	\$ (24,328)
2027	\$ (683,577)
2028	\$ (407,287)
2029	\$ (281,731)
2030	\$ (204,939)
Thereafter	\$ (379,179)

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

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

All assets of the Plan are held by the District and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers and are accounted for primarily in the District's General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

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

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

The General Fund had a receivable of \$306,249 due from the Post-Employment Benefits Trust Fund at June 30, 2025, to reimburse OPEB payments the General Fund made during the year.

The General Fund also had a receivable of \$3,347,812 due from the Capital Projects – Building Construction Fund at June 30, 2025, to reimburse construction payments the General Fund made during the year.

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

B. Interfund Transfers

The District transferred \$12,618 from the General Fund to the Community Service Special Revenue Fund to help finance various program costs.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

B. Legal Claims

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

C. Construction Contracts

At June 30, 2025, the District had commitments totaling \$616,732 under various construction contracts for which the work was not yet completed.

D. Purchase Power Commitment

Solar Gardens

During fiscal year 2016, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 40 percent of the annual delivered energy of the solar agreement for a period of 25 years from the commercial operation date of January 1, 2018.

During fiscal year 2017, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar agreement for a period of 25 years from the commercial operation date of January 2019.

During fiscal year 2017, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar agreement for a period of 25 years from the commercial operation date of February 2019.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Solar Panels

The District has entered into various power purchase agreements to purchase the energy generated by solar panels contributed to the District and installed on various buildings of the District. At June 30, 2025, the equipment capitalized through these agreements is \$3,351,130, with accumulated depreciation of \$1,215,933.

Future power purchase commitment related to these agreements is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 204,315
2027	210,129
2028	216,199
2029	221,815
2030	219,235
2031–2035	1,070,470
2036–2040	1,124,272
2041–2045	<u>550,802</u>
	<u><u>\$ 3,817,237</u></u>

NOTE 13 – SUBSEQUENT EVENTS

In August 2025, the District entered into a finance purchase agreement for technology equipment totaling \$966,900 with an interest rate of zero percent and payments over four years. The lease matures in August 2028.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.3524%	\$ 18,263,198	\$ —	\$ 18,263,198	\$ 20,684,774	88.29%	78.20%
06/30/2017	06/30/2016	0.3631%	\$ 29,481,919	\$ 385,105	\$ 29,867,024	\$ 22,396,905	131.63%	68.90%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,507	\$ 23,794,768	\$ 23,755,883	98.92%	75.90%
06/30/2019	06/30/2018	0.3705%	\$ 20,553,821	\$ 674,285	\$ 21,228,106	\$ 24,941,557	82.41%	79.50%
06/30/2020	06/30/2019	0.3737%	\$ 20,661,037	\$ 642,139	\$ 21,303,176	\$ 26,428,327	78.18%	80.20%
06/30/2021	06/30/2020	0.3813%	\$ 22,860,679	\$ 705,017	\$ 23,565,696	\$ 27,116,265	84.31%	79.10%
06/30/2022	06/30/2021	0.3402%	\$ 14,528,066	\$ 443,671	\$ 14,971,737	\$ 24,490,636	59.32%	87.00%
06/30/2023	06/30/2022	0.3401%	\$ 26,936,033	\$ 789,750	\$ 27,725,783	\$ 25,472,592	105.75%	76.70%
06/30/2024	06/30/2023	0.3489%	\$ 19,510,097	\$ 537,799	\$ 20,047,896	\$ 27,732,405	70.35%	83.10%
06/30/2025	06/30/2024	0.3612%	\$ 13,354,706	\$ 345,325	\$ 13,700,031	\$ 30,544,835	43.72%	89.08%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 1,679,027	\$ 1,679,027	\$ —	\$ 22,396,905	7.50%
06/30/2017	\$ 1,778,675	\$ 1,778,675	\$ —	\$ 23,755,883	7.49%
06/30/2018	\$ 1,867,386	\$ 1,867,386	\$ —	\$ 24,941,557	7.49%
06/30/2019	\$ 1,983,618	\$ 1,983,618	\$ —	\$ 26,428,327	7.51%
06/30/2020	\$ 2,033,580	\$ 2,033,580	\$ —	\$ 27,116,265	7.50%
06/30/2021	\$ 1,836,831	\$ 1,836,831	\$ —	\$ 24,490,636	7.50%
06/30/2022	\$ 1,910,597	\$ 1,910,597	\$ —	\$ 25,472,592	7.50%
06/30/2023	\$ 2,079,877	\$ 2,079,877	\$ —	\$ 27,732,405	7.50%
06/30/2024	\$ 2,290,071	\$ 2,290,071	\$ —	\$ 30,544,835	7.50%
06/30/2025	\$ 2,426,343	\$ 2,426,343	\$ —	\$ 32,351,215	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 272

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	1.0058%	\$ 62,218,677	\$ 7,631,910	\$ 69,850,587	\$ 51,428,891	120.98%	76.80%
06/30/2017	06/30/2016	1.0364%	\$247,206,129	\$ 24,812,446	\$272,018,575	\$ 54,216,148	455.96%	44.88%
06/30/2018	06/30/2017	1.0112%	\$201,853,864	\$ 19,511,695	\$221,365,559	\$ 54,659,806	369.29%	51.57%
06/30/2019	06/30/2018	0.9925%	\$ 62,338,290	\$ 5,856,612	\$ 68,194,902	\$ 54,876,205	113.60%	78.07%
06/30/2020	06/30/2019	0.9591%	\$ 61,133,235	\$ 5,410,224	\$ 66,543,459	\$ 54,469,575	112.23%	78.21%
06/30/2021	06/30/2020	0.9680%	\$ 71,517,137	\$ 5,993,222	\$ 77,510,359	\$ 56,157,098	127.35%	75.48%
06/30/2022	06/30/2021	0.9510%	\$ 41,618,603	\$ 3,510,041	\$ 45,128,644	\$ 56,905,419	73.14%	86.63%
06/30/2023	06/30/2022	1.0009%	\$ 80,146,777	\$ 5,943,452	\$ 86,090,229	\$ 61,875,700	129.53%	76.17%
06/30/2024	06/30/2023	0.9964%	\$ 82,265,016	\$ 5,762,568	\$ 88,027,584	\$ 63,356,101	129.85%	76.42%
06/30/2025	06/30/2024	1.0452%	\$ 66,415,363	\$ 4,343,991	\$ 70,759,354	\$ 69,247,194	95.91%	82.07%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 4,043,043	\$ 4,043,043	\$ —	\$ 54,216,148	7.46%
06/30/2017	\$ 4,085,938	\$ 4,085,938	\$ —	\$ 54,659,806	7.48%
06/30/2018	\$ 4,106,891	\$ 4,106,891	\$ —	\$ 54,876,205	7.48%
06/30/2019	\$ 4,196,913	\$ 4,196,913	\$ —	\$ 54,469,575	7.71%
06/30/2020	\$ 4,455,324	\$ 4,455,324	\$ —	\$ 56,157,098	7.93%
06/30/2021	\$ 4,625,157	\$ 4,625,157	\$ —	\$ 56,905,419	8.13%
06/30/2022	\$ 5,159,959	\$ 5,159,959	\$ —	\$ 61,875,700	8.34%
06/30/2023	\$ 5,416,811	\$ 5,416,811	\$ —	\$ 63,356,101	8.55%
06/30/2024	\$ 6,058,881	\$ 6,058,881	\$ —	\$ 69,247,194	8.75%
06/30/2025	\$ 6,442,634	\$ 6,442,634	\$ —	\$ 73,655,924	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	District Fiscal Year-End Date								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability									
Service cost	\$ 31,507	\$ 30,311	\$ 24,635	\$ 27,541	\$ 25,014	\$ 20,719	\$ 13,833	\$ 13,870	\$ 7,322
Interest	11,500	9,186	9,931	10,811	8,730	8,340	14,046	10,009	6,302
Assumption changes	—	(10,298)	7,441	12,240	(6,680)	(23,493)	(1,908)	(1,976)	(4,306)
Plan changes	—	—	17,075	—	—	—	(38)	—	—
Difference between expected and actual experience	—	—	42,973	—	23,513	—	(52,795)	—	(14,445)
Benefit payments	(145,219)	(97,642)	(14,859)	(65,461)	(150)	(25,731)	(26,778)	(146,721)	(89,341)
Net change in total pension liability	(102,212)	(68,443)	87,196	(14,869)	50,427	(20,165)	(53,640)	(124,818)	(94,468)
Total pension liability – beginning of year	437,129	334,917	266,474	353,670	338,801	389,228	369,063	315,423	190,605
Total pension liability – end of year	<u>\$ 334,917</u>	<u>\$ 266,474</u>	<u>\$ 353,670</u>	<u>\$ 338,801</u>	<u>\$ 389,228</u>	<u>\$ 369,063</u>	<u>\$ 315,423</u>	<u>\$ 190,605</u>	<u>\$ 96,137</u>
Covered-employee payroll	<u>\$2,478,561</u>	<u>\$2,629,505</u>	<u>\$2,307,920</u>	<u>\$2,377,158</u>	<u>\$1,829,506</u>	<u>\$1,884,391</u>	<u>\$1,226,348</u>	<u>\$1,263,138</u>	<u>\$ 775,438</u>
Total pension liability as a percentage of covered-employee payroll	<u>13.51%</u>	<u>10.13%</u>	<u>15.32%</u>	<u>14.25%</u>	<u>21.28%</u>	<u>19.59%</u>	<u>25.72%</u>	<u>15.09%</u>	<u>12.40%</u>

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	\$ 542,422	\$ 541,720	\$ 417,686	\$ 450,254	\$ 490,687	\$ 448,457	\$ 567,530	\$ 576,280	\$ 688,867
Interest	766,806	790,171	853,059	595,685	595,638	419,885	527,322	579,710	646,865
Assumption changes	—	(104,010)	159,481	116,815	46,255	(256,823)	(5,955)	(40,522)	34,591
Plan changes	—	389,295	(13,266)	—	—	2,098,457	76,069	—	—
Differences between expected and actual experience	—	—	(4,637,752)	—	(1,753,586)	—	(96,599)	—	(1,531,064)
Benefit payments – employer-financed	(132,324)	—	(100,000)	—	—	—	—	—	—
Benefit payments – paid by trust	(714,186)	(1,006,882)	(702,747)	(364,518)	(1,042,563)	(2,341,026)	(1,274,529)	(338,419)	(306,249)
Net change in total OPEB liability	462,718	610,294	(4,023,539)	798,236	(1,663,569)	368,950	(206,162)	777,049	(466,990)
Total OPEB liability – beginning of year	12,445,166	12,907,884	13,518,178	9,494,639	10,292,875	8,629,306	8,998,256	8,792,094	9,569,143
Total OPEB liability – end of year	12,907,884	13,518,178	9,494,639	10,292,875	8,629,306	8,998,256	8,792,094	9,569,143	9,102,153
Plan fiduciary net position									
Contributions – employer	132,324	—	100,000	—	—	—	—	—	—
Projected investment earnings	1,645,487	1,020,373	999,208	956,494	892,318	1,135,893	934,570	938,012	1,051,924
Differences between expected and actual experience	—	170,558	(185,634)	(247,059)	2,566,475	(3,212,848)	161,943	444,328	383,942
Benefit payments – employer-financed	(132,324)	—	(100,000)	—	—	—	—	—	—
Benefit payments – paid by trust	(714,186)	(1,006,882)	(702,747)	(364,518)	(1,042,563)	(2,341,026)	(1,274,529)	(338,419)	(306,249)
Net change in plan fiduciary net position	931,301	184,049	110,827	344,917	2,416,230	(4,417,981)	(178,016)	1,043,921	1,129,617
Plan fiduciary net position – beginning of year	15,265,103	16,196,404	16,380,453	16,491,280	16,836,197	19,252,427	14,834,446	14,656,430	15,700,351
Plan fiduciary net position – end of year	16,196,404	16,380,453	16,491,280	16,836,197	19,252,427	14,834,446	14,656,430	15,700,351	16,829,968
Net OPEB liability (asset)	<u>\$ (3,288,520)</u>	<u>\$ (2,862,275)</u>	<u>\$ (6,996,641)</u>	<u>\$ (6,543,322)</u>	<u>\$ (10,623,121)</u>	<u>\$ (5,836,190)</u>	<u>\$ (5,864,336)</u>	<u>\$ (6,131,208)</u>	<u>\$ (7,727,815)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>125.48%</u>	<u>121.17%</u>	<u>173.69%</u>	<u>163.57%</u>	<u>223.11%</u>	<u>164.86%</u>	<u>166.70%</u>	<u>164.07%</u>	<u>184.90%</u>
Covered-employee payroll	<u>\$ 72,889,181</u>	<u>\$ 75,075,856</u>	<u>\$ 76,440,507</u>	<u>\$ 78,733,722</u>	<u>\$ 77,105,361</u>	<u>\$ 79,418,522</u>	<u>\$ 84,170,294</u>	<u>\$ 86,695,403</u>	<u>\$ 98,317,240</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(4.51%)</u>	<u>(3.81%)</u>	<u>(9.15%)</u>	<u>(8.31%)</u>	<u>(13.78%)</u>	<u>(7.35%)</u>	<u>(6.97%)</u>	<u>(7.07%)</u>	<u>(7.86%)</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	10.78%
2018	7.40%
2019	5.00%
2020	4.30%
2021	20.50%
2022	(10.80%)
2023	7.40%
2024	9.40%
2025	9.10%

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information June 30, 2025

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 CHANGES IN PLAN PROVISIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS (CONTINUED)

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

- The matching contribution increased from \$4,500 to \$5,000 per year for Principals.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

- The Eden Prairie Supervisors and Specialists (EPSS) post-employment lump sum benefit was changed from 100.00 percent paid to a voluntary employees' beneficiary association (VEBA) account, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The expected long-term investment return was changed from 6.40 percent to 6.70 percent.
- The discount rate was changed from 6.40 percent to 6.70 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.40 percent.
- The discount rate was changed from 6.30 percent to 6.40 percent.

2023 CHANGES IN PLAN PROVISIONS

- One additional teacher, who was not valued with a \$50,000 early retirement incentive payment payable to a VEBA at June 30, 2022, received this payment during fiscal year 2023.
- The Classified and MSEA contracts added an early retirement incentive payment of \$500 for employees who retire after the first semester and \$1,000 for employees who retire at the end of the 2022–2023 school year, both payable to a VEBA, upon attaining age 55 with 20 years of service. The increase in liability associated with this plan change also includes a corresponding increase in the implicit rate medical subsidy.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 5.90 percent to 6.30 percent.
- The discount rate was changed from 5.90 percent to 6.30 percent.

2022 CHANGES IN PLAN PROVISIONS

- Thirty-six teachers, who retired at the end of the 2021–2022 school year after attaining age 55 with 15 years of service, each received an early retirement incentive of \$50,000 (prorated if less than 1.0 FTE), which was paid to a VEBA on June 30, 2022. The increase in the liability associated with this plan change also includes a corresponding increase in the implicit rate medical subsidy.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.30 percent to 5.90 percent.
- The discount rate was changed from 5.30 percent to 5.90 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.80 percent to 5.30 percent.
- The discount rate was changed from 5.80 percent to 5.30 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.10 percent to 5.80 percent.
- The discount rate was changed from 6.10 percent to 5.80 percent.

2019 CHANGES IN PLAN PROVISIONS

- The EPSS post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.
- The classified administrative and support staff post-employment subsidized benefit was extended through June 30, 2019.
- A subsidized lump sum benefit of \$1,000 payable to a VEBA was added for MSEA paraprofessionals retiring before June 30, 2019.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from 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 expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 6.30 percent to 6.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive was offered for teachers retiring at the end of the 2017–2018 school year. Teachers retiring after age 55 with 10 years of service will receive \$15,000 placed in a VEBA account. Plan A teachers (hired before October 1, 1993) receive the payment on June 30, 2023. Plan B teachers receive the payment no later than June 30, 2018.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.
- The discount rate was changed from 6.10 percent to 6.30 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.50 percent to 6.10 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	2025	2024
Assets		
Cash and temporary investments	\$ 51,624,389	\$ 45,447,340
Cash and investments held by trustee	—	571,916
Receivables		
Current taxes	25,676,704	24,659,072
Delinquent taxes	360,500	236,142
Accounts and interest	976,016	972,921
Due from other governmental units	16,254,737	18,231,326
Due from other funds	3,654,061	486,810
Lease	994,704	1,015,946
Prepaid items	282,055	141,541
	<u>\$ 99,823,166</u>	<u>\$ 91,763,014</u>
Liabilities		
Salaries payable	\$ 5,954,505	\$ 5,700,363
Accounts and contracts payable	10,077,946	6,814,701
Due to other governmental units	778,808	474,456
Unearned revenue	198,347	165,937
Total liabilities	17,009,606	13,155,457
Deferred inflows of resources		
Property taxes levied for subsequent year	47,598,886	45,875,798
Lease revenue for subsequent year	994,704	1,015,946
Unavailable revenue – delinquent taxes	360,500	236,142
Total deferred inflows of resources	48,954,090	47,127,886
Fund balances		
Nonspendable for prepaid items	282,055	141,541
Restricted for student activities	60,976	58,650
Restricted for scholarships	29,284	22,546
Restricted for capital projects levy	707,751	1,447,248
Restricted for literacy incentive aid	62,942	87,908
Restricted for operating capital	1,407,903	1,646,065
Restricted for literacy aid	150,945	—
Restricted for long-term facilities maintenance	1,234,502	—
Restricted for Medical Assistance	442,918	291,235
Restricted for projects funded by certificates of participation	—	571,916
Assigned for site carryover	290,341	218,355
Assigned for activity accounts	607,430	567,983
Assigned for construction	912,640	912,640
Assigned for curriculum adoption	1,296,396	839,359
Assigned for subsequent year's budget	1,683,338	224,948
Assigned for enrollment	1,250,000	1,250,000
Assigned for Inspired Journey	1,709,193	1,709,193
Assigned for program initiatives	1,685,951	1,250,000
Assigned for achievement and integration	17,496	118,766
Unassigned – long-term facilities maintenance restricted account deficit	—	(637,169)
Unassigned	20,027,409	20,758,487
Total fund balances	<u>33,859,470</u>	<u>31,479,671</u>
	<u>\$ 99,823,166</u>	<u>\$ 91,763,014</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 99,823,166</u>	<u>\$ 91,763,014</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 50,058,990	\$ 50,092,115	\$ 33,125	\$ 47,455,800
Investment earnings	1,750,000	2,085,226	335,226	2,146,917
Other	4,132,643	4,755,447	622,804	4,611,448
State sources	106,228,669	111,648,550	5,419,881	100,958,540
Federal sources	3,522,500	3,641,139	118,639	7,091,763
Total revenue	165,692,802	172,222,477	6,529,675	162,264,468
Expenditures				
Current				
Administration				
Salaries	2,600,995	2,708,933	107,938	3,152,540
Employee benefits	723,483	907,327	183,844	1,057,864
Purchased services	60,939	43,580	(17,359)	127,861
Supplies and materials	3,999	19,176	15,177	12,532
Other expenditures	91,022	70,895	(20,127)	73,088
Total administration	3,480,438	3,749,911	269,473	4,423,885
District support services				
Salaries	4,102,045	3,988,322	(113,723)	3,911,200
Employee benefits	2,120,486	2,092,825	(27,661)	1,764,946
Purchased services	2,025,896	2,270,656	244,760	1,968,288
Supplies and materials	1,785,687	2,147,265	361,578	1,596,750
Capital expenditures	548,010	1,992,311	1,444,301	1,185,878
Other expenditures	28,909	19,558	(9,351)	29,986
Total district support services	10,611,033	12,510,937	1,899,904	10,457,048
Elementary and secondary regular instruction				
Salaries	49,314,191	49,632,970	318,779	48,592,375
Employee benefits	14,244,628	14,667,693	423,065	14,459,773
Purchased services	2,528,160	2,635,759	107,599	2,346,992
Supplies and materials	2,411,723	2,573,238	161,515	2,876,786
Capital expenditures	324,764	303,331	(21,433)	471,248
Other expenditures	331,308	324,741	(6,567)	311,218
Total elementary and secondary regular instruction	69,154,774	70,137,732	982,958	69,058,392

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	2025		2024
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	1,703,593	1,711,874	8,281
Employee benefits	542,757	542,815	58
Purchased services	1,040,880	1,340,890	300,010
Supplies and materials	41,750	53,667	11,917
Capital expenditures	—	8,090	8,090
Other expenditures	8,687	11,314	2,627
Total vocational education instruction	3,337,667	3,668,650	330,983
Special education instruction			
Salaries	18,728,168	19,094,940	366,772
Employee benefits	5,853,533	6,020,367	166,834
Purchased services	1,424,789	3,999,580	2,574,791
Supplies and materials	144,767	229,981	85,214
Capital expenditures	2,410	25,748	23,338
Other expenditures	103,535	89,070	(14,465)
Total special education instruction	26,257,202	29,459,686	3,202,484
Instructional support services			
Salaries	8,793,057	8,941,134	148,077
Employee benefits	2,540,303	2,631,125	90,822
Purchased services	1,391,506	1,280,399	(111,107)
Supplies and materials	277,897	190,853	(87,044)
Capital expenditures	3,844,186	2,293,156	(1,551,030)
Other expenditures	33,618	116,417	82,799
Total instructional support services	16,880,567	15,453,084	(1,427,483)
Pupil support services			
Salaries	7,363,655	7,456,080	92,425
Employee benefits	2,801,307	2,647,857	(153,450)
Purchased services	4,404,951	5,778,756	1,373,805
Supplies and materials	934,628	783,703	(150,925)
Capital expenditures	972,500	886,103	(86,397)
Other expenditures	28,185	34,432	6,247
Total pupil support services	16,505,226	17,586,931	1,081,705

INDEPENDENT SCHOOL DISTRICT NO. 272

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	6,384,865	6,249,937	(134,928)
Employee benefits	2,228,565	2,008,799	(219,766)
Purchased services	6,125,733	5,228,184	(897,549)
Supplies and materials	587,591	615,821	28,230
Capital expenditures	4,774,825	1,826,691	(2,948,134)
Other expenditures	(221,433)	(480,525)	(259,092)
Total sites and buildings	19,880,146	15,448,907	(4,431,239)
Fiscal and other fixed cost programs			
Purchased services	601,105	624,994	23,889
Other expenditures	11,000	18,650	7,650
Total fiscal and other fixed cost programs	612,105	643,644	31,539
Debt service			
Principal	696,018	693,813	(2,205)
Interest and fiscal charges	571,916	571,916	—
Total debt service	1,267,934	1,265,729	(2,205)
Total expenditures	167,987,092	169,925,211	1,938,119
Excess (deficiency) of revenue over expenditures	(2,294,290)	2,297,266	4,591,556
Other financing sources (uses)			
Debt issued	—	—	—
Sale of capital assets	—	95,151	95,151
Transfers (out)	(100,000)	(12,618)	87,382
Total other financing sources (uses)	(100,000)	82,533	182,533
Net change in fund balances	\$ (2,394,290)	2,379,799	\$ 4,774,089
Fund balances			
Beginning of year		31,479,671	29,565,409
End of year		\$ 33,859,470	\$ 31,479,671

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 1,533,139	\$ 1,621,037
Receivables		
Accounts and interest	9,868	9,945
Due from other governmental units	180,163	133,507
Inventory	<u>116,187</u>	<u>158,787</u>
Total assets	<u>\$ 1,839,357</u>	<u>\$ 1,923,276</u>
Liabilities		
Salaries payable	\$ 5,270	\$ 4,384
Accounts and contracts payable	36,167	25,972
Unearned revenue	<u>156,646</u>	<u>167,233</u>
Total liabilities	<u>198,083</u>	<u>197,589</u>
Fund balances		
Nonspendable for inventory	116,187	158,787
Restricted for food service	<u>1,525,087</u>	<u>1,566,900</u>
Total fund balances	<u>1,641,274</u>	<u>1,725,687</u>
Total liabilities and fund balances	<u>\$ 1,839,357</u>	<u>\$ 1,923,276</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 30,000	\$ 49,642	\$ 19,642	\$ 44,384
Other – primarily meal sales	1,001,000	856,071	(144,929)	953,684
State sources	3,201,000	3,281,029	80,029	3,060,391
Federal sources	2,493,000	2,467,841	(25,159)	2,690,556
Total revenue	<u>6,725,000</u>	<u>6,654,583</u>	<u>(70,417)</u>	<u>6,749,015</u>
Expenditures				
Current				
Salaries	2,299,838	2,346,740	46,902	2,240,568
Employee benefits	992,233	877,740	(114,493)	815,955
Purchased services	247,449	226,920	(20,529)	232,044
Supplies and materials	2,950,182	2,743,122	(207,060)	2,774,578
Other expenditures	262,000	505,188	243,188	467,363
Capital outlay	98,298	39,286	(59,012)	94,242
Total expenditures	<u>6,850,000</u>	<u>6,738,996</u>	<u>(111,004)</u>	<u>6,624,750</u>
Net change in fund balances	<u>\$ (125,000)</u>	<u>(84,413)</u>	<u>\$ 40,587</u>	<u>124,265</u>
Fund balances				
Beginning of year		<u>1,725,687</u>		<u>1,601,422</u>
End of year		<u>\$ 1,641,274</u>		<u>\$ 1,725,687</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 5,399,868	\$ 4,991,742
Receivables		
Current taxes	654,178	647,161
Delinquent taxes	9,603	6,284
Accounts and interest	281,181	71,793
Due from other governmental units	96,630	158,770
Prepaid items	<u>15,649</u>	<u>9,129</u>
Total assets	<u><u>\$ 6,457,109</u></u>	<u><u>\$ 5,884,879</u></u>
Liabilities		
Salaries payable	\$ 315,267	\$ 277,245
Accounts and contracts payable	131,244	101,087
Due to other governmental units	18,917	–
Unearned revenue	<u>657,634</u>	<u>460,258</u>
Total liabilities	<u>1,123,062</u>	<u>838,590</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	1,314,618	1,303,800
Unavailable revenue – delinquent taxes	<u>9,603</u>	<u>6,284</u>
Total deferred inflows of resources	<u>1,324,221</u>	<u>1,310,084</u>
Fund balances		
Nonspendable for prepaid items	15,649	9,129
Restricted for community education programs	1,686,944	1,341,955
Restricted for early childhood family education programs	695,835	736,182
Restricted for school readiness	<u>1,611,398</u>	<u>1,648,939</u>
Total fund balances	<u>4,009,826</u>	<u>3,736,205</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,457,109</u></u>	<u><u>\$ 5,884,879</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,302,511	\$ 1,294,898	\$ (7,613)	\$ 1,253,803
Investment earnings	—	142,313	142,313	141,363
Other – primarily tuition and fees	5,379,738	6,048,826	669,088	6,800,282
State sources	926,513	983,540	57,027	977,914
Federal sources	150,000	—	(150,000)	74,549
Total revenue	<u>7,758,762</u>	<u>8,469,577</u>	<u>710,815</u>	<u>9,247,911</u>
Expenditures				
Current				
Salaries	4,575,577	5,621,580	1,046,003	5,320,054
Employee benefits	1,554,913	1,641,466	86,553	1,561,860
Purchased services	1,076,480	698,893	(377,587)	1,418,315
Supplies and materials	239,600	240,505	905	232,450
Other expenditures	10,800	3,254	(7,546)	8,438
Capital outlay	2,500	2,876	376	4,654
Debt service				
Principal	3,750	—	(3,750)	—
Total expenditures	<u>7,463,620</u>	<u>8,208,574</u>	<u>744,954</u>	<u>8,545,771</u>
Excess (deficiency) of revenue over expenditures	295,142	261,003	(34,139)	702,140
Other financing sources				
Transfers in	<u>—</u>	<u>12,618</u>	<u>12,618</u>	<u>26,524</u>
Net change in fund balances	<u>\$ 295,142</u>	<u>273,621</u>	<u>\$ (21,521)</u>	<u>728,664</u>
Fund balances				
Beginning of year		<u>3,736,205</u>		<u>3,007,541</u>
End of year		<u>\$ 4,009,826</u>		<u>\$ 3,736,205</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 10,359,274	\$ 10,885,910
Cash and investments held by trustee	3,619,942	3,710,321
Receivables		
Accounts and interest	<u>15,245</u>	<u>270,405</u>
Total assets	<u><u>\$ 13,994,461</u></u>	<u><u>\$ 14,866,636</u></u>
Liabilities		
Accounts and contracts payable	\$ 188,930	\$ 1,512,710
Due to other funds	<u>3,347,812</u>	<u>148,391</u>
Total liabilities	3,536,742	1,661,101
Fund balances		
Restricted for projects funded by certificates of participation	272,130	3,435,904
Restricted for long-term facilities maintenance	<u>10,185,589</u>	<u>9,769,631</u>
Total fund balances	<u><u>10,457,719</u></u>	<u><u>13,205,535</u></u>
Total liabilities and fund balances	<u><u>\$ 13,994,461</u></u>	<u><u>\$ 14,866,636</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 50,000	\$ 460,180	\$ 410,180	\$ 588,273
Other	—	—	—	2,650
Total revenue	50,000	460,180	410,180	590,923
Expenditures				
Capital outlay				
Salaries	—	—	—	141,297
Employee benefits	—	—	—	37,299
Purchased services	4,834,654	4,585,286	(249,368)	2,240,023
Capital expenditures	7,892,035	8,733,279	841,244	10,388,996
Debt service				
Fiscal charges and other	—	114,658	114,658	370,206
Total expenditures	12,726,689	13,433,223	706,534	13,177,821
Excess (deficiency) of revenue over expenditures	(12,676,689)	(12,973,043)	(296,354)	(12,586,898)
Other financing sources				
Debt issued	—	9,230,939	9,230,939	12,793,084
Premium on debt issued	—	994,288	994,288	291,716
Total other financing sources	—	10,225,227	10,225,227	13,084,800
Net change in fund balances	\$ (12,676,689)	(2,747,816)	\$ 9,928,873	497,902
Fund balances				
Beginning of year		13,205,535		12,707,633
End of year		\$ 10,457,719		\$ 13,205,535

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 7,425,770	\$ 6,262,657
Receivables		
Current taxes	5,097,225	4,673,807
Delinquent taxes	69,843	53,079
Accounts and interest	45,155	32,535
Due from other governmental units	<u>167</u>	<u>147</u>
Total assets	<u><u>\$ 12,638,160</u></u>	<u><u>\$ 11,022,225</u></u>
Liabilities		
Accounts and contracts payable	\$ —	\$ 475
Deferred inflows of resources		
Property taxes levied for subsequent year	10,219,585	9,413,167
Unavailable revenue – delinquent taxes	<u>69,843</u>	<u>53,079</u>
Total deferred inflows of resources	<u>10,289,428</u>	<u>9,466,246</u>
Fund balances		
Restricted for debt service	<u>2,348,732</u>	<u>1,555,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 12,638,160</u></u>	<u><u>\$ 11,022,225</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	2025			2024
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 9,412,377	\$ 9,340,409	\$ (71,968)	\$ 7,919,485
Investment earnings	—	207,516	207,516	146,143
State sources	—	1,674	1,674	1,472
Total revenue	<u>9,412,377</u>	<u>9,549,599</u>	<u>137,222</u>	<u>8,067,100</u>
Expenditures				
Debt service				
Principal	5,735,000	5,735,000	—	5,175,000
Interest	3,398,006	3,398,006	—	3,509,039
Fiscal charges and other	10,000	2,426	(7,574)	7,300
Total expenditures	<u>9,143,006</u>	<u>9,135,432</u>	<u>(7,574)</u>	<u>8,691,339</u>
Excess (deficiency) of revenue over expenditures	269,371	414,167	144,796	(624,239)
Other financing sources				
Debt issued	<u>—</u>	<u>379,061</u>	<u>379,061</u>	<u>—</u>
Net change in fund balances	<u>\$ 269,371</u>	<u>793,228</u>	<u>\$ 523,857</u>	<u>(624,239)</u>
Fund balances				
Beginning of year		<u>1,555,504</u>		<u>2,179,743</u>
End of year		<u>\$ 2,348,732</u>		<u>\$ 1,555,504</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2025	2024
Assets				
Current assets				
Cash and temporary investments	\$ 9,274,381	\$ 979,644	\$ 10,254,025	\$ 10,841,114
Receivables				
Accounts and interest	52,482	5,589	58,071	71,413
Total current assets	9,326,863	985,233	10,312,096	10,912,527
Liabilities				
Current liabilities				
Accounts payable	3,993	—	3,993	8,851
Unearned revenue	1,448,368	104,793	1,553,161	1,307,214
Claims payable	716,360	25,576	741,936	755,895
Total current liabilities	2,168,721	130,369	2,299,090	2,071,960
Net position				
Unrestricted	\$ 7,158,142	\$ 854,864	\$ 8,013,006	\$ 8,840,567

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2025	2024
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 14,720,680	\$ 1,362,999	\$ 16,083,679	\$ 14,744,658
Operating expenses				
Health benefit claims	15,893,786	—	15,893,786	13,783,926
Dental benefit claims	—	1,296,581	1,296,581	1,276,698
Total operating expenses	<u>15,893,786</u>	<u>1,296,581</u>	<u>17,190,367</u>	<u>15,060,624</u>
Operating income (loss)	(1,173,106)	66,418	(1,106,688)	(315,966)
Nonoperating revenue				
Investment earnings	<u>251,389</u>	<u>27,738</u>	<u>279,127</u>	<u>317,825</u>
Change in net position	(921,717)	94,156	(827,561)	1,859
Net position				
Beginning of year	<u>8,079,859</u>	<u>760,708</u>	<u>8,840,567</u>	<u>8,838,708</u>
End of year	<u>\$ 7,158,142</u>	<u>\$ 854,864</u>	<u>\$ 8,013,006</u>	<u>\$ 8,840,567</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2025	2024
Cash flows from operating activities				
Contributions from governmental funds	\$ 14,962,372	\$ 1,367,254	\$ 16,329,626	\$ 14,880,626
Payment for health benefit claims	(15,911,083)	—	(15,911,083)	(13,684,863)
Payment for dental benefit claims	—	(1,298,101)	(1,298,101)	(1,362,422)
Net cash flows from operating activities	(948,711)	69,153	(879,558)	(166,659)
Cash flows from investing activities				
Investment income received	264,321	28,148	292,469	271,641
Net change in cash and cash equivalents	(684,390)	97,301	(587,089)	104,982
Cash and cash equivalents				
Beginning of year	9,958,771	882,343	10,841,114	10,736,132
End of year	\$ 9,274,381	\$ 979,644	\$ 10,254,025	\$ 10,841,114
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (1,173,106)	\$ 66,418	\$ (1,106,688)	\$ (315,966)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts payable	1,287	(6,145)	(4,858)	(63,419)
Unearned revenue	241,692	4,255	245,947	135,968
Claims payable	(18,584)	4,625	(13,959)	76,758
Net cash flows from operating activities	\$ (948,711)	\$ 69,153	\$ (879,558)	\$ (166,659)

SECTION III – STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 272'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. 272

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	\$ 46,495,778	\$ 43,813,793	\$ 41,716,939	\$ 38,506,213
Restricted	4,148,442	4,598,772	3,970,336	3,450,332
Unrestricted	<u>(59,580,118)</u>	<u>(100,181,524)</u>	<u>(124,901,677)</u>	<u>(87,950,660)</u>
Total governmental activities net position	<u>\$ (8,935,898)</u>	<u>\$ (51,768,959)</u>	<u>\$ (79,214,402)</u>	<u>\$ (45,994,115)</u>

Note 1: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$11.3 million. Prior years were not restated.

Note 2: The District implemented GASB Statement No. 84 in fiscal 2020, reported as a change in accounting principle as a result of implementing this standard, which increased restricted net position by approximately \$91,000. Prior year amounts have not been restated.

Note 3: The District implemented new GASB authoritative literature which changed the requirements for the capitalization of groups of similar capital assets purchased at the same time in fiscal 2024. The District reported a change in accounting principle as a result of implementing this new accounting guidance that increased net position by \$4,341,739. Prior years were not restated.

Note 4: The District implemented GASB Statement No. 101 in fiscal 2025, reported as a change in accounting principle as a result of implementing this standard, which decreased net position by \$2,179,401. Prior years were not restated.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 36,712,713	\$ 38,298,795	\$ 41,428,049	\$ 41,081,927	\$ 46,484,146	\$ 45,693,678
1,886,182	8,176,157	9,956,996	15,260,907	15,917,698	18,290,785
<u>(91,867,161)</u>	<u>(90,389,136)</u>	<u>(84,902,075)</u>	<u>(64,255,910)</u>	<u>(51,523,704)</u>	<u>(48,630,347)</u>
<u><u>\$ (53,268,266)</u></u>	<u><u>\$ (43,914,184)</u></u>	<u><u>\$ (33,517,030)</u></u>	<u><u>\$ (7,913,076)</u></u>	<u><u>\$ 10,878,140</u></u>	<u><u>\$ 15,354,116</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Expenses				
Administration	\$ 3,827,612	\$ 4,736,758	\$ 4,520,405	\$ 2,852,678
District support services	5,337,689	5,682,115	5,860,095	6,583,609
Elementary and secondary regular instruction	59,627,119	82,848,774	80,606,299	37,173,654
Vocational education instruction	1,929,401	2,875,255	2,799,977	2,020,289
Special education instruction	19,886,753	27,120,384	26,612,680	14,259,908
Instructional support services	7,722,877	9,535,521	8,946,008	7,114,901
Pupil support services	8,897,020	10,719,258	10,510,787	8,559,073
Sites and buildings	13,696,744	14,574,619	15,048,481	15,317,919
Fiscal and other fixed cost programs	252,593	312,351	381,996	476,818
Food service	4,893,018	5,084,197	4,983,613	4,917,671
Community service	4,492,095	6,168,308	6,674,630	7,449,706
Interest and fiscal charges	2,442,183	2,315,611	2,181,273	2,011,137
Total governmental activities expenses	133,005,104	171,973,151	169,126,244	108,737,363
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,455,096	1,086,487	1,308,532	1,048,161
Special education instruction	883,511	843,310	326,560	312,860
Pupil support services	128,862	120,717	118,929	119,335
Sites and buildings	83,193	38,813	123,089	80,657
Food service	3,183,516	3,282,523	3,414,483	3,298,481
Community service	2,427,585	2,946,131	3,714,217	5,849,105
Operating grants and contributions	19,955,518	20,243,863	20,056,189	20,140,103
Capital grants and contributions	869,776	744,095	2,562,744	1,194,380
Total governmental activities program revenues	28,987,057	29,305,939	31,624,743	32,043,082
Net (expense) revenue	(104,018,047)	(142,667,212)	(137,501,501)	(76,694,281)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	33,216,511	33,659,448	34,452,614	35,330,344
Property taxes, levied for community service	1,006,495	1,011,306	839,740	836,313
Property taxes, levied for debt service	7,746,601	7,833,737	7,891,071	8,889,131
General grants and aids	61,289,944	65,912,935	63,786,229	61,010,762
Miscellaneous	2,665,055	2,492,689	2,566,249	2,905,552
Unrestricted investment earnings (charges)	98,806	240,592	520,155	942,466
Gain on sale of capital assets	—	—	—	—
Total general revenues and other changes in net position	106,023,412	111,150,707	110,056,058	109,914,568
Change in net position	\$ 2,005,365	\$ (31,516,505)	\$ (27,445,443)	\$ 33,220,287

2020	2021	2022	2023	2024	2025
\$ 3,949,663	\$ 3,980,844	\$ 4,128,183	\$ 3,655,253	\$ 4,089,856	\$ 3,651,000
6,472,025	6,676,889	7,563,582	10,130,596	10,135,146	11,338,231
65,891,819	61,082,057	63,777,351	52,762,413	68,728,614	75,556,715
2,852,493	2,685,131	2,638,448	2,174,701	2,586,285	3,704,503
21,849,529	22,133,695	20,194,009	18,300,983	23,980,926	29,299,087
10,049,498	10,410,693	9,321,195	9,735,846	12,548,607	13,782,496
9,856,855	9,867,763	10,270,044	12,516,027	15,286,330	17,001,646
18,815,863	15,633,381	16,166,096	17,883,620	16,673,974	20,205,979
391,759	409,603	486,222	530,509	625,116	643,644
4,722,595	3,584,309	5,223,293	5,645,599	6,672,402	6,747,213
7,941,070	5,858,097	6,824,657	7,466,497	8,267,310	8,129,851
3,484,725	2,927,736	2,959,221	3,067,315	4,204,709	3,400,851
156,277,894	145,250,198	149,552,301	143,869,359	173,799,275	193,461,216
908,656	536,082	2,139,532	1,472,709	1,615,652	1,648,213
184,457	179,824	226,363	190,980	372,109	352,619
79,691	31,455	92,281	—	—	—
141,160	122,638	118,080	170,524	77,693	80,328
2,376,776	281,143	979,752	2,876,406	914,725	815,072
4,893,709	3,255,416	5,430,770	6,793,678	6,363,847	5,682,716
22,112,519	25,241,395	26,361,088	25,245,177	33,497,544	39,577,812
1,123,755	1,806,435	961,016	1,902,610	960,800	796,417
31,820,723	31,454,388	36,308,882	38,652,084	43,802,370	48,953,177
(124,457,171)	(113,795,810)	(113,243,419)	(105,217,275)	(129,996,905)	(144,508,039)
37,483,741	36,967,459	39,546,476	41,269,733	47,444,467	50,216,473
974,111	1,063,574	1,139,894	1,199,871	1,253,118	1,298,217
7,899,851	10,069,323	9,185,248	8,075,161	7,917,758	9,357,173
67,105,133	72,603,961	71,381,077	75,413,506	81,165,307	84,180,860
2,066,406	2,005,400	2,457,975	2,902,365	3,239,630	2,798,269
1,562,411	440,175	(70,097)	1,960,593	3,384,905	3,224,004
—	—	—	—	41,197	88,420
117,091,653	123,149,892	123,640,573	130,821,229	144,446,382	151,163,416
\$ (7,365,518)	\$ 9,354,082	\$ 10,397,154	\$ 25,603,954	\$ 14,449,477	\$ 6,655,377

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INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 33,216,511	\$ 1,006,495	\$ 7,746,601	\$ 41,969,607
2017	33,659,448	1,011,306	7,833,737	42,504,491
2018	34,452,614	839,740	7,891,071	43,183,425
2019	35,330,344	836,313	8,889,131	45,055,788
2020	37,483,741	974,111	7,899,851	46,357,703
2021	36,967,459	1,063,574	10,069,323	48,100,356
2022	39,546,476	1,139,894	9,185,248	49,871,618
2023	41,269,733	1,199,871	8,075,161	50,544,765
2024	47,444,467	1,253,118	7,917,758	56,615,343
2025	50,216,473	1,298,217	9,357,173	60,871,863

INDEPENDENT SCHOOL DISTRICT NO. 272

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

				Fiscal Year
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 462,195	\$ 717,276	\$ 145,362	\$ 1,676,290
Restricted	1,207,446	1,871,785	2,106,412	1,403,680
Assigned	2,727,888	2,409,257	1,685,452	2,826,715
Unassigned	13,111,310	14,636,325	16,349,250	15,751,476
Total General Fund	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>	<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>
All other governmental funds				
Nonspendable	\$ 199,906	\$ 186,341	\$ 154,757	\$ 168,408
Restricted	9,241,713	13,284,487	8,120,963	12,316,795
Unassigned, reported in special revenue funds	(321,863)	(321,860)	(304,323)	—
Total all other governmental funds	<u>\$ 9,119,756</u>	<u>\$ 13,148,968</u>	<u>\$ 7,971,397</u>	<u>\$ 12,485,203</u>
Total all governmental funds	<u>\$ 26,628,595</u>	<u>\$ 32,783,611</u>	<u>\$ 28,257,873</u>	<u>\$ 34,143,364</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 507,235	\$ 686,319	\$ 599,973	\$ 835,657	\$ 141,541	\$ 282,055
1,461,779	2,198,592	3,220,180	3,935,241	4,125,568	4,097,221
4,320,382	11,053,757	9,997,353	8,539,904	7,091,244	9,452,785
<u>17,207,918</u>	<u>17,811,019</u>	<u>17,040,479</u>	<u>16,254,607</u>	<u>20,121,318</u>	<u>20,027,409</u>
<u>\$ 23,497,314</u>	<u>\$ 31,749,687</u>	<u>\$ 30,857,985</u>	<u>\$ 29,565,409</u>	<u>\$ 31,479,671</u>	<u>\$ 33,859,470</u>
\$ 180,119	\$ 235,782	\$ 327,473	\$ 217,642	\$ 167,916	\$ 131,836
40,319,586	17,595,003	7,369,755	19,278,697	20,055,015	18,325,715
<u>(158,931)</u>	<u>(224,649)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 40,340,774</u>	<u>\$ 17,606,136</u>	<u>\$ 7,697,228</u>	<u>\$ 19,496,339</u>	<u>\$ 20,222,931</u>	<u>\$ 18,457,551</u>
<u>\$ 63,838,088</u>	<u>\$ 49,355,823</u>	<u>\$ 38,555,213</u>	<u>\$ 49,061,748</u>	<u>\$ 51,702,602</u>	<u>\$ 52,317,021</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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	\$ 42,043,669	\$ 42,513,230	\$ 43,113,033	\$ 45,070,839
Investment earnings (charges)	98,544	235,548	502,542	873,891
Other	11,199,258	11,196,024	11,841,851	13,820,831
State sources	77,667,614	78,997,964	80,447,376	82,421,906
Federal sources	4,075,184	4,366,037	4,260,545	4,094,548
Total revenues	135,084,269	137,308,803	140,165,347	146,282,015
Expenditures				
Current				
Administration	3,584,683	3,685,730	3,742,489	3,821,305
District support services	5,494,082	5,420,285	5,793,381	6,614,803
Elementary and secondary regular instruction	57,391,706	57,571,373	56,621,307	55,929,788
Vocational education instruction	1,946,168	2,198,932	2,226,472	2,621,806
Special education instruction	19,999,874	19,933,386	21,373,181	20,817,558
Instructional support services	7,755,337	7,470,572	7,421,018	8,816,341
Pupil support services	9,002,606	9,574,415	9,481,647	10,058,348
Sites and buildings	11,225,225	10,607,283	11,870,809	11,583,684
Fiscal and other fixed cost programs	252,593	312,351	381,996	476,818
Food service	4,834,354	4,903,381	4,872,931	4,999,856
Community service	4,469,778	5,547,410	6,252,847	8,082,430
Capital outlay	5,738,416	6,830,546	4,391,705	5,873,791
Debt service				
Principal	7,424,957	9,790,936	7,767,965	8,317,049
Interest and fiscal charges	2,760,168	2,583,448	2,577,313	2,401,758
Total expenditures	141,879,947	146,430,048	144,775,061	150,415,335
Excess of revenues over (under) expenditures	(6,795,678)	(9,121,245)	(4,609,714)	(4,133,320)
Other financing sources (uses)				
Finance purchases issued	3,321,304	2,620,690	—	—
Lease issued	—	—	—	—
Debt issued	—	10,940,000	—	18,405,000
Premium on debt issued	—	326,471	—	550,011
(Discount) on debt issued	—	—	—	—
Payment on refunded debt	—	—	—	(8,960,000)
Sale of capital assets	70,551	1,389,100	83,976	23,800
Insurance recovery	—	—	—	—
Transfer in	187,683	162,423	178,419	151,257
Transfer (out)	(187,683)	(162,423)	(178,419)	(151,257)
Total other financing sources (uses)	3,391,855	15,276,261	83,976	10,018,811
Net change in fund balances	\$ (3,403,823)	\$ 6,155,016	\$ (4,525,738)	\$ 5,885,491
Debt service as a percentage of noncapital expenditures	7.7%	9.0%	7.4%	7.4%

2020	2021	2022	2023	2024	2025
\$ 46,293,901	\$ 48,341,731	\$ 49,582,452	\$ 50,727,964	\$ 56,629,088	\$ 60,727,422
1,497,305	437,482	(104,802)	1,758,877	3,067,080	2,944,877
10,891,879	6,143,412	11,582,518	14,707,488	12,368,064	11,660,344
85,399,143	85,554,833	87,880,626	90,891,837	104,998,317	115,914,793
4,681,309	12,911,731	10,901,733	9,900,434	9,856,868	6,108,980
148,763,537	153,389,189	159,842,527	167,986,600	186,919,417	197,356,416
3,866,118	3,963,186	4,398,769	4,314,871	4,423,885	3,749,911
6,382,404	6,580,214	7,431,664	9,725,172	10,457,048	12,510,937
60,587,905	55,797,331	64,538,489	63,478,132	69,058,392	70,137,732
2,768,252	2,608,998	2,741,151	2,637,381	2,673,342	3,668,650
21,280,844	21,733,158	21,432,555	22,210,690	25,487,097	29,459,686
9,872,363	10,288,448	9,834,100	11,082,005	14,218,679	15,453,084
10,051,078	10,008,666	10,359,843	12,745,943	15,969,158	17,586,931
13,242,276	13,058,211	15,481,390	16,810,462	17,964,476	15,448,907
391,759	409,603	486,222	530,509	625,116	643,644
4,668,771	3,619,295	5,170,666	5,457,859	6,530,508	6,699,710
7,866,888	5,928,843	7,130,524	7,855,668	8,541,117	8,205,698
11,572,617	34,833,668	15,030,205	7,419,170	12,906,511	13,360,727
7,419,298	7,126,171	7,022,886	6,812,395	5,868,813	6,428,813
3,432,915	3,540,392	3,596,267	3,288,931	3,886,545	4,087,006
163,403,488	179,496,184	174,654,731	174,369,188	198,610,687	207,441,436
(14,639,951)	(26,106,995)	(14,812,204)	(6,382,588)	(11,691,270)	(10,085,020)
3,354,150	—	2,422,250	—	—	—
—	—	1,287,803	—	—	—
37,765,000	26,285,000	—	15,010,000	13,365,000	9,610,000
3,013,235	1,803,574	—	1,823,932	291,716	994,288
—	(21,754)	—	—	—	—
—	(16,910,000)	—	—	—	—
110,923	467,910	276,663	47,687	675,408	95,151
—	—	24,878	7,504	—	—
221,638	889,510	3,271,224	17,485	26,524	12,618
(221,638)	(889,510)	(3,271,224)	(17,485)	(26,524)	(12,618)
44,243,308	11,624,730	4,011,594	16,889,123	14,332,124	10,699,439
\$ 29,603,357	\$ (14,482,265)	\$ (10,800,610)	\$ 10,506,535	\$ 2,640,854	\$ 614,419
7.1%	7.5%	6.7%	6.2%	5.5%	5.5%

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Property Tax			
	General Fund	Community Service Fund	Debt Service Fund	Total
2016	\$ 33,239,697	\$ 1,010,283	\$ 7,793,689	\$ 42,043,669
2017	33,662,761	1,012,447	7,838,022	42,513,230
2018	34,390,488	838,786	7,883,759	43,113,033
2019	35,340,872	837,071	8,892,896	45,070,839
2020	37,422,242	973,575	7,898,084	46,293,901
2021	37,156,080	1,068,589	10,117,062	48,341,731
2022	39,318,935	1,133,396	9,130,121	49,582,452
2023	41,409,487	1,203,889	8,114,588	50,727,964
2024	47,455,800	1,253,803	7,919,485	56,629,088
2025	50,092,115	1,294,898	9,340,409	60,727,422

INDEPENDENT SCHOOL DISTRICT NO. 272

Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

Payable Year	(1) Residential Property	(1) Commercial Property	(1) Total Assessed Value	(2) Estimated Actual Taxable Value	Total Direct Tax Rate
2016	\$ 6,412,304,300	\$ 2,666,034,900	\$ 9,078,339,200	\$ 8,898,122,781	20.95 %
2017	6,839,600,000	2,793,643,700	9,633,243,700	9,129,810,474	21.87
2018	6,929,195,500	2,943,607,000	9,872,802,500	9,476,978,643	20.53
2019	6,809,813,100	3,399,801,800	10,209,614,900	9,927,938,697	20.76
2020	7,382,068,800	3,281,195,300	10,663,264,100	10,389,399,230	21.56
2021	7,873,430,100	3,248,404,900	11,121,835,000	10,715,931,040	21.72
2022	7,786,468,900	3,646,337,700	11,432,806,600	11,093,544,120	21.00
2023	9,232,160,900	2,564,850,600	11,797,011,500	12,758,954,510	19.24
2024	9,678,031,600	3,807,553,900	13,485,585,500	13,637,553,750	19.67
2025	9,783,697,800	4,599,810,100	14,383,507,900	13,721,076,975	20.73

(1) Source: City of Eden Prairie assessor. Includes all properties within the city boundaries. This breakdown is not available for property within the District boundaries. Residential includes single-family homes, townhomes, and condominiums, and all other property, including vacant land, farm, utilities, personal property, and railroad property. Commercial property above includes both commercial and industrial property.

(2) Source: Hennepin County. Includes all properties within the District boundaries.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Tax Collection Calendar Year	ISD No. 272 Direct Rate (1)				Overlapping Rates	
	General Fund	Community Service	General Obligation Debt Service	Total Direct School Tax Rate	City of Bloomington	City of Chanhausen
2016	11.824%	1.041%	8.083%	20.948%	45.909%	24.253%
2017	13.100%	0.844%	7.921%	21.865%	42.484%	23.856%
2018	11.331%	0.791%	8.403%	20.525%	42.127%	22.667%
2019	12.789%	0.874%	7.093%	20.756%	41.581%	21.105%
2020	11.926%	0.920%	8.709%	21.555%	41.082%	21.176%
2021	13.146%	0.946%	7.625%	21.717%	41.335%	22.113%
2022	13.446%	0.975%	6.574%	20.995%	42.351%	22.414%
2023	12.832%	0.874%	5.537%	19.243%	39.422%	20.196%
2024	12.741%	0.843%	6.086%	19.670%	40.601%	20.956%
2025	13.248%	0.853%	6.631%	20.732%	46.208%	21.799%

(1) Tax capacity rate method.

(2) Special districts include Metropolitan Mosquito Control District, Metropolitan Council, and Metro Transit.

Sources: Overlapping rate data provided by the District's financial advisor, Ehlers & Associates, and the School Tax Report from the County Auditor's office.

City of Eden Prairie	City of Edina	Special Districts (2)	Hennepin County	Three Rivers Park District	Other	Total Eden Prairie Resident
32.327%	27.137%	2.899%	45.356%	3.601%	4.263%	109.394%
32.667%	28.271%	2.821%	44.087%	3.365%	4.390%	109.195%
32.526%	27.849%	2.683%	42.808%	3.161%	4.333%	106.036%
31.690%	27.499%	2.542%	41.861%	2.961%	3.047%	102.857%
31.676%	28.082%	2.461%	41.084%	2.859%	2.899%	102.534%
31.589%	28.939%	2.268%	38.210%	2.793%	2.752%	99.329%
32.475%	29.088%	2.240%	38.535%	2.787%	2.822%	99.854%
29.039%	28.194%	2.880%	34.542%	2.473%	1.851%	90.028%
28.600%	28.544%	1.853%	34.681%	2.399%	1.777%	88.980%
30.724%	30.370%	2.029%	37.081%	2.471%	2.002%	95.039%

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INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 2,497,070	1	1.42 %	\$ 2,376,870	1	2.13 %
Arrive Eden Prairie Apartments	1,387,738	2	0.79	—	—	—
Fountain Place Apartments	1,220,002	3	0.69	—	—	—
Paravel Apartments	922,500	4	0.52	—	—	—
Elevate Apartments	908,585	5	0.51	—	—	—
Flagstone-Presbyterian Homes	881,438	6	0.50	—	—	—
One Southwest Crossings	812,250	7	0.46	—	—	—
Park at City West Apartments	768,751	8	0.44	—	—	—
UGH Headquarters	762,490	9	0.43	—	—	—
Eden Prairie Mall	740,910	10	0.42	2,170,680	2	1.95
Liberty Property Limited Partnership	—	—	—	1,008,380	3	0.91
AGNL Health	—	—	—	815,130	4	0.73
PRIT Core Realty Holdings, LLC	—	—	—	790,691	5	0.71
CPE Holding 32607 LLC, Etal	—	—	—	640,090	6	0.57
Lifetouch, Inc.	—	—	—	610,762	7	0.55
Gelco Corporation	—	—	—	553,420	8	0.50
Windsor Plaza, LLC	—	—	—	536,298	9	0.48
Kraus-Anderson, Inc.	—	—	—	505,990	10	0.46
Total principal taxpayers	10,901,734		6.18	10,008,311		8.99
All other taxpayers	165,571,741		93.82	101,341,143		91.01
Total	\$ 176,473,475		100.00 %	\$ 111,349,454		100.00 %

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

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

For Taxes Collectible	Taxes Levied for the Fiscal Year					Collected Within the First Year of Levy	
	General Fund Basic Levy	Community Service Levy	Debt Service Levy	OPEB/Pension Levy	Total Tax Levy	Current Tax Collection	Percentage of Levy
2016	\$ 33,574,885	\$ 1,030,212	\$ 4,079,271	\$ 3,920,004	\$ 42,604,372	\$ 21,408,517	50.2 %
2017	34,640,296	852,158	3,968,095	4,029,712	43,490,261	21,844,359	50.2
2018	35,153,927	837,634	4,890,176	4,008,136	44,889,873	24,600,000	54.8
2019	37,754,091	979,789	7,951,882	—	46,685,762	23,500,000	50.3
2020	36,996,190	1,071,298	10,141,208	—	48,208,696	23,200,000	48.1
2021	38,927,029	1,146,519	9,241,236	—	49,314,784	24,700,000	50.1
2022	41,031,592	1,211,627	8,169,706	—	50,412,925	25,500,000	50.6
2023	47,653,698	1,262,339	7,997,414	—	56,913,451	28,700,000	50.4
2024	49,663,072	1,303,801	9,413,167	—	60,380,040	30,400,000	50.3
2025	51,493,905	1,314,617	10,219,585	—	63,028,107	31,600,000	50.1

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent		Outstanding Current Taxes	Percent
	Total Tax Collection	Percentage of Levy					
\$ 21,195,855	\$ 42,604,372	100.0 %	\$ —	— %		\$ —	— %
21,645,902	43,490,261	100.0	—	—		—	—
20,222,789	44,822,789	99.9	67,084	0.1		—	—
23,173,740	46,673,740	100.0	12,022	—		—	—
24,998,687	48,198,687	100.0	10,009	—		—	—
24,598,006	49,298,006	100.0	16,778	—		—	—
24,883,532	50,383,532	99.9	29,393	0.1		—	—
28,141,410	56,841,410	99.9	72,041	0.1		—	—
29,747,421	60,147,421	99.6	232,619	0.4		—	—
—	31,600,000	50.1	<u>—</u>	—		<u>31,428,107</u>	49.9
			<u>\$ 439,946</u>			<u>\$ 31,428,107</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation (1)	Capital Improvement Loans	Finance Purchases	Lease	Total Primary Government		
2016	\$ 62,311,892	\$ —	\$ 243,044	\$ 6,047,000	\$ —	\$ 68,601,936	— %	\$ 1,096
2017	67,930,803	—	—	4,489,798	—	72,420,601	—	1,133
2018	61,744,640	—	—	2,616,833	—	64,361,473	—	1,019
2019	64,869,056	—	—	759,784	—	65,628,840	—	1,030
2020	99,445,559	—	—	2,504,636	—	101,950,195	—	1,607
2021	103,520,125	—	—	1,673,465	—	105,193,590	—	1,651
2022	97,142,125	—	—	3,259,542	1,420,653	101,822,320	—	1,586
2023	108,547,428	—	—	1,728,439	—	110,275,867	—	1,719
2024	103,242,272	13,656,716	—	1,034,626	—	117,933,614	—	1,842
2025	107,667,771	13,638,292	—	340,813	—	121,646,876	—	1,883

(1) Presented net of issuance premiums and discounts.

(2) Personal income information for residents living within the District is not available.

(3) See Demographics and Economic Statistics table for source of estimated population.

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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 (1)	Less Debt Service Funds on Hand (2)	Net Bonded Debt	Estimated Actual Taxable Value (3)	Percent of Net Debt to Estimated Actual Taxable Value	Estimated Population (4)	Net Bonded Debt per Capita
2016	\$ 62,311,892	\$ 522,897	\$ 61,788,995	\$8,898,122,781	0.69 %	62,593	\$ 987
2017	67,930,803	795,792	67,135,011	9,129,810,474	0.74	63,914	1,050
2018	61,744,640	389,446	61,355,194	9,476,978,643	0.65	63,163	971
2019	64,869,056	844,841	64,024,215	9,927,938,697	0.64	63,726	1,005
2020	99,445,559	101,512	99,344,047	10,389,399,230	0.96	63,456	1,566
2021	103,520,125	611,780	102,908,345	10,715,931,040	0.96	63,726	1,615
2022	97,142,125	517,032	96,625,093	11,093,544,120	0.87	64,198	1,505
2023	108,547,428	845,398	107,702,030	12,758,954,510	0.84	64,142	1,679
2024	103,242,272	764,662	102,477,610	13,637,553,750	0.75	64,023	1,601
2025	107,667,771	805,046	106,862,725	13,721,076,975	0.78	64,600	1,654

(1) Presented net of issuance premiums and discounts.

(2) Amount is the governmental activities net position restricted for debt service.

(3) See Assessed and Actual Value of Taxable Property table for estimated actual taxable value.

(4) See Demographics and Economic Statistics table for source of estimated population.

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Direct and Overlapping Debt
as of June 30, 2025

Governmental Unit	2024-2025 Taxable Net Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 154,500,106	\$ 121,646,876	100.00 %	\$ 121,646,876
Overlapping debt				
Hennepin County	2,835,449,560	1,149,001,000	5.45	62,607,630
City of Bloomington	201,371,748	71,550,000	0.29	207,180
City of Chanhassen	67,536,465	36,665,000	2.25	824,201
City of Eden Prairie	161,731,321	36,620,000	93.32	34,174,429
City of Edina	194,634,852	93,334,000	0.75	704,114
Metropolitan Council	6,330,160,332	235,750,000	2.44	5,753,946
Three Rivers Park District	2,073,090,874	49,625,000	7.45	3,698,375
Total overlapping debt				<u>107,969,875</u>
Total direct and overlapping debt				<u>\$ 229,616,751</u>

Note: 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.

Source: Taxable value data used to estimate applicable percentages and debt outstanding data provided by the District's financial advisor, Ehlers & Associates.

INDEPENDENT SCHOOL DISTRICT NO. 272

Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 1,354,606	\$ 1,388,302	\$ 1,438,249	\$ 1,503,556
Total debt applicable to the limit	60,970	66,540	60,645	63,630
Legal debt margin	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>	<u>\$ 1,377,604</u>	<u>\$ 1,439,926</u>
Total debt applicable to the limit as a percentage of debt limit	4.50%	4.79%	4.22%	4.23%

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

Source: State of Minnesota School Tax Report

2020	2021	2022	2023	2024	2025
\$ 1,570,049	\$ 1,618,221	\$ 1,672,218	\$ 1,914,284	\$ 2,044,304	\$ 2,062,883
94,164	96,511	90,920	100,355	95,804	98,886
<u>\$ 1,475,885</u>	<u>\$ 1,521,710</u>	<u>\$ 1,581,298</u>	<u>\$ 1,813,929</u>	<u>\$ 1,948,500</u>	<u>\$ 1,963,997</u>

6.00%	5.96%	5.44%	5.24%	4.69%	4.79%
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Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$ 13,752,554
Debt limit (15% of market value)	2,062,883
Debt applicable to the limit	
General obligation bonds	101,235
Less amount set aside for repayment of general obligation debt	<u>(2,349)</u>
Total net debt applicable to the limit	<u>98,886</u>
Legal debt margin	<u>\$ 1,963,997</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Eden Prairie			School Enrollment	Unemployment Rate
	Population	Personal Income (1)	Per Capita Personal Income (1)		
2016	62,593	\$ —	\$ —	8,844	2.3 %
2017	63,914	—	—	8,835	2.6
2018	63,163	—	—	8,780	2.4
2019	63,726	—	—	8,861	2.6
2020	63,456	—	—	8,759	2.2
2021	63,726	—	—	8,534	3.4
2022	64,198	—	—	8,748	2.8
2023	64,142	—	—	8,834	1.7
2024	64,023	—	—	8,869	2.4
2025	64,600	—	—	8,923	2.6

(1) Personal income information for residents living within the District is not available.

Note: Enrollment is as of October 1.

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Optum	5,100	1	26.79 %	6,375	1	35.59 %
Eden Prairie Mall LLC	2,269	2	11.92	—	—	—
C.H. Robinson	2,200	3	11.55	1,706	3	9.52
Winnebago Industries Inc.	2,100	4	11.03	—	—	—
ISD No. 272 (Eden Prairie)	1,800	5	9.45	1,580	5	8.82
Starkey Labs	1,500	6	7.88	1,700	4	9.49
Tennant Company	1,500	6	7.88	—	—	—
MTS Systems Corporation	1,500	6	7.88	838	9	4.68
Emerson Process Management	570	9	2.99	—	—	—
Arctic Wolf	500	10	2.63	—	—	—
Rosemount Emerson	—	—	—	1,900	2	10.61
SuperValu Stores Inc.	—	—	—	1,200	6	6.70
Cigna	—	—	—	954	7	5.33
Eaton Corporation	—	—	—	850	8	4.75
Kroll Ontrack	—	—	—	808	10	4.51
Total	<u>19,039</u>		<u>100.00 %</u>	<u>17,911</u>		<u>100.00 %</u>
Total ISD No. 272 population (see the Demographic and Economic Statistics)	<u>64,600</u>			<u>62,593</u>		
Percent of principal employers to total ISD No. 272 population	<u>29.5%</u>			<u>28.6%</u>		

Note: Total number of employees working for employers in the District's boundaries is not readily available. The District has provided total population to provide a comparison to reference between current year and nine years ago.

Source: Ehlers & Associates

INDEPENDENT SCHOOL DISTRICT NO. 272

Employees by Classification
Last Ten Fiscal Years

Licensed Employees	Fiscal Year			
	2016	2017	2018	2019
Administrative staff	24.5	20.8	19.8	21.0
Support service staff	53.0	51.9	53.5	54.8
Classroom teachers	570.7	558.2	557.2	558.8
Special education teachers	20.7	25.5	34.1	34.6
Total	668.9	656.4	664.6	669.2

Source: Minnesota Department of Education STARS report (October 1)

2020	2021	2022	2023	2024	2025
22.0	22.0	23.0	26.0	25.0	25.0
53.7	51.2	51.4	59.0	58.5	59.0
561.0	557.3	560.0	570.3	603.6	612.1
35.4	35.8	41.2	43.5	42.0	45.8
672.1	666.3	675.6	698.8	729.1	741.9

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INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Per Pupil Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2016	8,844	\$ 141,879,947	\$ 16,043	2.8 %	570.7	15.5
2017	8,835	146,430,048	16,574	3.3	558.2	15.8
2018	8,780	144,775,061	16,489	(0.5)	557.2	15.8
2019	8,861	150,415,335	16,975	2.9	558.8	15.9
2020	8,759	163,403,488	18,655	9.9	561.0	15.6
2021	8,534	179,496,184	21,033	12.7	557.3	15.3
2022	8,748	174,654,731	19,965	(5.1)	560.0	15.6
2023	8,834	174,369,188	19,738	(1.1)	570.3	15.5
2024	8,869	198,610,687	22,394	13.5	603.6	14.7
2025	8,923	207,441,436	23,248	3.8	612.1	14.6

Note: Enrollment is as of October 1.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Elementary Schools				
Eden Lake (1987)				
Enrollment (1)	727.95	803.15	823.88	773.34
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	773.48	636.19	650.28	694.65
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	682.87	709.83	727.42	728.39
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	723.29	673.38	631.72	641.40
Square feet	115,599	115,599	115,599	115,599
Oak Point Facility (1990)				
Square feet	278,887	278,887	278,887	278,887
Oak Point Elementary				
Enrollment (1)	757.58	738.30	740.28	742.68
Eagle Heights Spanish Immersion				
Enrollment (1)	814.13	824.38	830.05	825.85
Middle School				
Central Middle School (1960)				
Enrollment (1)	1,377.65	1,368.09	1,341.93	1,317.97
Square feet	242,699	242,699	242,699	242,699
High School				
Eden Prairie High School (1981)				
Enrollment (1)	2,893.37	2,989.96	2,937.77	2,962.76
Square feet	693,771	693,771	693,771	693,771
Valley View Facility (1979)				
Square feet	—	—	—	—
EP Distance Learning Academy				
Enrollment (1)	—	—	—	—
Tassel				
Enrollment (1)	44.39	37.76	25.36	49.97
Total enrollment	8,794.71	8,781.04	8,708.69	8,737.01
Total square feet	1,629,488	1,629,488	1,629,488	1,629,488
Athletics				
Football fields	2	2	2	2
Soccer fields	5	5	5	5
Running tracks	2	2	2	2
Baseball/softball	2	2	2	2
Swimming pools	1	1	1	1
Playgrounds	6	6	6	6

(1) Enrollment reflects average daily membership (ADM) served by site. Resident students served under tuition agreements are excluded from this enrollment data.

Source: Square footage, capacity, and athletic statistics are derived from district records. Enrollment was obtained from a combination of district records and school ADM reports available on the Minnesota Department of Education website.

2020	2021	2022	2023	2024	2025
779.38	550.65	624.45	653.24	605.33	640.20
110,469	110,469	110,469	110,469	110,469	110,469
617.64	398.54	511.80	529.28	553.10	564.82
93,000	93,000	93,000	93,000	93,000	93,000
753.58	557.67	630.98	621.08	615.90	614.39
95,063	95,063	95,063	95,063	95,063	95,063
632.36	450.16	492.70	473.60	497.87	530.33
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
813.15	499.09	586.71	654.65	643.20	638.15
815.57	798.88	677.39	712.96	726.95	756.36
1,321.25	1,317.16	1,893.18	1,912.46	1,867.79	1,876.60
242,699	242,699	334,358	334,358	334,358	334,358
2,904.26	2,825.94	2,769.89	2,757.32	2,703.63	2,759.46
693,771	693,771	693,771	693,771	693,771	693,771
—	—	—	—	—	164,000
—	1,029.30	516.97	439.09	556.30	636.93
52.73	43.50	39.78	45.00	53.46	53.10
8,689.92	8,470.89	8,743.85	8,798.68	8,823.53	9,070.34
1,629,488	1,629,488	1,721,147	1,721,147	1,721,147	1,885,147
2	2	2	2	2	2
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
6	6	6	6	6	6

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,	Program Adult Meals	Meals Served Students	Full Price Meals Served	Free Meals Served	Reduced-Price Meals Served
2016	3,707	811,294	546,690	219,430	45,174
2017	4,083	798,449	543,414	210,444	44,591
2018	17,224	782,399	524,985	213,101	44,313
2019	17,556	770,876	518,229	211,279	41,368
2020	14,319	556,852	371,326	151,699	33,827
2021 (1)	5,153	746,803	—	746,803	—
2022 (1)	11,097	1,174,180	—	1,174,180	—
2023	11,253	1,011,659	603,281	359,576	48,802
2024	11,634	1,244,010	816,424	380,707	46,879
2025	11,414	1,274,047	843,981	382,057	48,009

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School (2)
2016	\$ 2.70	\$ 3.05	\$ 3.05
2017	2.70	3.05	3.05
2018	2.85	3.20	3.20
2019	2.85	3.20	3.20
2020	3.00	3.35	3.35
2021	3.00	3.35	3.35
2022	3.00	3.35	3.35
2023	3.00	3.35	3.35
2024 (3)	—	—	—
2025	—	—	—

(1) In fiscal 2021 and 2022, all student meals served through the District's child nutrition program were reimbursed through pandemic-related federal awards.

(2) Includes new generation and ethnic food options.

(3) The state-wide Free School Meals for Kids Program began July 1, 2023.

INDEPENDENT SCHOOL DISTRICT NO. 272

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	Kindergarten	Elementary	Secondary	Total	
2016	76.11	610.80	3,880.82	4,379.74	8,947.47	9,825.39
2017	72.84	605.20	3,791.63	4,466.26	8,935.93	9,829.18
2018	71.78	614.82	3,804.19	4,350.39	8,841.18	9,711.27
2019	95.62	619.28	3,807.70	4,393.78	8,916.38	9,795.13
2020	66.52	642.01	3,788.77	4,337.11	8,834.41	9,701.86
2021	63.62	597.41	3,700.07	4,237.29	8,598.39	9,445.85
2022	78.15	634.50	3,816.49	4,408.51	8,937.65	9,819.37
2023	89.75	652.70	3,835.55	4,445.86	9,023.86	9,913.00
2024	121.23	605.55	3,871.29	4,444.70	9,042.77	9,931.71
2025	205.05	548.97	3,902.87	4,610.26	9,267.15	10,189.20

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

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

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

Source: Minnesota Department of Education student reporting system

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