PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 3, 2025

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. The amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

New Issue — **Rating Application Made: Moody's Investors Service, Inc.**

INDEPENDENT SCHOOL DISTRICT NO. 833
(SOUTH WASHINGTON COUNTY SCHOOLS), MINNESOTA

(Washington County)

$9,140,000* CERTIFICATES OF PARTICIPATION, SERIES 2025A

Evidencing the Proportional Interests of the Registered Owners thereof in Lease Payments under a Lease-Purchase Agreement between the District, as Lessee, and, Zions Bancorporation, National Association as Lessor

PROPOSAL OPENING: January 16, 2025, 9:30 A.M., C.T.
CONSIDERATION: Not later than 11:59 P.M., C.T. on January 16, 2025

PURPOSE/AUTHORITY/SECURITY: The $9,140,000* Certificates of Participation, Series 2025A (the "Certificates") are being issued pursuant to Minnesota Statutes, Section 465.71, as amended, by Independent School District No. 833 (South Washington County Schools), Minnesota (the "District"), for the purpose of financing the acquisition and remodeling of an existing building to provide instructional services for students in the special education transition program. The Certificates will be limited special obligations of the District payable from and secured by a pledge of lease payments required to be made by the District to Zions Bancorporation, National Association (the "Trustee") pursuant to a Lease-Purchase Agreement (the "Lease") to be entered into between the District, as lessee, and the Trustee, as lessor, subject to the District's right of non-appropriation. **THE CERTIFICATES WILL NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE DISTRICT AND WILL NOT BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE DISTRICT**. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF CERTIFICATES: February 13, 2025

MATURITY: April 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	$390,000	2031	$550,000	2036	$695,000
2027	450,000	2032	575,000	2037	720,000
2028	475,000	2033	605,000	2038	755,000
2029	495,000	2034	635,000	2039	785,000
2030	520,000	2035	665,000	2040	825,000

***MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: October 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Certificates maturing on April 1, 2034 and thereafter are subject to call for prior optional redemption on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: $9,140,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $182,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT, ESCROW AGENT & TRUSTEE: Zions Bancorporation, National Association.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Certificates.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over $1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Certificates to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over $1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Certificates, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Certificates and all times subsequent thereto up to and including the time of the delivery of the Certificates, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Certificates; (3) a certificate evidencing the due execution of the Certificates, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Certificates, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Certificates in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

SOUTH WASHINGTON COUNTY SCHOOLS
SCHOOL BOARD

		Term Expires
Katie Schwartz	Board Chair	January 2026
Simi Patnaik	Vice Chair	January 2028
Melinda Dols	Clerk	January 2028
Sharon Van Leer	Treasurer	January 2026
Ryan Clarke	Member	January 2028
Patricia Driscoll	Member	January 2026
Eric Tessmer	Member	January 2026

ADMINISTRATION

Julie Nielsen, Superintendent of Schools

Kris Blackburn, Director of Business Services

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(*Other office located in Waukesha, Wisconsin*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 833 (South Washington County Schools), Minnesota (the "District") and the issuance of its $9,140,000* Certificates of Participation, Series 2025A (the "Certificates"). Any descriptions or summaries of the Certificates, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Certificates to be included in the resolution ratifying the issuance and sale of the Certificates ("Ratifying Resolution").

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE CERTIFICATES

GENERAL

The Certificates will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 13, 2025. The Certificates will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing October 1, 2025, to the registered owners of the Certificates appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Certificates of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Certificates are held under the book-entry system, beneficial ownership interests in the Certificates may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Certificates shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Certificates shall be payable as provided in the Ratifying Resolution.

The District has selected Zions Bancorporation, National Association, Chicago, Illinois, to act as paying agent (the "Paying Agent"), as escrow agent (the "Escrow Agent") and as trustee (the "Trustee"). The District will pay the charges for Paying Agent, Escrow Agent and Trustee services. The District reserves the right to remove the Paying Agent, Escrow Agent and/or Trustee and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL AND EXTRAORDINARY REDEMPTION

At the option of the District, the Certificates maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

The Certificates shall be subject to extraordinary redemption and prepayment, in whole or in part, at the option of the District on any date, in certain cases of damage, destruction or condemnation as described in the Lease-Purchase Agreement, and subject to a determination by the District that rebuilding, restoration and replacement of the Project would not be economically feasible.

Redemption may be in whole or in part of the Certificates subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Certificates to be redeemed shall be at the discretion of the District. If only part of the Certificates having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Certificates are being issued pursuant to Minnesota Statutes, Section 465.71, as amended, by the District, and a Trust Agreement (the "Trust Agreement"), dated as of February 13, 2025, between the District and the Trustee.

The Certificates are being issued to finance the acquisition and remodeling of an existing building to provide instructional services for students in the special education transition program (the "Project") on real property located in the District (the "Site"). The Certificates will be limited special obligations of the District payable from and secured by a pledge of lease payments (the "Lease Payments") required to be made by the District to the Trustee pursuant to a Lease-Purchase Agreement (the "Lease"), to be entered into between the District, as lessee, and the Trustee, as lessor.

The Trustee and the District will enter into a Ground Lease Agreement (the "Ground Lease"), dated as of February 13, 2025, under which the Trustee has agreed to lease the Site from the District.

Pursuant to the Trust Agreement, the District will assign to the Trustee its interest in the Lease and the Lease Payments to be made thereunder (except for certain rights of the District to indemnification and payment of expenses) and will grant to the Trustee a security interest in the financed Project. The Lease Payments are unconditional and subject to annual appropriations by the governing body of the District in each year sufficient to pay such Lease Payments as described herein.

Brief descriptions of the Trustee, the District, the Project, the Lease, the Ground Lease, and the Trust Agreement are included below. Such descriptions do not purport to be comprehensive or definitive.

> ***The Trustee.*** The Trustee has the authority to lease property, to acquire and lease the Project to the District pursuant to the Lease and to receive and pledge the revenues from the Project, in accordance with the terms of the Lease and as provided in the Trust Agreement. The Trustee is authorized to enter into the Trust Agreement and the Lease.

The District. The District is a body politic and corporate, organized under and pursuant to the Constitution and laws of the State of Minnesota. The District has the right and lawful authority to lease the Project from the Trustee and to make the Lease Payments therefor as set forth in the Lease.

The Project. The Project consists of the betterment of the Site and all additions and improvements to be constructed on the Site with the proceeds of the Certificates, and the fixtures, to be installed thereon or therein.

The Lease. Pursuant to the Lease, the Trustee will lease the Project to the District, subject to the District's right to terminate the Lease at the end of any Fiscal Year. The Lease Payments are to be made by the District in amounts sufficient to pay the principal of and interest on the Certificates when due.

The Ground Lease. Pursuant to the Ground Lease, the District will lease the Site on which the Project is to be constructed to the Trustee.

The Trust Agreement. The District will issue the Certificates pursuant to the Trust Agreement, and the Trust Agreement sets forth the rights and obligations of the District, the Trustee and the Certificate holders with respect thereto.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Certificates	$9,140,000	
Reoffering Premium	298,400	
Total Sources		**$9,438,400**
Uses		
Total Underwriter's Discount (1.500%)	$137,100	
Costs of Issuance	110,000	
Deposit to Construction Fund	9,191,300	
Total Uses		**$9,438,400**

*Preliminary, subject to change.

SECURITY

The Certificates will be valid and binding limited special obligations of the District payable solely from and secured by a pledge of lease payments to be made to the Trustee by the District pursuant to the Lease. The Certificates do not constitute a general or moral obligation of the District and are not a charge against the general credit or taxing powers of the District.

The Lease Payments under the terms of the Lease will be payable solely from District funds which are normally budgeted and appropriated by the School Board and which may be terminated by action of the School Board. The District's obligation to make lease payments under the Lease is subject to its annual right to terminate the Lease at the end of any fiscal year by failure to appropriate the funds. (See "RISK FACTORS").

In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the Project and its interest in the Site. The Trustee, on behalf of the owners of the Certificates, will attempt to sublease and operate the Project. There is no assurance that the Trustee will be able to re-lease the Project and the Site, or to do so for amounts that would pay all interest and principal on the Certificates.

RATING

General obligation debt of the District, with the exception of any outstanding credit enhanced issues, is currently rated "A1" by Moody's Investors Services ("Moody's").

The District has requested an underlying rating on the Certificates from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Certificates, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Certificates any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Certificates, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future.

In the Ratifying Resolution, the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Certificates. However, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

In the previous five years, the District believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Certificates. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates or the price or marketability of the Certificates. The District has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Certificates should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Certificates based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Certificates. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Certificates for cash at original issue and hold the Certificates as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Certificates in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Certificates through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Certificates is the first price at which a substantial amount of Certificates of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. The amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Certificates in order that interest on the Certificates be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Certificate proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Certificate proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Certificates in the event that interest on the Certificates is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Certificates may be issued with original issue discount ("OID"). A Certificate will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Certificate other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Certificates, even if the Certificates are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Certificate is purchased for a cost that is less than the Certificate's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Certificate with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Certificate (to the extent that the gain realized does not exceed the accrued market discount on the Certificate).

Certificate Premium

A holder that acquires a Certificate for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder’s federal and Minnesota tax bases for the Certificate. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a holder’s constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Certificates at a premium might recognize taxable gain upon sale of the Certificates, even if such Certificates are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Certificates, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder’s interest expense that is allocable to interest on tax-exempt obligations, such as the Certificates, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Certificates for this purpose even though not directly traceable to the purchase of the Certificates.

The Certificates are not "qualified tax exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Income or loss on the Certificates may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Certificates, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Certificate equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder’s adjusted tax basis in the Certificate. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Certificate. A holder’s adjusted tax basis in a Certificate generally will be equal to the amount that the holder paid for the Certificate, increased by any accrued original issue discount with respect to the Certificate and reduced by the amount of any amortized bond premium on the Certificate. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Certificate for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease and received by the registered owners of the Certificates (including any allocable Certificate premium or accrued original issue discount) and proceeds from the sale or other disposition of the Certificates are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Certificates. The Municipal Advisor cannot participate in the underwriting of the Certificates. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2024 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Certificates without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Non-Appropriation Risk: The District's obligation to make annual lease payments on the Certificates is subject to annual appropriation by the School Board for each fiscal year during the term of the Lease. In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the Project and the Site. There is not assurance that the Trustee will be able to re-lease the Project and the Site, or to do so for amounts that would pay all interest and principal on the Certificates.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Certificates for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Certificates may fall for purposes of resale. Noncompliance following the issuance of the Certificates with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Certificates in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Certificates, or for an increase in the interest rate on the Certificates, in the event that interest on the Certificates becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Certificates. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

Levy Limits: Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Certificates to the accounts of the Beneficial Owners of the Certificates may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Certificates.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Certificates in the secondary market.

Secondary Market for the Certificates: No assurance can be given that a secondary market will develop for the purchase and sale of the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Certificates at the request of the owners thereof. Prices of the Certificates as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Certificates. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Certificates will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Certificates. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,900,000 - 0.50% [2] Over $1,900,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 0.50% [2] Over $1,890,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,150,000 - 0.50% [2] Over $2,150,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $174,000 - .75% Over $174,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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1 A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

2 Applies to land and buildings. Exempt from referendum market value tax.

3 Exempt from referendum market value tax.

4 Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

5 The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2023/24 Economic Market Value	$19,601,089,818[1]
2023/24 Assessor's Estimated Market Value	
Real Estate	$18,872,140,900
Personal Property	82,082,300
Total Valuation	$18,954,223,200
2023/24 Net Tax Capacity	
Real Estate	$205,216,489
Personal Property	1,615,995
Net Tax Capacity	$206,832,484
Less:	
Captured Tax Increment Tax Capacity[2]	(3,372,182)
Fiscal Disparities Contribution[3]	(10,122,526)
Taxable Net Tax Capacity	$193,337,776
Plus: Fiscal Disparities Distribution[3]	19,273,930
Adjusted Taxable Net Tax Capacity	$212,611,706

[1] According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 96.90% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $19,601,089,818.

[2] The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the District.

[3] Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$140,987,401	68.17%
Agricultural	1,924,427	0.93%
Commercial/industrial	29,785,723	14.40%
Public utility	778,225	0.38%
Railroad operating property	626,836	0.30%
Non-homestead residential	30,937,544	14.96%
Commercial & residential seasonal/rec.	176,333	0.09%
Personal property	1,615,995	0.78%
Total	$206,832,484	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2019/20	$12,461,139,100	$11,935,959,800	$132,113,094	$138,622,041	8.13%
2020/21	13,257,193,400	12,730,806,500	141,319,804	147,817,430	6.39%
2021/22	13,928,292,400	13,429,169,200	149,135,982	155,653,503	5.06%
2022/23	16,867,616,700	16,411,557,300	181,149,732	187,434,070	21.10%
2023/24	18,954,223,200	18,518,113,900	206,832,484	212,611,706	12.37%

1 Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

2 Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Xcel Energy	Utility	$1,916,444	0.93%
10285 Grand Forest Owner, LLC	Apartments	1,261,594	0.61%
G&I X Valley Creek, LLC	Apartments	1,147,271	0.55%
3M Company	Industrial	1,138,265	0.55%
NP BGO Cottage Grove Logistics Park, LLC	Commercial	1,127,607	0.55%
Woodbury Village Shopping Center, LP	Commercial	969,513	0.47%
Invest Woodbury I SPE, LLC	Apartments	968,175	0.47%
Mars II, Inc.	Commercial	799,888	0.39%
St Paul Refining Co., LLC	Industrial	683,185	0.33%
Allina Health System	Commercial	641,764	0.31%
Total		$10,653,706	5.15%

District's Total 2023/24 Net Tax Capacity $206,832,484

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Washington County.

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] $357,555,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations[3]
(includes the Certificates)* $20,640,780

*Preliminary, subject to change.

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1 Outstanding debt is as of the dated date of the Certificates.

2 Based upon the Long Term Facilities Maintenance Revenue formula, the agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

3 Non-general obligation debt has not been included in the debt ratios.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Northeast Metropolitan Intermediate School District No. 916 (Northeast Metro 916), an intermediate school district authorized by the Minnesota law to provide participating school districts with vocational, technical, and special education services. Northeast Metro 916 has issued Certificates of Participation dated 05/21/2013, 10/28/2015, and 12/03/2015 with original par amounts of $15,655,000, $21,415,000, and $45,385,000, respectively, to finance the construction of facilities. Payments on the certificates are allocated to the member districts based on a methodology agreed to by the member districts. Each member district is eligible to include their share of the payments in their annual property tax levy. The District's share of the fiscal year 2023-24 payments on all three Certificates of Participation is $1,006,639 and that amount is included as part of their tax levy for taxes payable in 2024.

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The District has tentative plans to issue a capital lease in the amount of approximately $1,000,000 to finance transportation vehicles in the next 12 months. In addition, the District has plans to issue approximately $130,000,000 in General Obligation School Building and Facilities Maintenance bonds early in calendar year 2026 (including remaining authority of $101,225,000 from a $201,225,000 voter-approved bond referendum on November 7, 2023.)

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the school district's debt service fund and must be used for payments on the bonds; any payment of state aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. Although the District expects to receive some Long Term Facilities Maintenance Aid in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). For taxes payable in 2023, and thereafter, the reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2023/24 Economic Market Value	$19,601,089,818
Multiply by 15%	0.15
Statutory Debt Limit	$2,940,163,473
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(357,555,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (includes the Certificates)*	(20,640,780)
Unused Debt Limit*	$2,561,967,693

*Preliminary, subject to change.

Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/13/2025)

	Taxable Alt. Facilities Bonds (QZAB) Series 2010B		Taxable Alt Facilities Bonds (QZAB) Series 2010C		School Building Bonds Series 2016A		School Building Bonds Series 2016B		Facilities Maintenance Bonds Series 2016C	
Dated	06/10/2010		06/10/2010		03/01/2016		05/12/2016		05/12/2016	
Amount	$4,365,000		$19,565,000		$87,145,000		$73,460,000		$14,470,000	
Maturity	06/01		06/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	0	108,665	7,500,000	300,000	0	0	0	0	0	0
2026	4,220,000	217,330	4,500,000	225,000	1,695,000	3,019,025	9,345,000	570,600	0	510,350
2027					1,615,000	2,934,275	9,675,000	290,250	0	510,350
2028					3,025,000	2,869,675			2,000,000	510,350
2029					9,160,000	2,748,675			5,625,000	430,350
2030					9,640,000	2,382,275			5,845,000	205,350
2031					9,855,000	1,996,675			1,000,000	30,000
2032					11,175,000	1,602,475				
2033					11,440,000	1,211,350				
2034					11,660,000	810,950				
2035					11,510,000	402,850				
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	4,220,000	325,995	12,000,000	525,000	80,775,000	19,978,225	19,020,000	860,850	14,470,000	2,196,750

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Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 02/13/2025)

	Refunding Bonds Series 2016E		Facilities Maintenance Bonds Series 2018A		Facilities Maintenance Bonds Series 2020A		Alternative Facilities Refunding Bonds Series 2021A		Facilities Maintenance Bonds Series 2022A	
Dated	11/09/2016		05/17/2018		05/14/2020		11/16/2021		06/09/2022	
Amount	$33,035,000		$22,580,000		$26,550,000		$4,300,000		$34,905,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	0	0	0	0	0	0	0	0	0	0
2026	3,270,000	267,450	0	839,188	0	862,100	0	86,000	0	1,520,900
2027	3,465,000	103,950	0	839,188	0	862,100	4,300,000	86,000	0	1,520,900
2028			2,390,000	839,188	1,575,000	862,100			0	1,520,900
2029			2,610,000	719,688	1,675,000	783,350			0	1,520,900
2030			2,330,000	641,388	1,735,000	716,350			3,290,000	1,520,900
2031			4,995,000	571,488	2,125,000	646,950			4,385,000	1,356,400
2032			5,135,000	371,688	2,370,000	583,200			4,795,000	1,137,150
2033			5,120,000	204,800	2,260,000	512,100			4,300,000	897,400
2034					2,975,000	444,300			5,500,000	725,400
2035					1,925,000	355,050			5,935,000	505,400
2036					3,250,000	297,300			6,700,000	268,000
2037					3,300,000	199,800				
2038					3,360,000	100,800				
2039										
2040										
2041										
2042										
2043										
2044										
	6,735,000	371,400	22,580,000	5,026,613	26,550,000	7,225,500	4,300,000	172,000	34,905,000	12,494,250

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Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 02/13/2025)

	School Bldg, Fac Maint and Ref Bonds Series 2024A								
Dated	02/08/2024								
Amount	$133,015,000								
Maturity	02/01								
Fiscal Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2025	0	0	7,500,000	408,665	7,908,665	350,055,000	2.10%	**2025**
2026	1,110,000	6,310,300	24,140,000	14,428,243	38,568,243	325,915,000	8.85%	**2026**
2027	6,960,000	6,254,800	26,015,000	13,401,813	39,416,813	299,900,000	16.12%	**2027**
2028	14,485,000	5,906,800	23,475,000	12,509,013	35,984,013	276,425,000	22.69%	**2028**
2029	6,320,000	5,182,550	25,390,000	11,385,513	36,775,513	251,035,000	29.79%	**2029**
2030	3,705,000	4,866,550	26,545,000	10,332,813	36,877,813	224,490,000	37.22%	**2030**
2031	2,930,000	4,681,300	25,290,000	9,282,813	34,572,813	199,200,000	44.29%	**2031**
2032	3,175,000	4,534,800	26,650,000	8,229,313	34,879,313	172,550,000	51.74%	**2032**
2033	3,145,000	4,376,050	26,265,000	7,201,700	33,466,700	146,285,000	59.09%	**2033**
2034	5,590,000	4,218,800	25,725,000	6,199,450	31,924,450	120,560,000	66.28%	**2034**
2035	5,380,000	3,939,300	24,750,000	5,202,600	29,952,600	95,810,000	73.20%	**2035**
2036	9,000,000	3,670,300	18,950,000	4,235,600	23,185,600	76,860,000	78.50%	**2036**
2037	11,000,000	3,220,300	14,300,000	3,420,100	17,720,100	62,560,000	82.50%	**2037**
2038	14,000,000	2,670,300	17,360,000	2,771,100	20,131,100	45,200,000	87.36%	**2038**
2039	8,040,000	1,970,300	8,040,000	1,970,300	10,010,300	37,160,000	89.61%	**2039**
2040	8,190,000	1,568,300	8,190,000	1,568,300	9,758,300	28,970,000	91.90%	**2040**
2041	7,060,000	1,158,800	7,060,000	1,158,800	8,218,800	21,910,000	93.87%	**2041**
2042	7,345,000	876,400	7,345,000	876,400	8,221,400	14,565,000	95.93%	**2042**
2043	7,545,000	582,600	7,545,000	582,600	8,127,600	7,020,000	98.04%	**2043**
2044	7,020,000	280,800	7,020,000	280,800	7,300,800	0	100.00%	**2044**
	132,000,000	66,269,350	357,555,000	115,445,933	473,000,933			

Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 02/13/2025)

	Lease 2012 Lease		Certificates of Participation Series 2016D		Certificates of Participation Series 2017A		Certificates of Participation Series 2025A							
Dated	05/15/2012		06/16/2016		06/22/2017		02/13/2025							
Amount	$4,100,000		$13,200,000		$6,995,000		$9,140,000*							
Maturity	01/15 & 04/15 & 07/15 & 10/15		04/01		02/01		04/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2025	79,339	5,500	905,000	143,100	0	0	0	0	984,339	148,600	1,132,939	19,656,441	4.77%	**2025**
2026	323,332	16,025	940,000	250,000	470,000	110,394	390,000	485,038	2,123,332	861,457	2,984,789	17,533,109	15.06%	**2026**
2027	333,109	6,248	980,000	212,400	485,000	96,294	450,000	408,475	2,248,109	723,417	2,971,526	15,285,000	25.95%	**2027**
2028			1,020,000	173,200	500,000	81,744	475,000	385,975	1,995,000	640,919	2,635,919	13,290,000	35.61%	**2028**
2029			1,060,000	132,400	515,000	66,744	495,000	362,225	2,070,000	561,369	2,631,369	11,220,000	45.64%	**2029**
2030			1,105,000	90,000	530,000	51,294	520,000	337,475	2,155,000	478,769	2,633,769	9,065,000	56.08%	**2030**
2031			1,145,000	45,800	545,000	35,394	550,000	311,475	2,240,000	392,669	2,632,669	6,825,000	66.93%	**2031**
2032					565,000	18,363	575,000	283,975	1,140,000	302,338	1,442,338	5,685,000	72.46%	**2032**
2033							605,000	255,225	605,000	255,225	860,225	5,080,000	75.39%	**2033**
2034							635,000	224,975	635,000	224,975	859,975	4,445,000	78.46%	**2034**
2035							665,000	193,225	665,000	193,225	858,225	3,780,000	81.69%	**2035**
2036							695,000	166,625	695,000	166,625	861,625	3,085,000	85.05%	**2036**
2037							720,000	138,825	720,000	138,825	858,825	2,365,000	88.54%	**2037**
2038							755,000	106,425	755,000	106,425	861,425	1,610,000	92.20%	**2038**
2039							785,000	72,450	785,000	72,450	857,450	825,000	96.00%	**2039**
2040							825,000	37,125	825,000	37,125	862,125	0	100.00%	**2040**
	735,780	27,773	7,155,000	1,046,900	3,610,000	460,225	9,140,000	3,769,513	20,640,780	5,304,411	25,945,191			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2023/24 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of:				
Washington	$515,896,113	41.2121%	$99,350,000	$40,944,221
Cities of:				
Afton	11,600,021	5.5314%	1,820,000	100,671
Cottage Grove	69,667,543	98.7980%	40,535,000	40,047,769
Newport	8,151,156	100.0000%	10,235,000	10,235,000
St. Paul Park	7,649,931	100.0000%	1,705,000	1,705,000
Woodbury	172,586,125	73.0092%	49,000,000	35,774,508
Town of:				
Denmark	6,943,775	3.3600%	2,965,000	99,624
Special Districts of:				
Metropolitan Council	6,313,906,529	3.3674%	190,720,000[3]	6,422,305
Ramsey-Washington Metro Watershed	56,572,489	56.6759%	2,228,000	1,262,739
South Washington Watershed	236,575,387	76.2028%	1,940,000	1,478,334
Valley Branch Watershed	89,470,339	0.3038%	5,205,000	15,813
District's Share of Total Overlapping Debt				$138,085,986

1 Overlapping debt is as of the dated date of the Certificates. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does ***not*** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

2 Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

3 The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $19,601,089,818	Debt/ Per Capita 114,937[1]
Direct G.O. Debt Being Paid From Taxes and State Aids	$357,555,000	1.82%	$3,110.88
District's Share of Total Overlapping Debt	$138,085,986	0.70%	$1,201.41
Total	$495,640,986	2.53%	$4,312.28

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[2]	Total Collected Following Year	Collected to Date	% Collected
2019/20	$91,918,314	$91,557,555	$91,900,812	99.98%
2020/21	96,003,914	95,595,775	95,963,733	99.96%
2021/22	103,350,686	102,923,610	103,273,587	99.93%
2022/23	112,261,291	111,774,275	111,774,275	99.57%
2023/24	126,373,830	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[3] Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

1 Estimated 2023 population.

2 This reflects the Final Levy Certification of the District after all adjustments have been made.

3 Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES[1]

	2019/20	2020/21	2021/22	2022/23	2023/24
I.S.D. No. 833 (South Washington County Schools)	33.904%	34.181%	33.739%	31.296%	32.613%
Washington County w/ Library	28.944%	27.435%	27.532%	23.625%	21.991%
City of Afton	30.795%	32.025%	32.007%	27.111%	23.533%
City of Cottage Grove	39.182%	37.351%	37.251%	33.899%	32.909%
City of Newport	54.335%	54.007%	55.852%	49.690%	46.197%
City of St. Paul Park	38.689%	39.112%	39.726%	36.930%	37.347%
City of Woodbury	32.489%	32.298%	32.217%	28.599%	27.601%
Town of Denmark[2]	15.919%	15.892%	14.650%	11.680%	11.892%
Metropolitan Council	0.584%	0.628%	0.630%	0.537%	0.590%
Metropolitan Mosquito	0.390%	0.379%	0.361%	0.309%	0.301%
Metropolitan Transit District	1.243%	1.139%	1.056%	0.912%	0.809%
Ramsey-Washington Metro Watershed	3.289%	3.212%	2.918%	2.758%	2.532%
Regional Rail Authority	0.165%	0.157%	0.149%	0.122%	0.109%
South Washington Watershed	0.766%	0.742%	0.718%	0.654%	0.632%
Valley Branch Watershed	3.425%	4.074%	3.747%	2.977%	2.575%
Washington County CDA	1.356%	1.289%	1.287%	1.093%	1.024%
Woodbury HRA	0.218%	0.207%	0.195%	0.162%	N/A
Referendum Market Value Rates:					
I.S.D. No. 833 (South Washington County Schools)	0.32620%	0.31580%	0.33683%	0.29002%	0.28265%
Washington County	0.00342%	0.00325%	0.00308%	0.00261%	0.00235%
City of Woodbury	0.00615%	0.00584%	0.00551%	0.00466%	0.00419%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Washington County.

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1 After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 3,043, including 1,447 non-licensed employees and 1,596 licensed employees (1,484 of whom are teachers). The District provides education for 18,778 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356, as amended.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Principals	June 30, 2025
Clerical (Office Professionals)	June 30, 2025
Maintenance	June 30, 2026
Paraprofessionals	June 30, 2026
Food Service	June 30, 2026
Transportation	June 30, 2025
Mechanics	June 30, 2026
Kids Club Supervisors	June 30, 2026
District Office Support Service (DOSS)	June 30, 2026
Teachers	June 30, 2025

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of $18,512,643 as of June 30, 2024. The District has created an irrevocable OPEB Trust to finance future severance, pension and OPEB costs. The trust value as of June 30, 2024 was $3,246,056.

Source: The District's most recent Audit.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	1,225	8,206	8,786	18,217
2021/22	1,310	8,250	8,683	18,243
2022/23	1,322	8,382	8,766	18,470
2023/24	1,285	8,503	8,823	18,611
2024/25	1,253	8,590	8,935	18,778

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2025/26	1,235	8,596	8,907	18,738
2026/27	1,250	8,532	9,000	18,782
2027/28	1,261	8,530	8,991	18,782

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Armstrong Elementary	1969	1987, 2001
Cottage Grove Elementary	2002	--
Crestview Elementary	1963	1970, 1990, 1999, 2001
Gordon Bailey Elementary	1991	1992, 2000, 2015
Grey Cloud Elementary	1991	1992, 2001, 2009, 2015
Hillside Elementary	1963	1970, 1990, 2001
Liberty Ridge Elementary	2003	2013
Middleton Elementary	1991	1992, 1999, 2015
Nuevas Fronteras Spanish Immersion Elementary School	1951	1960, 1965, 1973, 1974, 1995, 2002, 2018
Newport Elementary	1955	1970, 1990
Pine Hill Elementary	1960	1967, 1970, 2001
Pullman Elementary	1960	1970, 2002
Red Rock Elementary	2002	--
Royal Oaks Elementary	1966	1970, 1990, 2001
Valley Crossing Elementary School	1996	--
Woodbury Elementary	1960	1963, 1970, 1989, 1990, 2002
Cottage Grove Middle School	1995	2004, 2009
Lake Middle School	1995	2000
Oltman Middle School	2018	--
Woodbury Middle School	1969	1989, 2002
East Ridge High	2009	--
Park Senior High	1974	1994, 2002, 2003
Woodbury Senior High	1974	2002, 2003

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Certificates or otherwise questioning the validity of the Certificates.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Certificates are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Certificates. Such modifications could be adverse to holders of the Certificates and there could ultimately be no assurance that holders of the Certificates would be paid in full or in part on the Certificates.

FUNDS ON HAND (as of October 31, 2024)

Fund	Total Cash and Investments
General	$76,720,831
Food Service	4,822,307
Community Service	1,727,957
Debt Service	37,217,792
Building/Construction	134,926,802
Trust & Agency	3,412,203
Total Funds on Hand	$258,827,891

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2024-25 Adopted Budget[1]
Revenues					
Local property tax levies	$63,074,915	$65,519,753	$71,146,520	$76,992,327	$88,096,502
Other local and county revenues	3,279,065	4,894,971	5,474,437	6,472,261	5,480,147
Revenues from state sources	186,783,809	190,953,952	196,306,802	224,293,860	226,762,017
Revenues from federal sources	10,494,910	10,302,641	9,789,213	6,268,163	5,375,251
Investment earnings	20,709	86,394	1,876,917	3,593,970	2,301,000
Total Revenues	$263,653,408	$271,757,711	$284,593,889	$317,620,581	$328,014,917
Expenditures					
Current:					
Administration	$9,319,638	$9,752,369	$10,101,323	$10,573,409	$11,251,971
District support services	10,085,897	9,353,221	7,576,329	9,863,645	10,526,566
Elementary & secondary regular instruction	116,965,391	116,374,060	123,416,698	128,580,659	142,475,016
Vocational education instruction	2,136,507	2,188,785	3,128,653	4,080,321	2,939,143
Exceptional instruction	48,244,767	50,289,436	54,148,356	66,339,981	72,135,657
Instructional support services	13,406,693	11,806,289	12,922,057	16,393,387	17,595,629
Pupil support services	25,984,163	27,079,559	30,909,681	36,060,599	37,568,042
Sites, buildings and equipment	32,788,834	30,270,023	31,901,954	32,701,436	34,513,109
Fiscal and other fixed cost programs	498,953	544,681	676,588	743,720	1,575,000
Community service	256,754	141,808	121,676	248,311	316,307
Debt service	4,385,988	5,237,099	5,509,651	5,510,958	4,035,826
Total Expenditures	$264,073,585	$263,037,330	$280,412,966	$311,096,426	$334,932,266
Excess of revenues over (under) expenditures	($420,177)	$8,720,381	$4,180,923	$6,524,155	($6,917,349)
Other Financing Sources (Uses)					
Transfers out	($500,000)	$0	$0	$0	$0
Capital leases issued	2,690,965	0	0	0	0
Insurance recovery	0	82,467	4,945	133,600	0
Issuance of debt	0	401,531	3,488,987	3,540,466	0
Proceeds from sale of assets	80,992	264,243	58,350	48,701	20,000
Total Other Financing Sources (Uses)	$2,271,957	$748,241	$3,552,282	$3,722,767	$20,000
Net changes in Fund Balances	$1,851,780	$9,468,622	$7,733,205	$10,246,922	($6,897,349)
General Fund Balance July 1	$16,013,237	$17,865,017	$27,333,639	$35,066,844	$47,983,565
Prior Period Adjustment	0	0	0	2,669,799	0
General Fund Balance June 30	$17,865,017	$27,333,639	$35,066,844	$47,983,565	$41,086,216
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$4,015,380	$3,549,624	$5,549,532	$699,190	$699,190
Restricted	3,789,194	5,000,334	3,803,569	4,063,610	2,921,245
Committed	2,379,759	3,006,324	3,377,959	5,452,555	5,377,959
Assigned	0	0	0	5,058,554	0
Unassigned	7,680,684	15,777,357	22,335,784	32,709,656	32,087,822
Total	$17,865,017	$27,333,639	$35,066,844	$47,983,565	$41,086,216

Note: In an election held on November 2, 2021, District voters approved an increase in operating referendum authority of $350 per pupil for ten years, which resulted in an annual increase in general fund revenue of approximately $7 million beginning with fiscal year 2022-23. In an election held on November 7, 2023, in addition to the approval of two bond referendum questions, District voters approved an increase in capital project levy authority to $5 million beginning with fiscal year 2024-25 (an increase of approximately $2.2 million as compared to fiscal year 2023-24).

[1] The 2024-25 budget was adopted on June 20, 2024. While the adopted budget reflects a deficit, District administration expects actual results to be close to a balanced budget, primarily due to conservative budgeting and higher than expected enrollment.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 107,926 and a 2023 population estimate of 114,937, and comprising an area of 85 square miles, is located approximately 10 miles southeast of the City of St. Paul, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 833 (South Washington County Schools)	Elementary and secondary education	3,043
Renewal By Anderson	Replacement windows and doors	2,000
Woodwinds Health East Campus	Hospital, clinic and outpatient services	1,331
Bailey Nurseries, Inc.	Wholesale landscaping distributor	800
Hy-Vee	Grocery store	700
3M - Cottage Grove	Chemolite plant	653
Woodbury Health Care Center	Nursing home and senior living facility	450
Marathon Petroleum-St. Paul Park Refinery	Oil refiners	375
Walmart Supercenter	Retail store	335
Up North Plastics, Inc.	Plastics-fabricating manufactures	300

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

1 This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	92,998
2020 U.S. Census population	107,984
Percent of Change 2010 - 2020	16.11%
2023 State Demographer Estimate	114,937

Income and Age Statistics

	The District	Washington County	State of Minnesota	United States
2023 per capita income	$52,536	$56,237	$46,957	$43,289
2023 median household income	$119,381	$110,729	$87,556	$78,538
2023 median family income	$137,762	$132,605	$111,492	$96,922
2023 median gross rent	$1,843	$1,668	$1,235	$1,348
2023 median value owner occupied units	$415,100	$415,100	$305,500	$303,400
2023 median age	39.2 yrs.	41.5 yrs.	38.6 yrs.	38.7 yrs.

	State of Minnesota	United States
District % of 2023 per capita income	111.88%	121.36%
District % of 2023 median family income	123.56%	142.14%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov) and Minnesota State Demographer (https://mn.gov/admin/demography/data-by-place/school-district-data.jsp).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Washington County	Washington County	State of Minnesota
2020	137,630	5.7%	6.3%
2021	137,649	3.2%	3.7%
2022	141,152	2.2%	2.7%
2023	142,110	2.4%	2.8%
2024, November	140,080	2.6%	2.9%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Certificates, the District represents that there have been no material adverse changes in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2024

South Washington County Schools
Independent School District No. 833
Cottage Grove, Minnesota

AFTON | COTTAGE GROVE | DENMARK | GREY CLOUD ISLAND | NEWPORT | ST. PAUL PARK | WOODBURY

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2024

South Washington County Schools
Independent School District No. 833
Cottage Grove, Minnesota

Prepared by the Department of Finance
Kris Blackburn, Director of Business Services
Nikki Kasel, Accounting Manager
Mary Beth Collins, Account Specialist
Patti Marks, Account Specialist
Diana Moreno, Account Specialist
Amber Schauer, Account Specialist
Aimee Tarman, Account Specialist

SoWashCo SCHOOLS

AFTON | COTTAGE GROVE | DENMARK | GREY CLOUD ISLAND | NEWPORT | ST. PAUL PARK | WOODBURY

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INDEPENDENT SCHOOL DISTRICT NO. 833

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Section I

Introductory

SOUTH WASHINGTON COUNTY SCHOOLS
Independent School District 833
7362 East Point Douglas Rd S.
Cottage Grove, MN 55016
sowashco.org | 651-425-6300

December 27, 2024

To the School Board, Citizens, and Employees of South Washington County Schools:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 833 (the District) is hereby submitted for the fiscal year ended June 30, 2024. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America. An independent firm of certified public accountants audits this report.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, an organizational chart, a list of School Board members and administration personnel, the Certificate of Excellence in Financial Reporting award, and a map of the District. The financial section includes the Independent Auditor's Report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplementary information, which includes the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all funds of the District (primary government). Component units are legally separate entities for which the District is financially accountable. There are no organizations considered to be component units of the District.

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

In 1843, classes were held in a log cabin located in Cottage Grove, Minnesota. One hundred fourteen years later, the District was officially named Independent School District No. 833. The District is located in Washington County and serves the cities of Cottage Grove, Newport, St. Paul Park, and portions of Woodbury, Afton, Denmark Township, and Grey Cloud Island. It encompasses 85 square miles, with a resident population of 113,887.

During the 2023–2024 school year, the District operated 26 buildings, including 3 high schools, 4 middle schools, 16 elementary schools, an alternative learning center/district program center, an online high school, a district service center, and a transportation building. The average age of the District's buildings is approximately 35 years. Enrollment has climbed steadily over the previous 10 years and the District served 19,009 students for the 2023–2024 school year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District's population has grown from 77,263 in 2000 to about 113,887 in 2024, a 47.4 percent increase. In that same time period, the District's enrollment has grown from 15,134 in 2000 to 19,009, a 25.6 percent increase. According to the Metropolitan Council, the District can expect continuous growth through the year 2035.

The District currently holds an A1 bond rating. This rating is a sign that the tax base is favorably located within the Minneapolis – St. Paul Metropolitan Area, the District has a stable labor market and above average resident income levels.

The District's economic indicators continue to be ahead of state and national averages. As stated above, the District continues to see population growth, primarily in the northeast portion of the District's boundaries. The growth in population and corresponding increase in construction, has contributed to increases in property values for the past nine years, and subsequent increases are anticipated.

According to data from the U.S. Census Bureau, the median household income in 2022 in Washington County was $110,828, as compared to $84,313 for the state of Minnesota, and $74,580 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Washington County continues to be lower than state and national rates. In June 2024, the unemployment rate for Washington County was 3.5 percent, as compared to 3.8 percent for the state of Minnesota and 4.1 percent for the United States.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures. The District's calculated fund balance of 17.2 percent as of June 30, 2024 reflects an early achievement of the fund balance policy goal of 16.6 percent by 2026.

The District currently receives $2,656 per pupil through voter-approved operating referenda and local optional revenue. In November 2021, voters in the school district approved revoking all existing referendum authorities and replacing those authorities with an additional $350 per pupil. The new authority includes increases each year for inflation and will provide about $41 million per year for 10 years in addition to local optional revenues of about $13 million per year.

A long-term facilities committee was convened in 2013 and in June 2014 a recommendation was made to the School Board, which featured over $120 million in new school buildings and improvements. In November 2015, voters approved a $96.5 million bond to build a new middle school, and improve Cottage Grove Middle School, Woodbury Middle School, and Lake Middle School, and convert Oltman Middle School to be used as Nuevas Fronteras Elementary School. The new Oltman Middle School opened in the 2018–2019 school year.

With the anticipated growth from new housing in the District a new Long Range-Facilities Plan was presented to the School Board early in 2022. As a result, the District held a special election for approval of $463 million building bond in August 2022. The vote failed and District Administration created a new Long Range Facility plan and after gathering input from the community through surveys and public meetings, presented a $200 million bond request. The bond election in November 2023 passed. The first bonds were sold in January 2024 and the District is in the midst of the work to expand three high schools, four elementary schools, improve secured entrances at three middle schools and add restrooms at five elementary schools.

In March of 2022, South Washington County Schools began the process of updating the District's Strategic Plan. This included the involvement of many people working to set the direction in the District for the next three years (2023–2026). The work included a diverse group of staff and community members representative of district demographics. In addition, student voices were included as part of the input/feedback loops. The plan was approved by the School Board in May 2023.

The mission of South Washington County Schools is to educate students for success. District administration took time to listen and understand the Desired Daily Experiences (DDE's) from the perspective of students, staff, and families. These experiences were narrowed down and have allowed the school board to set a clear focus on measuring the outcomes that were prioritized as most important. As part of the Strategic Road Map, the District's core values were updated to include excellence, integrity, equity, innovation, and connections. Throughout South Washington County Schools, the District is working to tell stories that "show" its core values in action.

The priority areas for the District include: the student experience, mastery of learning and expectations, student pathways and supports, operations, staffing and finance and engagement and partnerships. All district initiatives and school and department plans will be aligned to these five strategic directions.

FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised once during the fiscal year of its implementation.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances.

Two of these policies include:

> The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District. The policy includes language about diversification levels that go beyond state statutes. This diversification language makes certain that district investments are protected, while still earning a competitive rate of return.
>
> The District's Post-Issuance Debt Compliance Policy creates procedures that ensure the District follows Internal Revenue Service guidelines and regulations in the recordkeeping of these transactions. This policy also establishes controls to verify that expenditures related to these funds are in accordance with related debt agreements, adding protection to the residents' investment in district assets.

One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

> "To ensure the financial strength and stability of the District, the School Board will endeavor to maintain an unrestricted fund balance as of June 30th each year of 16.6 percent of the District's General Fund unrestricted operating expenditures as calculated by the MDE.
>
> The intent of this policy is that the unrestricted fund balance reach 16.6 percent by the end of fiscal year 2026."

This policy is attached to all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting.

In 2022–2023, the District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District's ACFR for 2023. It was the 18th consecutive year the District has received the award.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program.

ACKNOWLEDGEMENTS

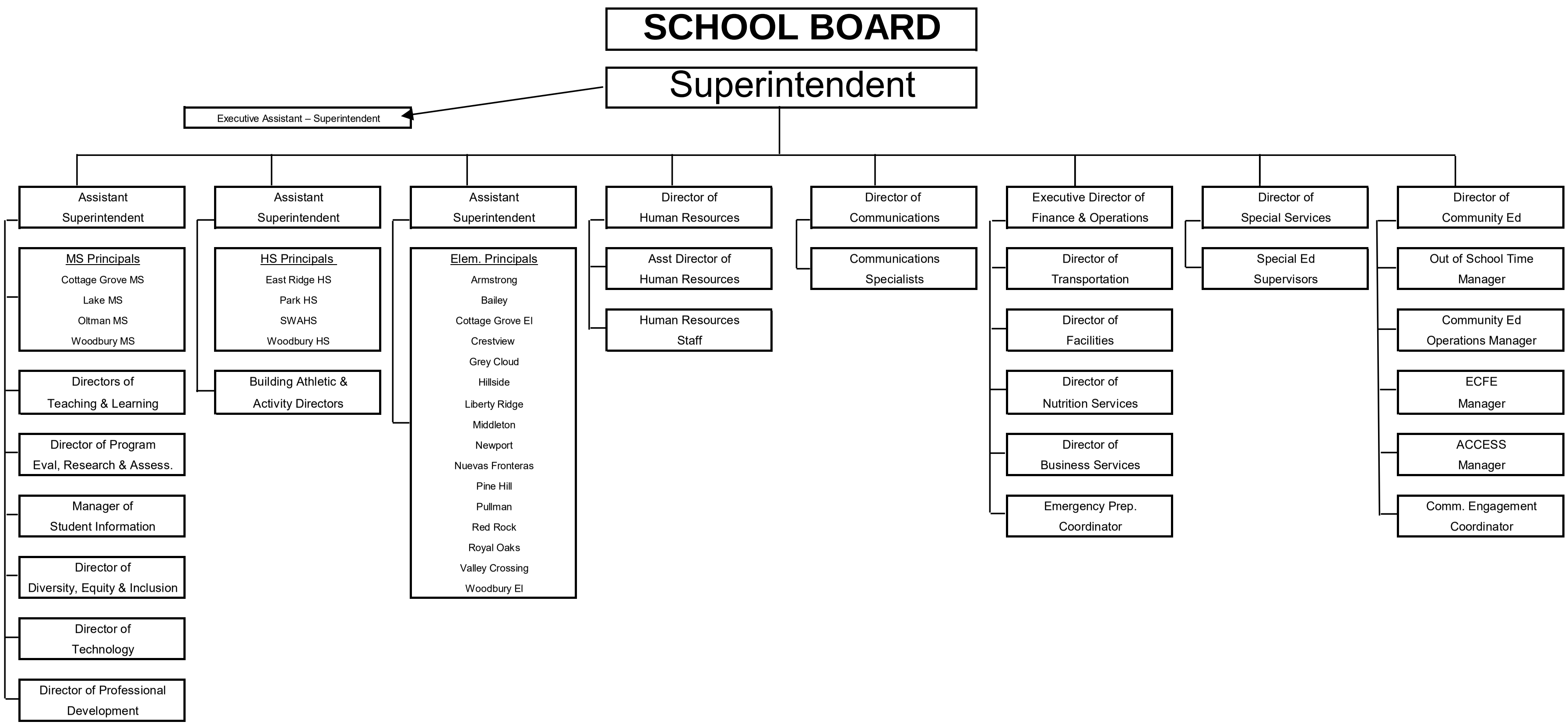
The preparation of an ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process.

Sincerely,

Kris N. Blackburn

Kris N. Blackburn, CPA
Director of Business Services

SOUTH WASHINGTON COUNTY SCHOOLS
CENTRAL OFFICE REPORTING RELATIONSHIPS



INDEPENDENT SCHOOL DISTRICT NO. 833

School Board and Administration
Year Ended June 30, 2024

SCHOOL BOARD

	Position
Kathleen Schwartz	Chairperson
Simi Patnaik	Vice Chairperson
Melinda Dols	Treasurer
Patricia Driscoll	Clerk
Ryan Clarke	Director
Eric Tessmer	Director
Sharon Van Leer	Director

ADMINISTRATION

Julie Nielsen	Superintendent
Tyrone Brookins	Assistant Superintendent
Kelly Jansen	Assistant Superintendent
Kristine Schaefer	Assistant Superintendent
Dan Pyan	Executive Director of Finance and Operations
Abby Baker	Director of Human Resources
Robert Berkowitz	Director of Technology
Kris Blackburn	Director of Business Services
Tia Clasen	Director of Teaching and Learning Services – Secondary
Erin Davenport	Director of Special Services
Shawn Hogendorf	Director of Communications
Mao Jacobson	Director of Program Evaluation, Research and Assessment
Robert Lawrence	Director of Community Education
James Magee	Director of Diversity, Equity and Inclusion
Mark Mcilmoyle	Director of Professional Development
Carrie Olson	Director of Transportation
Wendy Peterson	Director of Nutrition Services
Kyle Uecker	Director of Facilities
Arthur Williams	Director of Teaching and Learning – Elementary
Dayna Pottratz	Executive Assistant – Superintendent

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Independent School District No 833 South Washington County Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.

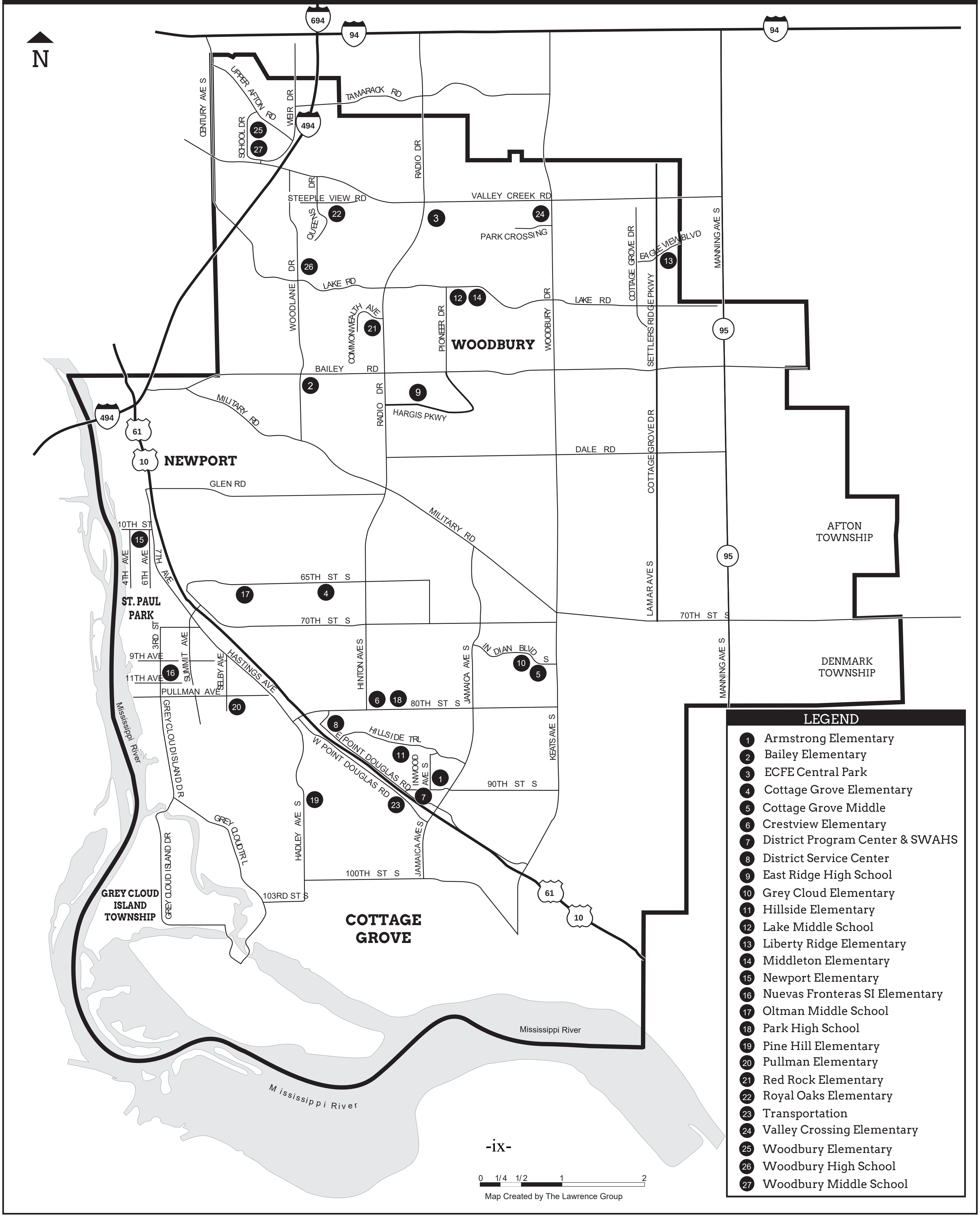
The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

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

South Washington County Schools



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Section II

Financial

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 833
Cottage Grove, 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. 833 (the District) as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the District adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

(continued)

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 27, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024 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.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 27, 2024

This section of Independent School District No. 833'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, 2024. 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, 2024 by $81,813,594 (net position). The District's total net position increased by $57,256,827, compared to the prior year, including the change in accounting principle discussed below.

- Government-wide revenues totaled $391,500,899 and were $52,769,727 more than expenses of $338,731,172.

- The District adopted new accounting guidance for capital assets in the current year, which increased beginning net position by $4,487,100. 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 $10,246,922 over the prior year, compared to an increase of $1,664,183 planned in the final budget. The District also reported a change within the financial reporting entity increasing fund balance by an additional $2,669,799.

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 financial statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following 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 funds 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 funds financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintained one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District used its internal service funds to account for various post-employment benefit activities. The District reported a change within the financial reporting entity in the current year to close these funds and is now recording payment activity through the governmental funds and reporting the obligations on the entity-wide financial statements as allowed under current standards.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2024 and 2023

	2024	2023
Assets		
Current and other assets	$ 358,055,495	$ 207,221,032
Capital assets, net of depreciation/amortization	489,202,563	479,357,460
Total assets	$ 847,258,058	$ 686,578,492
Deferred outflows of resources		
Pension plan deferments	$ 45,371,248	$ 58,201,395
OPEB plan deferments	340,093	365,253
Total deferred outflows of resources	$ 45,711,341	$ 58,566,648
Liabilities		
Current and other liabilities	$ 33,884,129	$ 28,103,719
Long-term liabilities, including due within one year	633,364,243	536,277,050
Total liabilities	$ 667,248,372	$ 564,380,769
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 123,529,481	$ 109,807,066
Pension plan deferments	17,707,207	43,126,710
OPEB plan deferments	2,670,745	3,273,828
Total deferred inflows of resources	$ 143,907,433	$ 156,207,604
Net position		
Net investment in capital assets	$ 207,153,348	$ 180,900,775
Restricted	18,265,633	14,882,766
Unrestricted	(143,605,387)	(171,226,774)
Total net position	$ 81,813,594	$ 24,556,767

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

The District's increase in net investment in capital assets is due, mostly to the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. Increases in net position restricted for debt service, food service, and community service contributed to the change in this portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. The change in current and other assets and long-term liabilities was largely due to the issuance of the 2024A bonds for school building and facilities maintenance.

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, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for services	$ 15,048,806	$ 17,898,546
Operating grants and contributions	101,672,347	73,561,118
General revenues		
Property taxes	113,481,984	103,373,705
General grants and aids	149,937,668	144,411,680
Other	11,360,094	6,986,587
Total revenues	391,500,899	346,231,636
Expenses		
Administration	10,021,558	8,858,892
District support services	8,720,230	6,716,083
Elementary and secondary regular instruction	117,982,131	100,034,462
Vocational education instruction	3,969,191	2,896,756
Special education instruction	62,566,148	46,420,986
Instructional support services	15,795,480	9,795,149
Pupil support services	32,815,383	30,949,180
Sites and buildings	37,268,521	34,016,008
Fiscal and other fixed cost programs	743,720	676,588
Food service	12,532,532	11,678,413
Community service	16,715,265	13,987,367
Depreciation/amortization not included in other functions	7,916,454	8,143,315
Interest and fiscal charges	11,684,559	8,959,146
Total expenses	338,731,172	283,132,345
Change in net position	52,769,727	63,099,291
Net position – beginning, as previously reported	24,556,767	(38,542,524)
Change in accounting principle	4,487,100	–
Net position – beginning, as restated	29,043,867	(38,542,524)
Net position – ending	$ 81,813,594	$ 24,556,767

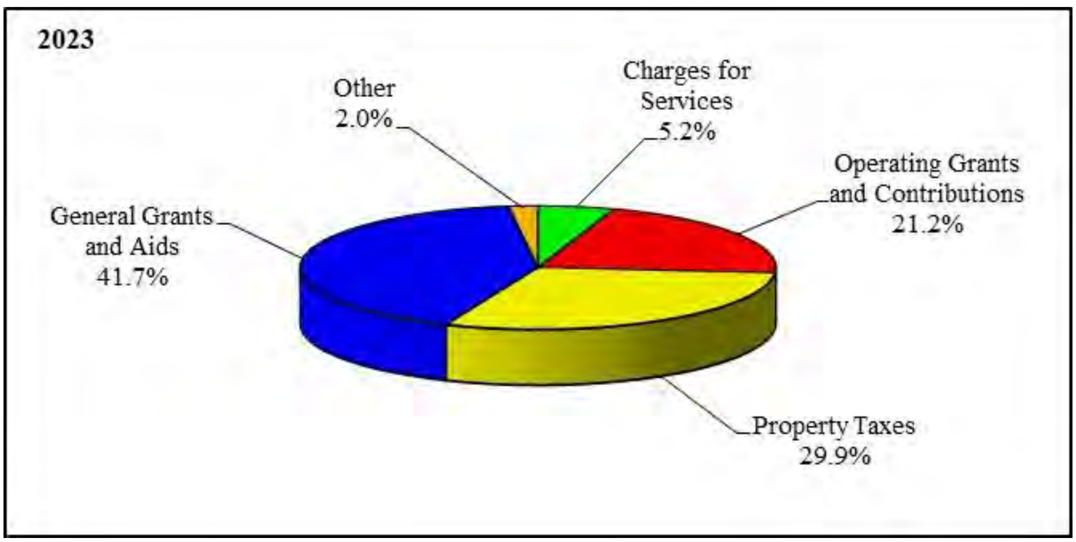
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Revenues increased by $45,269,263 (13.1 percent), in the current year. The District recognized an increase with more special education funding, state funding for child nutrition, and new state categorical grants contributing to the changes in operating grants and contributions. The increase in the approved levy contributed to the change in property taxes. Additional funding for the basic general education formula allowance and basic skills increased general grants and aids. Other revenues were up largely in investment earnings with improved returns on cash and investments held by the District.

Governmental activities expenses were $55,598,827 (19.6 percent) more than last year, due primarily to changes in the state-wide pension plans, negotiated contract settlements, and natural inflationary increases.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2024 and 2023

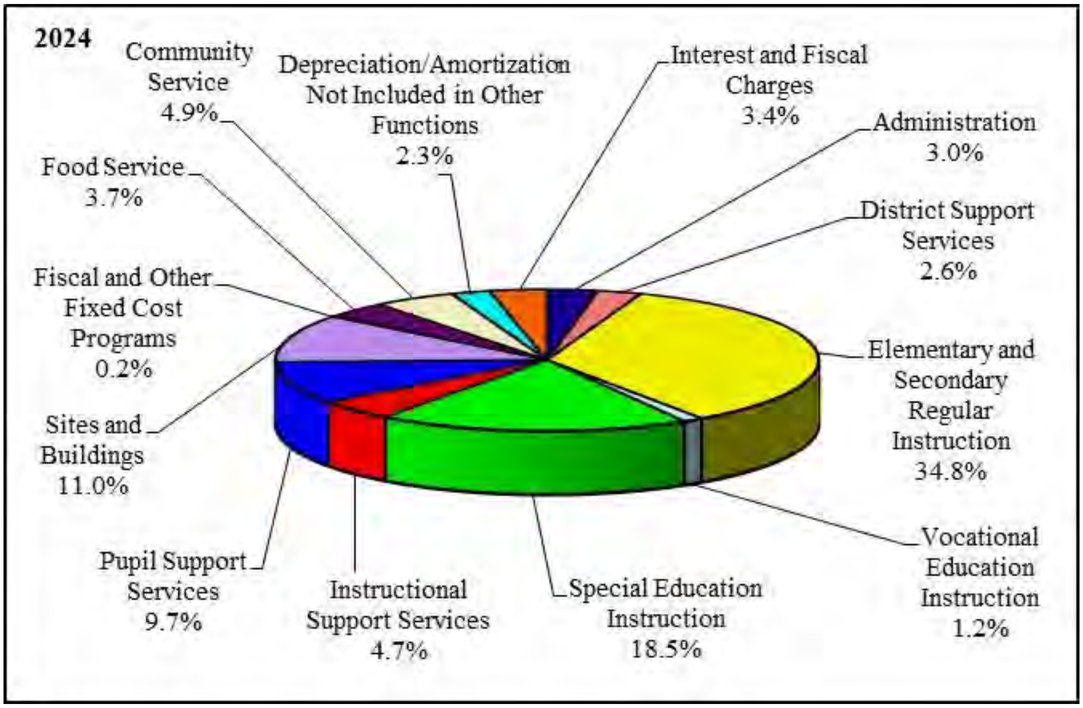


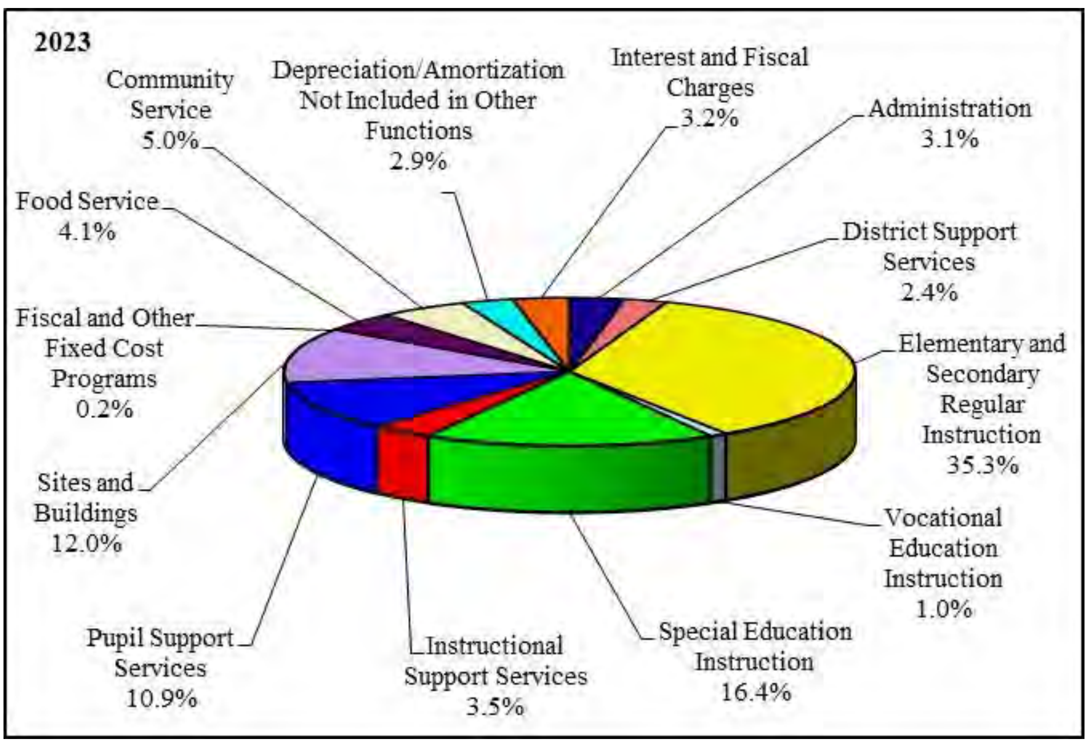
The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2024 and 2023





The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs compared to the prior year was largely due to changes in the TRA state-wide pension plan obligations.

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 in each of the District's governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2024 and 2023

	2024	2023	Change
Major funds			
General	$ 47,983,565	$ 35,066,844	$ 12,916,721
Capital Projects –			
Building Construction	142,867,347	24,856,514	118,010,833
Debt Service	9,304,960	6,114,878	3,190,082
Nonmajor funds			
Food Service Special Revenue	5,479,609	2,949,617	2,529,992
Community Service Special Revenue	254,340	1,140,949	(886,609)
Total governmental funds	$ 205,889,821	$ 70,128,802	$ 135,761,019

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 it represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

As of June 30, 2024, the District's governmental funds reported combined fund balances of $205,889,821, an increase of $135,761,019 in comparison with the prior year, including a change within the financial reporting entity. Approximately 13.7 percent of this amount ($28,159,511) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form ($936,910), 2) restricted for particular purposes ($166,282,291), 3) committed for particular purposes ($5,452,555), or 4) assigned for particular purposes ($5,058,554).

The District issued $119,415,000 of general obligation school building and facilities maintenance bonds in the current year contributing to the increase in the Capital Projects – Building Construction Fund. Changes in the table above are further discussed on the following pages.

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	$ 301,395,669	$ 308,088,879	$ 6,693,210	2.2%
Expenditures	$ 300,264,809	$ 306,462,301	$ 6,197,492	2.1%
Other financing sources	$ 20,000	$ 37,605	$ 17,605	88.0%

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2024 Actual	Amount	Percent	Amount	Percent
Revenue	$ 317,620,581	$ 9,531,702	3.1 %	$ 33,026,692	11.6 %
Expenditures	311,096,426	4,634,125	1.5 %	30,683,460	10.9 %
Excess of revenue over expenditures	6,524,155	4,897,577		2,343,232	
Total other financing sources	3,722,767	3,685,162		170,485	
Net change in fund balances	$ 10,246,922	$ 8,582,739		$ 2,513,717	

The fund balance of the General Fund increased $10,246,922, compared to a budget increase of $1,664,183 approved in the final budget.

General Fund revenues were over budget by 3.1 percent. Conservative budgeting contributed to the favorable variance that was spread across all major revenue sources. The District served more students in the current year contributing to the increase in revenues over the prior year. Improved investment earnings and an increase in the approved levy factored into the growth in revenue compared to the prior year. State funding improvements for special education cross-subsidy costs also increased total revenues along with a change made by the District to utilize federal special education funding for tuition bills that increases state aids and purchased services by $3 million. This decision also contributed to the variance in state revenues and purchased services expenditures to be over budget in the current year by equal and offsetting amounts.

Total General Fund expenditures were within 1.5 percent of budget. The largest variance was in purchased services due to the use of federal funding to pay special education tuition as mentioned with the revenue discussion above. Capital spending increased and was over budget for new lease and subscription assets financed by other financing sources totaling $3,540,466. Spending was less than projected for salaries, employee benefits, and supplies and materials, partially offsetting the overspending in purchased services and capital expenditures. The increase in expenditures was largely as anticipated with more personnel spending and purchased services with the growth in students served, negotiated contract increases, and natural inflationary changes. The change with federal entitlements for tuition bills increased spending for purchased services but was offset by a matching amount in revenue.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The District issued $100,000,000 of school building bonds as authorized by taxpayers of the District to help accommodate growth and capital needs within the District. An additional $19,415,000 in bonds were issued at the same time, which are targeted for facilities maintenance projects. The Capital Projects – Building Construction Fund revenue and other financing sources exceeded expenditures, increasing fund balance by $118,010,833 for the current year. The District has $142,867,347 in resources remaining in this fund as of June 30, 2024, for future capital spending.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by $3,190,082 in the current year. The year-end fund balance of $9,304,960 on June 30, 2024, is available for meeting future debt service obligations. In combination with the previous bond issues described earlier, the District issued $13,600,000 of refunding bonds to reduce future debt levies for district taxpayers.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing total fund balance by $2,529,992, compared to a projected fund balance increase of $736,540.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, reducing total fund balance by $886,609, compared to a projected fund balance decrease of $245,884.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2024 and 2023.

Table 6
Capital Assets

	2024	2023	Change
Land	$ 14,848,229	$ 14,848,229	$ –
Construction in progress	26,837,364	20,837,863	5,999,501
Land improvements	26,666,654	26,639,190	27,464
Buildings	593,911,924	586,120,855	7,791,069
Buildings – leased	1,589,073	1,589,073	–
Machinery and equipment	34,626,124	25,504,173	9,121,951
Machinery and equipment – leased	6,328,883	2,457,987	3,870,896
Licensed vehicles	15,967,569	15,894,847	72,722
Licensed vehicles – leased	1,693,477	1,693,477	–
Technology subscriptions	3,029,850	1,625,887	1,403,963
Less accumulated depreciation/amortization	(236,296,584)	(217,854,121)	(18,442,463)
Total	$ 489,202,563	$ 479,357,460	$ 9,845,103
Depreciation/amortization expense	$ 16,793,178	$ 15,429,363	$ 1,363,815

By the end of 2024, 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 2024, consistent with the activity of the long-term facilities maintenance program in the General Fund and activity of the Capital Projects – Building Construction Fund, discussed on the previous page. A change in accounting principle increased beginning net capital assets by $4,487,100.

The District defines capital assets as those with an initial, individual cost of $25,000 or more, which benefit more than one fiscal year. If federal funds are involved in the purchase of capital assets a $5,000 threshold is utilized.

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2024	2023	Change
General obligation bonds	$ 376,230,000	$ 283,615,000	$ 92,615,000
Certificates of participation	11,220,000	12,535,000	(1,315,000)
Unamortized premium/discount	28,267,486	18,010,763	10,256,723
Financed purchases	2,361,603	4,040,676	(1,679,073)
Lease liability	5,416,189	3,736,244	1,679,945
Subscription liability	1,421,284	1,375,516	45,768
Net pension liability – PERA and TRA	187,343,469	193,104,457	(5,760,988)
Total pension liability – District	1,347,842	1,392,633	(44,791)
Compensated absences	2,248,288	1,914,474	333,814
Severance benefits	2,241,495	2,233,924	7,571
Net OPEB liability	15,266,587	14,318,363	948,224
Total	$ 633,364,243	$ 536,277,050	$ 97,087,193

The changes in general obligation bonds, certificates of participation, financed purchases, lease liability, subscription liability, and unamortized premium/discount in the table above, are primarily due to principal payments and amortization during fiscal year 2024, as planned in the approved repayment schedules. The issuance of new debt approved by the School Board, increased the outstanding balances for general obligation bonds, unamortized premium/discount, lease liability, and subscription liability.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. Changes in the remaining categories fluctuates with number of retires, salary changes, and a variety of other estimates and assumptions that go into recorded certain employee benefit obligations.

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	$18,430,301,900
Limit rate	15.0%
Legal debt limit	$ 2,764,545,285

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

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 ACFR, or need additional financial information, contact the Finance Department, Independent School District No. 833, District Service Center, 7362 East Point Douglas Road South, Cottage Grove, Minnesota 55016-3025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Net Position
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	Governmental Activities	
	2024	2023
Assets		
Cash and temporary investments	$ 258,144,570	$ 110,700,459
Receivables		
Current taxes	67,704,755	60,400,614
Delinquent taxes	683,938	640,057
Accounts and interest	495,180	262,008
Due from other governmental units	29,880,231	29,012,985
Due from OPEB trust	209,153	250,748
Inventory	358,855	340,215
Prepaid items	578,055	5,613,092
Restricted assets – temporarily restricted		
Cash and investments for capital asset acquisition	758	854
Capital assets		
Not depreciated/amortized	41,685,593	35,686,092
Depreciated/amortized, net of accumulated depreciation/amortization	447,516,970	443,671,368
Total capital assets, net of accumulated depreciation/amortization	489,202,563	479,357,460
Total assets	847,258,058	686,578,492
Deferred outflows of resources		
Pension plan deferments	45,371,248	58,201,395
OPEB plan deferments	340,093	365,253
Total deferred outflows of resources	45,711,341	58,566,648
Total assets and deferred outflows of resources	$ 892,969,399	$ 745,145,140
Liabilities		
Salaries payable	$ 13,961,369	$ 12,518,509
Accounts and contracts payable	12,161,014	9,292,611
Accrued interest payable	5,698,498	3,771,801
Due to other governmental units	1,427,331	1,512,652
Unearned revenue	635,917	1,008,146
Long-term liabilities		
Due within one year	32,848,026	32,562,425
Due in more than one year	600,516,217	503,714,625
Total long-term liabilities	633,364,243	536,277,050
Total liabilities	667,248,372	564,380,769
Deferred inflows of resources		
Property taxes levied for subsequent year	123,529,481	109,807,066
Pension plan deferments	17,707,207	43,126,710
OPEB plan deferments	2,670,745	3,273,828
Total deferred inflows of resources	143,907,433	156,207,604
Net position		
Net investment in capital assets	207,153,348	180,900,775
Restricted for		
Capital asset acquisition	2,231,324	2,489,605
Debt service	3,910,245	2,624,349
Food service	5,479,609	2,949,617
Community service	4,812,169	4,395,945
Other purposes (state and other funding restrictions)	1,832,286	2,423,250
Unrestricted	(143,605,387)	(171,226,774)
Total net position	81,813,594	24,556,767
Total liabilities, deferred inflows of resources, and net position	$ 892,969,399	$ 745,145,140

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Activities
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024				2023
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 10,021,558	$ –	$ 23,048	$ (9,998,510)	$ (8,848,131)
District support services	8,720,230	96,635	178,700	(8,444,895)	(6,558,264)
Elementary and secondary regular instruction	117,982,131	2,196,268	19,752,165	(96,033,698)	(80,125,458)
Vocational education instruction	3,969,191	–	747,019	(3,222,172)	(2,145,103)
Special education instruction	62,566,148	2,600	56,680,406	(5,883,142)	(6,090,438)
Instructional support services	15,795,480	2,032	2,966,147	(12,827,301)	(6,998,894)
Pupil support services	32,815,383	–	5,290,972	(27,524,411)	(27,605,542)
Sites and buildings	37,268,521	–	–	(37,268,521)	(34,016,008)
Fiscal and other fixed cost programs	743,720	–	–	(743,720)	(676,588)
Food service	12,532,532	2,034,970	12,803,874	2,306,312	(422,400)
Community service	16,715,265	10,716,301	3,230,016	(2,768,948)	(1,083,394)
Depreciation/amortization not included in other functions	7,916,454	–	–	(7,916,454)	(8,143,315)
Interest and fiscal charges	11,684,559	–	–	(11,684,559)	(8,959,146)
Total governmental activities	$ 338,731,172	$ 15,048,806	$ 101,672,347	(222,010,019)	(191,672,681)
General revenues					
Taxes					
Property taxes levied for general purposes				77,098,140	71,171,292
Property taxes levied for community service				1,929,244	1,780,470
Property taxes levied for debt service				34,454,600	30,421,943
General grants and aids				149,937,668	144,411,680
Other general revenues				4,371,005	3,440,693
Investment earnings				6,989,089	3,545,894
Total general revenues				274,779,746	254,771,972
Change in net position				52,769,727	63,099,291
Net position – beginning, as previously reported				24,556,767	(38,542,524)
Change in accounting principle				4,487,100	–
Net position – beginning, as restated				29,043,867	(38,542,524)
Net position – ending				$ 81,813,594	$ 24,556,767

Balance Sheet
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 81,313,902	$ 144,741,287	$ 26,023,621
Cash and investments held by trustee	–	758	–
Receivables			
Current taxes	46,674,657	–	19,686,179
Delinquent taxes	461,511	–	210,651
Accounts and interest	336,882	156,726	–
Due from other governmental units	27,490,720	–	310,291
Due from other funds	209,153	–	–
Inventory	159,782	–	–
Prepaid items	539,408	–	–
Total assets	$ 157,186,015	$ 144,898,771	$ 46,230,742
Liabilities			
Salaries payable	$ 13,497,204	$ 128	$ –
Accounts and contracts payable	9,616,408	2,031,296	2,500
Due to other governmental units	1,409,357	–	–
Unearned revenue	154,654	–	–
Total liabilities	24,677,623	2,031,424	2,500
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	305,043	–	137,835
Property taxes levied for subsequent year	84,219,784	–	36,785,447
Total deferred inflows of resources	84,524,827	–	36,923,282
Fund balances (deficit)			
Nonspendable	699,190	–	–
Restricted	4,063,610	142,867,347	9,304,960
Committed	5,452,555	–	–
Assigned	5,058,554	–	–
Unassigned	32,709,656	–	–
Total fund balances	47,983,565	142,867,347	9,304,960
Total liabilities, deferred inflows of resources, and fund balances	$ 157,186,015	$ 144,898,771	$ 46,230,742

Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
$ 6,065,760	$ 258,144,570	$ 108,030,660
–	758	854
1,343,919	67,704,755	60,400,614
11,776	683,938	640,057
1,572	495,180	262,008
2,079,220	29,880,231	29,012,985
–	209,153	250,748
199,073	358,855	340,215
38,647	578,055	5,613,092
$ 9,739,967	$ 358,055,495	$ 204,551,233
$ 464,037	$ 13,961,369	$ 12,518,509
510,810	12,161,014	9,292,611
17,974	1,427,331	1,512,652
481,263	635,917	1,008,146
1,474,084	28,185,631	24,331,918
7,684	450,562	283,447
2,524,250	123,529,481	109,807,066
2,531,934	123,980,043	110,090,513
237,720	936,910	5,953,307
10,046,374	166,282,291	42,821,368
–	5,452,555	3,377,959
–	5,058,554	–
(4,550,145)	28,159,511	17,976,168
5,733,949	205,889,821	70,128,802
$ 9,739,967	$ 358,055,495	$ 204,551,233

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INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Total fund balances – governmental funds	$ 205,889,821	$ 70,128,802
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	725,499,147	697,211,581
Accumulated depreciation/amortization	(236,296,584)	(217,854,121)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(376,230,000)	(283,615,000)
Certificates of participation	(11,220,000)	(12,535,000)
Unamortized premium/discount	(28,267,486)	(18,010,763)
Financed purchases	(2,361,603)	(4,040,676)
Lease liability	(5,416,189)	(3,736,244)
Subscription liability	(1,421,284)	(1,375,516)
Net pension liability – PERA and TRA	(187,343,469)	(193,104,457)
Total pension liability – District	(1,347,842)	–
Compensated absences	(2,248,288)	(1,914,474)
Severance benefits	(2,241,495)	–
Net OPEB liability	(15,266,587)	(14,318,363)
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.	–	(469,707)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(5,698,498)	(3,771,801)
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	45,371,248	57,714,344
Deferred outflows of resources – OPEB plan deferments	340,093	365,253
Deferred inflows of resources – pension plan deferments	(17,707,207)	(43,126,710)
Deferred inflows of resources – OPEB plan deferments	(2,670,745)	(3,273,828)
Deferred inflows of resources – unavailable revenue – delinquent taxes	450,562	283,447
Total net position – governmental activities	$ 81,813,594	$ 24,556,767

See notes to basic financial statements

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 76,992,327	$ –	$ 34,396,316
Investment earnings	3,593,970	2,554,953	611,717
Other	6,472,261	13,978	–
State sources	224,293,860	–	3,102,911
Federal sources	6,268,163	–	1,140,461
Total revenue	317,620,581	2,568,931	39,251,405
Expenditures			
Current			
Administration	10,573,409	–	–
District support services	9,863,645	–	–
Elementary and secondary regular instruction	128,580,659	–	–
Vocational education instruction	4,080,321	–	–
Special education instruction	66,339,981	–	–
Instructional support services	16,393,387	–	–
Pupil support services	36,060,599	–	–
Sites and buildings	32,701,436	–	–
Fiscal and other fixed cost programs	743,720	–	–
Food service	–	–	–
Community service	248,311	–	–
Capital outlay	–	14,435,414	–
Debt service			
Principal	4,808,826	–	25,760,000
Interest and fiscal charges	702,132	–	11,992,595
Total expenditures	311,096,426	14,435,414	37,752,595
Excess (deficiency) of revenue over expenditures	6,524,155	(11,866,483)	1,498,810
Other financing sources (uses)			
Debt issued	3,540,466	119,415,000	–
Refunding debt issued	–	–	13,600,000
Premium on debt issued	–	10,462,316	2,731,272
Payment on refunded bonds	–	–	(14,640,000)
Proceeds from sale of assets	48,701	–	–
Insurance recovery	133,600	–	–
Total other financing sources (uses)	3,722,767	129,877,316	1,691,272
Net change in fund balances	10,246,922	118,010,833	3,190,082
Fund balances			
Beginning of year, as previously reported	35,066,844	24,856,514	6,114,878
Change within the financial reporting entity	2,669,799	–	–
Beginning of year, as restated	37,736,643	24,856,514	6,114,878
End of year	$ 47,983,565	$ 142,867,347	$ 9,304,960

See notes to basic financial statements

	Total Governmental Funds	
Nonmajor Funds	2024	2023
$ 1,926,226	$ 113,314,869	$ 103,357,440
228,449	6,989,089	3,424,233
12,751,271	19,237,510	21,275,944
10,364,844	237,761,615	200,752,318
5,669,046	13,077,670	16,289,827
30,939,836	390,380,753	345,099,762
–	10,573,409	10,101,323
–	9,863,645	7,576,329
–	128,580,659	123,416,698
–	4,080,321	3,128,653
–	66,339,981	54,148,356
–	16,393,387	12,922,057
–	36,060,599	30,909,681
–	32,701,436	31,901,954
–	743,720	676,588
12,233,681	12,233,681	11,182,188
16,648,856	16,897,167	14,567,040
413,916	14,849,330	13,504,216
–	30,568,826	26,942,607
–	12,694,727	12,457,036
29,296,453	392,580,888	353,434,726
1,643,383	(2,200,135)	(8,334,964)
–	122,955,466	3,488,987
–	13,600,000	–
–	13,193,588	–
–	(14,640,000)	–
–	48,701	58,350
–	133,600	4,945
–	135,291,355	3,552,282
1,643,383	133,091,220	(4,782,682)
4,090,566	70,128,802	74,911,484
–	2,669,799	–
4,090,566	72,798,601	74,911,484
$ 5,733,949	$ 205,889,821	$ 70,128,802

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INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Total net change in fund balances – governmental funds	$133,091,220	$ (4,782,682)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	22,151,181	19,690,620
Depreciation/amortization expense	(16,793,178)	(15,429,363)
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.	–	(98,558)
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.	(136,555,466)	(3,488,987)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	40,400,000	22,185,000
Certificates of participation	1,315,000	1,260,000
Financed purchases	1,679,073	1,994,889
Lease liability	1,504,437	1,252,347
Subscription liability	310,316	250,371
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.	(1,926,697)	514,507
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability – PERA and TRA	5,760,988	(83,623,520)
Total pension liability – District	44,791	–
Compensated absences	(333,814)	41,948
Severance benefits	(7,571)	–
Net OPEB liability	(948,224)	(490,394)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(10,256,723)	2,983,383
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	(12,830,147)	(17,153,770)
Deferred outflows of resources – OPEB plan deferments	(25,160)	(113,595)
Deferred inflows of resources – pension plan deferments	25,419,503	137,345,134
Deferred inflows of resources – OPEB plan deferments	603,083	745,696
Deferred inflows of resources – unavailable revenue – delinquent taxes	167,115	16,265
Change in net position – governmental activities	$ 52,769,727	$ 63,099,291

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 76,720,262	$ 76,689,516	$ 76,992,327	$ 302,811
Investment earnings	1,200,650	1,800,650	3,593,970	1,793,320
Other	4,233,103	5,332,266	6,472,261	1,139,995
State sources	213,986,743	218,432,917	224,293,860	5,860,943
Federal sources	5,254,911	5,833,530	6,268,163	434,633
Total revenue	301,395,669	308,088,879	317,620,581	9,531,702
Expenditures				
Current				
Administration	10,110,528	10,832,912	10,573,409	(259,503)
District support services	8,399,871	10,609,766	9,863,645	(746,121)
Elementary and secondary regular instruction	130,472,619	131,225,755	128,580,659	(2,645,096)
Vocational education instruction	2,091,393	2,605,471	4,080,321	1,474,850
Special education instruction	61,850,696	62,278,060	66,339,981	4,061,921
Community service	314,286	298,060	248,311	(49,749)
Instructional support services	14,233,305	16,058,401	16,393,387	334,986
Pupil support services	36,182,911	35,942,426	36,060,599	118,173
Sites and buildings	31,700,505	30,968,755	32,701,436	1,732,681
Fiscal and other fixed cost programs	613,000	669,500	743,720	74,220
Debt service				
Principal	3,678,129	4,340,629	4,808,826	468,197
Interest and fiscal charges	617,566	632,566	702,132	69,566
Total expenditures	300,264,809	306,462,301	311,096,426	4,634,125
Excess of revenue over expenditures	1,130,860	1,626,578	6,524,155	4,897,577
Other financing sources				
Debt issued	–	–	3,540,466	3,540,466
Proceeds from sale of assets	20,000	20,000	48,701	28,701
Insurance recovery	–	17,605	133,600	115,995
Total other financing sources	20,000	37,605	3,722,767	3,685,162
Net change in fund balances	$ 1,150,860	$ 1,664,183	10,246,922	$ 8,582,739
Fund balances				
Beginning, as previously reported			35,066,844	
Change within the financial reporting entity			2,669,799	
Beginning, as restated			37,736,643	
End of year			$ 47,983,565	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Net Position
Proprietary Funds
Internal Service Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and temporary investments	$ –	$ 2,669,799
Deferred outflows of resources		
Pension plan deferments	–	487,051
Liabilities		
Current liabilities		
Severance benefits	–	269,968
Total pension liability	–	257,528
Total current liabilities	–	527,496
Long-term liabilities		
Severance benefits	–	1,963,956
Total pension liability	–	1,135,105
Total long-term liabilities	–	3,099,061
Total liabilities	–	3,626,557
Net position		
Unrestricted	$ –	$ (469,707)

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Operating revenue		
Contributions from governmental funds	$ –	$ –
Operating expenses		
Severance benefits	–	189,038
Pension benefits	–	31,181
Total operating expenses	–	220,219
Operating income (loss)	–	(220,219)
Nonoperating revenue		
Investment earnings	–	121,661
Income (loss) before transfers	–	(98,558)
Transfers in	–	78,929
Transfers (out)	–	(78,929)
Change in net position	–	(98,558)
Net position		
Beginning, as previously reported	(469,707)	(371,149)
Change within the financial reporting entity	469,707	–
Beginning of year, as restated	–	(371,149)
End of year	$ –	$ (469,707)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Cash Flows
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Severance benefit payments	$ –	$ (290,196)
Pension benefit payments	–	(445,673)
Net cash flows from operating activities	–	(735,869)
Cash flows from noncapital financing activities		
Transfer in	–	78,929
Transfer (out)	–	(78,929)
Net cash flows from noncapital financing activities	–	–
Cash flows from investing activities		
Interest on investments	–	121,661
Net change in cash and cash equivalents	–	(614,208)
Cash and cash equivalents		
Beginning of year, as previously reported	2,669,799	3,284,007
Change within the financial reporting entity	(2,669,799)	–
Beginning of year, as restated	–	3,284,007
End of year	$ –	$ 2,669,799
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ –	$ (220,219)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows of resources		
Deferred outflows of resources	–	18,382
Severance benefits	–	(101,158)
Total pension liability	–	(432,874)
Net cash flows from operating activities	$ –	$ (735,869)

Noncash investing capital and financing activities:

Effective on July 1, 2023, the District made a change within the financial reporting entity to account for certain severance and pension benefits only in the government-wide financial statements and discontinue the use of the internal service funds. The prior year-end cash balance was moved to the General Fund. The remaining prior year noncash balances for pension plan deferments, severance benefits liabilities, and total pension liabilities are reported in the government-wide financial statements.

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2024

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Assets		
Cash and temporary investments	$ 55,077	$ –
Investments held by trustee		
Mutual funds	–	3,455,209
Total assets	55,077	3,455,209
Liabilities		
Due to other funds	–	209,153
Net position		
Restricted for scholarships	55,077	–
Restricted for OPEB	–	3,246,056
Total net position	$ 55,077	$ 3,246,056

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Additions		
Contributions		
Private donations	$ 44,050	$ –
Investment earnings		
Investment earnings	–	365,097
Less investment expense	–	(14,294)
Net investment earnings	–	350,803
Total additions	44,050	350,803
Deductions		
Scholarships awarded	26,800	–
Payment for OPEB	–	209,153
Administrative and other expenses	–	5,000
Total deductions	26,800	214,153
Change in net position	17,250	136,650
Net position		
Beginning of year	37,827	3,109,406
End of year	$ 55,077	$ 3,246,056

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 833 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th-grade students attending the District either as a resident of the District or through an open enrollment options election. It is governed by a School Board elected by the voters of the District to four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (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 revenues are recognized when all eligible requirements imposed by the provider have been met.

For capital assets that can be specifically identified with or allocated to functional areas, depreciation and amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation and amortization expense is reported as "Depreciation/amortization not included in other functions." Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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 is 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 revenue and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has one pension (and other employee benefit) trust fund and one custodial fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide 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 the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition, construction, maintenance or improvement of major capital facilities authorized by debt 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, long-term debt principal, interest, and related costs.

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – The internal service funds were used to 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 included financing for post-employment severance and pension benefits offered by the District to its employees. The District closed the internal service funds as a change within the financial reporting entity as described later in Note 1 of the Notes to Basic Financial Statements.

Fiduciary Funds

Scholarship Custodial Fund – The Scholarship Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to other third parties for donor-directed purposes, such as to award scholarships to former students.

Other Post-Employment Benefits Trust Fund – The Other Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund post-employment insurance benefits for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The School Board must approve expenditures exceeding budget at the fund level by resolution or through the disbursement approval process. Budgeted expenditure appropriations lapse at year-end.

Actual expenditures exceeded final budgeted appropriations for fiscal 2024 by $4,634,125 in the General Fund, by $1,240,126 in the Community Service Special Revenue Fund, and by $809,652 in the Debt Service Fund. Revenues and other financing sources in excess of budget, along with available fund balance, covered these variances.

F. Cash and Temporary Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, the escrow accounts held by the trustee can be used only for certain capital asset acquisition costs as required by terms of the debt issue. In the Other Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the appropriate fund.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary (internal service) 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 receivable not expected to be fully collected within one year is property taxes receivable.

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

Due from the MDE and others	$ 29,049,548
Due from other Minnesota school districts	38,444
Due from Washington County and others	792,239
Total	$ 29,880,231

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, warehouse supplies, and surplus commodities received from the federal government. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Warehouse supplies are recorded using an average cost 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 recorded as expenses/expenditures 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 $3,088,232 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 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. Subscription-Based Information Technology Arrangements (SBITAs)

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

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Capital assets under lease are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of $25,000 or more, which benefit more than one fiscal year, unless a lower level is required by a grantor. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary, ranging from 20 to 50 years for land improvements and buildings and 5 to 15 years for machinery, equipment, and licensed vehicles. Assets under lease are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

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

M. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences Payable

1. **Vacation Pay –** Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in the governmental fund financial statements only when used or matured, due to employee termination or similar circumstances.

2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

O. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with the provisions of certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. Severance or retirement benefits are required to be paid out twice a year (June and January) following the effective date of retirement. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account. For all other employees, severance benefits are paid out directly to the employee.

Severance pay based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.

P. State-Wide Pension Plans

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

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

Q. Other Post-Employment Benefits (OPEB) Plan

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

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

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

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

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

S. 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 and amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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 the School Board's adopted fund balance policy, the District's superintendent is authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

U. 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 significant reductions in the District's insurance coverage in the current year.

2. **Self-Insurance** – The District uses the General Fund to account for and finance its self-insured risk of loss for the employee dental self-insurance plan. Under the plan, the General Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2023	$ 41,601	$ 1,594,061	$ 1,604,265	$ 31,397
2024	$ 31,397	$ 1,359,609	$ 1,347,122	$ 43,884

V. 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.

W. Restricted Assets

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

X. Prior Period Comparative Financial Information/Reclassifications

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.

Y. Change in Accounting Principle

During the year ended June 30, 2024, the District implemented new accounting guidance for capitalizing purchases of groups of similar assets. This recent change in authoritative literature, which provides new guidance on accounting and financial reporting for capital assets, requires a government to capitalize groups of similar assets purchased at or near the same time, that are individually below the District's capitalization threshold, if the aggregate cost is significant. In prior periods, the District only capitalized assets whose individual cost exceeded the capitalization policy threshold. Certain amounts necessary to fully restate prior fiscal years financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance resulted in the District reporting certain groups of similar capital assets acquired in previous years and accumulated depreciation thereon, increasing beginning net position by $4,487,100 in the government-wide financial statements in the current year. See Note 3 for additional details on this change in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Change Within the Financial Reporting Entity

Beginning July 1, 2023, the District discontinued their use of internal service funds. These funds were previously used to account for severance benefit obligations (under GASB Statement No. 16) and pension benefit obligations (under GASB Statement No. 73) of the District. Moving forward, these obligations will be reported in the governmental funds of the District as required to make payments on a pay-as-you-go basis, with the long-term liabilities and other related accruals reported only in the government-wide financial statements as allowed under current standards. This change within the financial reporting entity resulted in an increase of $2,669,799 in beginning fund balance in the General Fund for the move of applicable governmental fund-type assets. In the proprietary fund financial statements, the combined internal service funds reported an increase to beginning net position of $469,707 for the elimination of severance and pension benefit obligations that exceeded the value of financial resources previously held in the internal service funds. There was no adjustment to the government-wide financial statements for these changes since these related assets and obligations have always been reported as part of the government-wide financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 480,454
Investments	261,145,443
Cash on hand	29,717
Total	$ 261,655,614

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

Statement of Net Position	
Cash and temporary investments	$ 258,144,570
Restricted assets – temporarily restricted	
Cash and investments for capital asset acquisition	758
Statement of Fiduciary Net Position	
Scholarship Custodial Fund	
Cash and temporary investments	55,077
Other Post-Employment Benefits Trust Fund	
Investments held by trustee	3,455,209
Total	$ 261,655,614

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

At year-end, the carrying amount of the District's deposits and the balance on the bank records was $480,454. 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.

C. Investments

The District had the following investments at year-end:

	Credit Risk		Fair Value	Interest Rate Risk – Maturity Duration in Years		
Investment Type	Credit Rating	Rating Agency	Measurements Using	Less Than 1	1 to 5	Total
U.S. treasury notes	N/A	N/A	Level 1	$ 5,228,569	$ 78,865,912	$ 84,094,481
Commercial paper	A-1	S&P	Level 1	$ 2,013,400	$ –	2,013,400
Investment pools/mutual funds						
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	45,359,872
MSDLAF MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	111,605,772
MSDLAF Term Series	AAA	Fitch	Amortized Cost	$ 8,800,000	$ –	8,800,000
First American Government Obligations Funds	AAA	S&P	Level 1	N/A	N/A	7,227
U.S. Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	3,789,410
Wells Fargo Advantage Governmental Fund	AAA	S&P	Level 1	N/A	N/A	2,026,541
Mutual funds	N/R	N/A	Level 1	N/A	N/A	3,448,740
Total investments						$ 261,145,443

N/A – Not Applicable
N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission. The District's investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the MSDLAF Liquid Class. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MSDLAF Term Series investments have a maturity of 60 days to 1 year and early withdrawal may result in substantial early redemption penalties.

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. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form; and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District has an internal policy that limits investment choices and addresses these potential risks beyond the statutory limitations listed above. These limitations are discussed below:

- Investments in the various authorized instruments cannot exceed the following percentages of total funds:
    1. U.S. treasury obligations (bills, notes, and bonds) – 100 percent
    2. U.S. government agency securities and instrumentalities of government-sponsored corporations – 100 percent
    3. Bankers' acceptances – 25 percent
    4. Commercial paper – 75 percent
    5. Repurchase agreements – 50 percent
    6. Certificates of deposit – commercial banks – 100 percent
    7. Local government investment pool – 100 percent

- Not more than 66 percent of the total nonconstruction portfolio shall be with any one depository.

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	$ 14,848,229	$ –	$ –	$ –	$ –	$ 14,848,229
Construction in progress	20,837,863	–	13,973,447	–	(7,973,946)	26,837,364
Total capital assets, not depreciated/amortized	35,686,092	–	13,973,447	–	(7,973,946)	41,685,593
Capital assets, depreciated/amortized						
Land improvements	26,639,190	–	27,464	–	–	26,666,654
Buildings	586,120,855	–	–	–	7,791,069	593,911,924
Buildings – leased	1,589,073	–	–	–	–	1,589,073
Machinery and equipment	25,504,173	6,136,385	2,802,689	–	182,877	34,626,124
Machinery and equipment – leased	2,457,987	–	3,870,896	–	–	6,328,883
Licensed vehicles	15,894,847	–	72,722	–	–	15,967,569
Licensed vehicles – leased	1,693,477	–	–	–	–	1,693,477
Technology subscriptions	1,625,887	–	1,403,963	–	–	3,029,850
Total capital assets, depreciated/amortized	661,525,489	6,136,385	8,177,734	–	7,973,946	683,813,554
Less accumulated depreciation/amortization for						
Land improvements	(13,607,996)	–	(813,832)	–	–	(14,421,828)
Buildings	(171,458,843)	–	(11,460,758)	–	–	(182,919,601)
Buildings – leased	(625,728)	–	(199,694)	–	–	(825,422)
Machinery and equipment	(17,789,384)	(1,649,285)	(2,041,237)	–	–	(21,479,906)
Machinery and equipment – leased	(769,123)	–	(646,606)	–	–	(1,415,729)
Licensed vehicles	(12,693,387)	–	(778,920)	–	–	(13,472,307)
Licensed vehicles – leased	(677,390)	–	(338,695)	–	–	(1,016,085)
Technology subscriptions	(232,270)	–	(513,436)	–	–	(745,706)
Total accumulated depreciation/amortization	(217,854,121)	(1,649,285)	(16,793,178)	–	–	(236,296,584)
Net capital assets, depreciated /amortized	443,671,368	4,487,100	(8,615,444)	–	7,973,946	447,516,970
Total capital assets, net	$ 479,357,460	$ 4,487,100	$ 5,358,003	$ –	$ –	$ 489,202,563

* The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year.

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

District support services	$ 942,354
Elementary and secondary regular instruction	1,666,292
Vocational education instruction	3,359
Special education	169,993
Pupil services	1,114,990
Sites and buildings	4,808,228
Food service	160,063
Community service	11,445
Depreciation/amortization not included in other functions	7,916,454
Total depreciation/amortization expense	$ 16,793,178

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

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					
2010B Taxable Alternative Facility Bonds	06/10/2010	5.15%	$ 4,365,000	06/01/2026	$ 4,220,000
2010C Taxable Alternative Facility Bonds	06/10/2010	5.00%	$ 19,565,000	06/01/2026	12,000,000
2016A Building Bonds	03/01/2016	3.50–5.00%	$ 87,145,000	02/01/2035	82,690,000
2016B Refunding Bonds	05/12/2016	3.00–5.00%	$ 73,460,000	02/01/2027	28,380,000
2016C Facilities Maintenance Bonds	05/12/2016	3.00–4.00%	$ 14,470,000	02/01/2031	14,470,000
2016E Refunding Bonds	11/09/2016	3.00–5.00%	$ 33,035,000	02/01/2027	13,120,000
2018A Facilities Maintenance Bonds	05/18/2018	3.00–5.00%	$ 22,580,000	02/01/2033	22,580,000
2020A Facilities Maintenance Bonds	05/14/2020	3.00–5.00%	$ 26,550,000	02/01/2038	26,550,000
2021A Alternative Facilities Refunding Bonds	11/16/2021	2.00%	$ 4,300,000	02/01/2027	4,300,000
2022A Facilities Maintenance Bonds	06/09/2022	4.00–5.00%	$ 34,905,000	02/01/2036	34,905,000
2024A School Building, Facilities Maintenance, and Refunding Bonds	02/08/2024	4.00–5.00%	$ 133,015,000	02/01/2044	133,015,000
Total general obligation bonds					$ 376,230,000

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

The District's Taxable Alternative Facility Bonds, Series 2010B were issued as Qualified Zone Academy Bonds – Direct Payment, for which the District receives a federal rebate equal to 100 percent of the interest payment on this debt issue. The District's Taxable Alternative Facility Bonds, Series 2010C were issued as Qualified School Construction Bonds – Direct Payment. Although the District has complied with all eligibility requirements for this credit, the District received notice from the Internal Revenue Service that interest payment credits were reduced from originally anticipated amounts.

In February 2024, the District issued $13,600,000 of General Obligation Refunding Bonds as a portion of the Series 2024A debt issue. On March 14, 2024, the proceeds and reoffering premium of the refunding bonds were used to redeem the 2026 through 2028 maturities of the 2014A General Obligation Alternative Facilities Bonds. This refunding will reduce the District's total future debt service payments by $412,097 and will result in a present value savings of $359,517.

In November 2023, Taxpayers of the District authorized the issuance of up to $201,225,000 in General Obligation School Building bonds in a bond referendum election. The District issued $100,000,000 of General Obligation School Building Bonds in February 2024, leaving $101,225,000 in remaining bond authority available to be sold.

B. Certificates of Participation

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of Participation					
2016D Certificates of Participation	06/16/2016	4.00–5.00%	$ 13,200,000	04/01/2031	$ 7,155,000
2017A Certificates of Participation	06/22/2017	3.00–3.25%	$ 6,995,000	02/01/2032	4,065,000
Total certificates of participation					$ 11,220,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District has issued certificates of participation under Minnesota Statutes § 123B.51 to finance the purchase of Valley Crossing Elementary School, and to finance an addition to the Woodbury Middle School. Scheduled future ad valorem 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.

The certificates of participation are valid and binding special, limited obligations of the District payable solely from and secured by a pledge of payments to be made to the Trustee by the District pursuant to the agreement. The certificates of participation do not constitute a general obligation of the District and are not a charge against the general credit of the District.

The debt payments under the terms of the agreement will be payable solely from District funds, which are normally budgeted and appropriated by the School Board and which may be terminated by action of the School Board. The District's obligation to make payments under the agreement is subject to its annual right to terminate the agreement at the end of any fiscal year by failure to appropriate the funds.

In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the building and its interest in the land. The Trustee, on behalf of the owners of the certificates of participation, will attempt to sublease and operate the Facilities. There is no assurance that the Trustee will be able to re-lease the interest in the building and land, or to do so for amounts that would pay all interest and principal on the certificates of participation.

C. Financed Purchases

The District has acquired various assets through financed purchase agreements. Annual principal and interest on these agreements will be paid from the General Fund.

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Financed purchases					
Liberty Ridge Site II	04/12/2012	2.99%	$ 4,100,000	04/15/2027	$ 970,284
Buses	07/15/2019	3.75%	$ 992,600	08/15/2025	299,892
Buses	07/20/2020	2.85%	$ 1,051,703	07/20/2026	464,051
Buses	06/15/2021	2.38%	$ 1,083,780	07/15/2027	627,376
Total financed purchases					$ 2,361,603

The agreements are secured by a ground lease and the equipment. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the debt, the debtor may: 1) declare all rental payments due or to become due, to be immediately due and payable, 2) take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 3) exclude the District from possession of the property and attempt to sell or again rent the property, holding the District responsible for the rent due under the agreement until the property is sold or rented again, or 4) take legal action to force performance under the terms of the agreement.

D. Lease Liabilities

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District currently has the following lease liability obligations outstanding:

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Lease liability					
City of Cottage Grove	09/01/2007	2.68%	$ 433,114	10/15/2029	$ 289,692
Next Step	10/01/2017	2.68%	$ 929,618	09/06/2027	507,106
Buses	07/20/2020	2.68%	$ 1,693,477	07/20/2025	688,861
Toshiba	07/01/2019	2.68%	$ 174,420	07/01/2024	4,895
Toshiba	06/01/2020	2.68%	$ 245,277	07/01/2025	67,557
Toshiba	08/01/2021	2.68%	$ 175,190	07/01/2026	75,686
Chromebooks	07/01/2022	1.72%	$ 1,863,100	06/30/2026	931,414
Security cameras	08/01/2023	4.00%	$ 2,812,382	08/01/2032	2,478,978
Student devices	05/01/2024	4.00%	$ 372,000	07/15/2028	372,000
Total lease liability					$ 5,416,189

E. Subscription Liability

The District had entered into agreements for the rights to use certain proprietary software, which calls for payments through July 2028. These agreements are paid by the General Fund. The total amount of the underlying technology subscriptions assets and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements. The District currently has the following subscription liability obligations outstanding:

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Subscription liability					
Discovery Education	07/29/2022	4.00%	$ 1,625,887	07/28/2028	$ 1,180,165
DreamBox Learning	07/01/2023	4.00%	$ 356,084	07/01/2025	241,119
Total subscription liability					$ 1,421,284

F. Other Long-Term Liabilities

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

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 following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans in the current year:

Pension Plans	Total/Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide PERA – NPL	$ 26,404,895	$ 8,585,144	$ 8,729,314	$ 3,530,473
State-wide TRA – NPL	160,938,574	36,456,806	8,977,893	(5,271,911)
District – TPL	1,347,842	329,298	–	414,967
Total	$ 188,691,311	$ 45,371,248	$ 17,707,207	$ (1,326,471)

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

G. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest	Financed Purchases Principal	Financed Purchases Interest
2025	$ 26,175,000	$ 15,613,306	$ 1,360,000	$ 392,144	$ 762,743	$ 64,917
2026	24,140,000	14,428,242	1,410,000	341,594	785,637	42,023
2027	26,015,000	13,401,813	1,465,000	289,094	650,805	18,422
2028	23,475,000	12,509,012	1,520,000	234,544	162,418	3,870
2029	25,390,000	11,017,163	1,575,000	170,219	–	–
2030–2034	130,475,000	39,144,606	3,890,000	170,203	–	–
2035–2039	83,400,000	16,917,650	–	–	–	–
2040–2044	37,160,000	4,466,900	–	–	–	–
Total	$ 376,230,000	$ 127,498,692	$ 11,220,000	$ 1,597,798	$ 2,361,603	$ 129,232

Year Ending June 30,	Lease Liability Principal	Lease Liability Interest	Subscription Liability Principal	Subscription Liability Interest	Combined Total Principal	Combined Total Interest
2025	$ 1,436,411	$ 155,481	$ 317,362	$ 56,851	$ 30,051,516	$ 16,282,699
2026	1,387,889	144,317	356,995	44,157	28,080,521	15,000,333
2027	550,270	104,611	239,277	29,877	28,920,352	13,843,817
2028	446,396	83,044	248,848	20,306	25,852,662	12,850,776
2029	356,874	63,531	258,802	10,352	27,580,676	11,261,265
2030–2034	1,238,349	123,771	–	–	135,603,349	39,438,580
2035–2039	–	–	–	–	83,400,000	16,917,650
2040–2044	–	–	–	–	37,160,000	4,466,900
Total	$ 5,416,189	$ 674,755	$ 1,421,284	$ 161,543	$ 396,649,076	$ 130,062,020

H. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds	$ 283,615,000	$ 133,015,000	$ 40,400,000	$ 376,230,000	$ 26,175,000
Certificates of participation	12,535,000	–	1,315,000	11,220,000	1,360,000
Unamortized premium/discount	18,010,763	13,193,588	2,936,865	28,267,486	–
Financed purchases	4,040,676	–	1,679,073	2,361,603	762,743
Lease liability	3,736,244	3,184,382	1,504,437	5,416,189	1,436,411
Subscription liability	1,375,516	356,084	310,316	1,421,284	317,362
Net pension liability – PERA and TRA	193,104,457	28,982,260	34,743,248	187,343,469	–
Total pension liability – District	1,392,633	413,945	458,736	1,347,842	169,146
Compensated absences	1,914,474	2,034,804	1,700,990	2,248,288	2,248,288
Severance benefits	2,233,924	193,451	185,880	2,241,495	379,076
Net OPEB liability	14,318,363	2,554,244	1,606,020	15,266,587	–
	$ 536,277,050	$ 183,927,758	$ 86,840,565	$ 633,364,243	$ 32,848,026

NOTE 5 – FUND BALANCES

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

A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 159,782	$ –	$ –	$ 199,073	$ 358,855
Prepaid items	539,408	–	–	38,647	578,055
Total nonspendable	699,190	–	–	237,720	936,910
Restricted					
Student activities	623,503	–	–	–	623,503
Scholarships	18,250	–	–	–	18,250
Staff development	571,925	–	–	–	571,925
Capital projects levy	480,622	–	–	–	480,622
Operating capital	1,750,702	–	–	–	1,750,702
State-approved alternative program	385,769	–	–	–	385,769
Basic skills	202,156	–	–	–	202,156
Community arts center	30,683	–	–	–	30,683
Projects funded by COP	–	1,056,023	–	–	1,056,023
Long-term facilities maintenance	–	34,601,688	–	–	34,601,688
Building construction	–	107,209,636	–	–	107,209,636
Debt service	–	–	9,304,960	–	9,304,960
Food service	–	–	–	5,258,738	5,258,738
Community education programs	–	–	–	4,614,897	4,614,897
Adult basic education	–	–	–	172,739	172,739
Total restricted	4,063,610	142,867,347	9,304,960	10,046,374	166,282,291
Committed					
ATPPS	489,355	–	–	–	489,355
Donations/gifts	575,256	–	–	–	575,256
School budget carryover	2,206,030	–	–	–	2,206,030
Severance	2,181,914	–	–	–	2,181,914
Total committed	5,452,555	–	–	–	5,452,555
Assigned					
Subsequent year's budget	5,058,554	–	–	–	5,058,554
Unassigned					
Restricted account deficits					
Safe schools levy deficit	(102,125)	–	–	–	(102,125)
Long-term facilities maintenance deficit	(1,030,178)	–	–	–	(1,030,178)
Early childhood family education programs deficit	–	–	–	(204,153)	(204,153)
School readiness deficit	–	–	–	(2,468,145)	(2,468,145)
Community service deficit	–	–	–	(1,877,847)	(1,877,847)
Unassigned	33,841,959	–	–	–	33,841,959
Total unassigned	32,709,656	–	–	(4,550,145)	28,159,511
	$ 47,983,565	$ 142,867,347	$ 9,304,960	$ 5,733,949	$ 205,889,821

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to reach an unrestricted fund balance of 16.6 percent of the District's General Fund unrestricted operating expenditure budget by the end of fiscal year 2026. The District has successfully met this goal earlier than expected. As of June 30, 2024, the unrestricted fund balance of the General Fund, was 17.2 percent of unrestricted operating expenditures as calculated by the MDE.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB 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, with benefit eligibility 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 Other Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Other 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 have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Other Post-Employment Benefits Trust Fund to finance these obligations. Required retiree benefit payments of $1,193,112 were paid by the General Fund ($983,959) and the Post-Employment Benefits Trust Fund ($209,153) on a pay-as-you-go basis for the current year.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. Membership

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

Retirees and beneficiaries receiving benefits	88
Active plan members	2,538
Total members	2,626

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as July 1, 2023, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 18,512,643
Plan fiduciary net position	(3,246,056)
District's net OPEB liability	$ 15,266,587
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%

F. Actuarial Methods and Assumptions

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

Discount rate	4.20%
Expected long-term investment return	6.30%
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% in 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental trend rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (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.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	40.00 %	4.70 %
Domestic equity	39.00	7.50 %
International equity	21.00	7.10 %
Total	100.00 %	6.30 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 11.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.20 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 4.00 percent.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance	$ 17,427,769	$ 3,109,406	$ 14,318,363
Changes for the year			
Service cost	1,408,358	–	1,408,358
Interest	729,817	–	729,817
Assumption changes	198,717	–	198,717
Plan changes	212,352	–	212,352
Contributions	–	983,959	(983,959)
Investment earnings	–	195,893	(195,893)
Differences between expected and actual experience	(271,258)	154,910	(426,168)
Benefit payments	(1,193,112)	(1,193,112)	–
Administrative expenses	–	(5,000)	5,000
Total net changes	1,084,874	136,650	948,224
Ending balance	$ 18,512,643	$ 3,246,056	$ 15,266,587

Plan changes since the prior measurement date included:

- The active superintendent will now be provided with a post-employment district-paid subsidy to family medical and dental insurance (in the amount of the premium for the highest deductible plan) and a post-employment district-paid life insurance policy until age 65 with a face amount of $750,000. The previous agreement was a post-employment district-paid subsidy to single medical insurance only.
- The retired superintendent's post-employment district-paid medical insurance benefits have been extended until his spouse reaches Medicare eligibility in July 2028.

Assumption changes since the prior measurement date included:

- The healthcare trend rates and mortality tables were updated.
- The long-term expected investment return was changed from 6.40 percent to 6.30 percent.
- The discount rate was changed from 4.00 percent to 4.20 percent.

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.20%	4.20%	5.20%
Net OPEB liability	$ 16,368,925	$ 15,266,587	$ 14,199,042

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Healthcare trend rate	5.50% in 2023 grading to 4.00% over 6 years and then to 3.00% over the next 48 years	6.50% in 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years	7.50% in 2023 grading to 6.00% over 6 years and then to 5.00% over the next 48 years
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 13,383,302	$ 15,266,587	$ 17,472,392

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

For the current year ended, the District recognized OPEB expense of $1,354,260. 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	$ –	$ 1,925,970
Changes in actuarial assumptions	318,962	744,775
Net collective difference between projected and actual investment earnings on OPEB plan investments.	21,131	–
Total	$ 340,093	$ 2,670,745

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
2025	$ (802,310)
2026	$ (661,749)
2027	$ (797,525)
2028	$ (56,977)
2029	$ (12,091)

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through the 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:

Teacher Pension Benefits – For eligible teachers hired before July 1, 1991, the District pays a lump sum pension benefit up to $22,500 based on years of service at retirement. The amount of any pension benefits due to an employee is reduced by the total matching contributions made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

Other Pension Benefits – The District offers pension benefits to several other employee groups. Eligible employees (contracts stipulate a minimum number of years of service and a minimum age) can earn a lump sum pension benefit that differs by bargaining unit. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

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. The District contributed $302,005 to the District Pension Benefits Plan on a pay-as-you-go basis for the current year.

C. Membership

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

Retirees and beneficiaries receiving benefits	21
Active plan members	1,468
Total members	1,489

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

D. Actuarial Methods and Assumptions

The District's total pension liability was measured as of July 1, 2023. The total pension liability was determined by an actuarial valuation date of July 1, 2023, as allowed using generally accepted actuarial principles, using the entry-age, level percentage of pay method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on 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 3.90 percent. The District discount rate used in the prior measurement date was 3.80 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.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 1,392,633
Changes for the year	
Service cost	36,626
Interest	45,731
Changes in actuarial assumptions	(2,878)
Differences between expected and actual economic experience	331,588
Benefit payments	(455,858)
Total net changes	(44,791)
Ending balance	$ 1,347,842

Assumption changes since the prior measurement date included:

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80 percent to 3.90 percent.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

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	2.90%	3.90%	4.90%
Total pension liability	$ 1,377,332	$ 1,347,842	$ 1,317,799

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

For the current year ended, the District reported a total pension expense of $414,967. As of year-end, the District reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 27,293	$ –
District's contributions to the plan subsequent to the measurement date	302,005	–
Total	$ 329,298	$ –

A total of $302,005 reported as deferred outflows of resources related to pensions resulting from district contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to the District pension will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 3,900
2026	$ 3,900
2027	$ 3,900
2028	$ 3,900
2029	$ 3,900
Thereafter	$ 7,793

NOTE 8 – 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.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 or coverage through the Defined Contribution Retirement Plan administered by MnSCU.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

1. GERF Benefits

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 the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

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. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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.

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.

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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.

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.

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 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2024, were $3,252,901. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2022		2023		2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.34 %	11.00 %	12.55 %	11.25 %	12.75 %
Coordinated Plan	7.50 %	8.34 %	7.50 %	8.55 %	7.75 %	8.75 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2024, were $11,903,292. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's fiscal year 2023 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct the TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 543,621

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations, due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of $26,404,895 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 $727,866. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.4722 percent at the end of the measurement period and 0.4713 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 26,404,895
State's proportionate share of the net pension liability associated with the District	727,866
Total	$ 27,132,761

For the year ended June 30, 2024, the District recognized pension expense of $3,527,202 for its proportionate share of the GERF's pension expense. The District also recognized an additional $3,271 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 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2024, the District reported its proportionate share of the GERF's 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	$ 866,750	$ 177,121
Changes in actuarial assumptions	4,166,483	7,237,357
Net collective difference between projected and actual investment earnings on pension plan investments	–	716,790
Changes in proportion	299,010	598,046
District's contributions to the GERF subsequent to the measurement date	3,252,901	–
Total	$ 8,585,144	$ 8,729,314

The $3,252,901 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, 2025. 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
2025	$ 246,439
2026	$ (3,698,568)
2027	$ 627,869
2028	$ (572,811)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $160,938,574 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2023, 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 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 1.9493 percent at the end of the measurement period and 1.9454 percent for the beginning of the period.

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	$ 160,938,574
State's proportionate share of the net pension liability associated with the District	11,273,273
Total	$ 172,211,847

For the year ended June 30, 2024, the District recognized negative pension expense of $6,859,276. It also recognized $1,587,365 as an increase to pension expense for the support provided by direct aid.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,620,480	$ 2,387,026
Changes in actuarial assumptions	19,744,510	–
Net collective difference between projected and actual investment earnings on pension plan investments	–	2,699,466
Changes in proportion	3,188,524	3,891,401
District's contributions to the TRA subsequent to the measurement date	11,903,292	–
Total	$ 36,456,806	$ 8,977,893

A total of $11,903,292 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, 2025. 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
2025	$ 1,657,889
2026	$ (1,750,070)
2027	$ 18,615,248
2028	$ (2,704,927)
2029	$ (242,519)

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 expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

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 %	

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.00%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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.

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in plan provisions and actuarial assumptions occurred in 2023:

1. **GERF**

   CHANGES IN ACTUARIAL ASSUMPTIONS

   - 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.

   CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. **TRA**

   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.

G. Discount Rate

1. **GERF**

   The discount rate used to measure the total pension liability in 2023 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 2023 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. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

NOTE 8 – 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 rate disclosed on the preceding page, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	$ 46,712,380	$ 26,404,895	$ 9,701,217
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 256,685,189	$ 160,938,574	$ 82,558,313

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 9 – FLEXIBLE BENEFIT PLAN

The District has established the Flexible Spending Plan (the Plan). The Plan is a "cafeteria 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 health insurance, healthcare, and dependent care benefits.

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

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies.

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the General Fund and special revenue funds.

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 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 10 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables

As of June 30, 2024, the General Fund recorded a receivable of $209,153 from the Other Post-Employment Benefits Trust Fund for the reimbursement of claims paid on behalf of the Other Post-Employment Benefits Trust Fund.

NOTE 11 – 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 funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

B. Legal Claims

The District has the usual and customary 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, 2024, the District had commitments totaling $6,816,689 under various construction contracts for which the work was not yet completed.

NOTE 12 – SUBSEQUENT EVENTS

The District entered into an agreement for student devices totaling $1,020,000 as the amount financed commencing July 2024. The debt will be paid through the General Fund. The agreement requires four annual payments of $338,557.

The District entered into an agreement for MacBook Air devices totaling $256,645 as the amount financed commencing July 2024. The debt will be paid through the General Fund. The agreement requires four annual payments of $64,161.

The District entered into an agreement for iPad devices totaling $143,906 as the amount financed commencing August 2024. The debt will be paid through the General Fund. The agreement requires four annual payments of $64,161.

In September 2024, the District entered into an agreement to lease additional space for adult basic education, early childhood family education and screening, English learner, and online programs. The agreement requires annual payments of $293,675. The agreement has an initial term of 10 years with an option for additional 10 years with a new payment schedule beginning at that time if the extension is exercised.

In October 2024, the District entered into a purchase agreement to purchase approximately 3.7 acres of land and a building with a purchase price of $1,700,000.

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

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
06/30/2015	06/30/2014	0.5346%	$ 25,112,830	$ –	$ 25,112,830	$ 28,092,359	89.39%	78.70%
06/30/2016	06/30/2015	0.5003%	$ 25,928,143	$ –	$ 25,928,143	$ 28,898,307	89.72%	78.20%
06/30/2017	06/30/2016	0.4933%	$ 40,053,517	$ 523,069	$ 40,576,586	$ 30,621,120	130.80%	68.90%
06/30/2018	06/30/2017	0.5165%	$ 32,973,022	$ 414,616	$ 33,387,638	$ 33,279,230	99.08%	75.90%
06/30/2019	06/30/2018	0.5142%	$ 28,525,709	$ 935,577	$ 29,461,286	$ 34,513,997	82.65%	79.50%
06/30/2020	06/30/2019	0.5016%	$ 27,732,340	$ 861,963	$ 28,594,303	$ 35,502,746	78.11%	80.20%
06/30/2021	06/30/2020	0.4997%	$ 29,959,298	$ 923,822	$ 30,883,120	$ 35,621,166	84.11%	79.10%
06/30/2022	06/30/2021	0.4598%	$ 19,635,519	$ 599,576	$ 20,235,095	$ 33,089,386	59.34%	87.00%
06/30/2023	06/30/2022	0.4713%	$ 37,327,116	$ 1,094,281	$ 38,421,397	$ 35,307,236	105.72%	76.70%
06/30/2024	06/30/2023	0.4722%	$ 26,404,895	$ 727,866	$ 27,132,761	$ 37,551,542	70.32%	83.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

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
06/30/2015	$ 2,167,373	$ 2,167,373	$ –	$ 28,898,307	7.50%
06/30/2016	$ 2,296,584	$ 2,296,584	$ –	$ 30,621,120	7.50%
06/30/2017	$ 2,495,606	$ 2,495,606	$ –	$ 33,279,230	7.50%
06/30/2018	$ 2,588,589	$ 2,588,589	$ –	$ 34,513,997	7.50%
06/30/2019	$ 2,662,629	$ 2,662,629	$ –	$ 35,502,746	7.50%
06/30/2020	$ 2,671,115	$ 2,671,115	$ –	$ 35,621,166	7.50%
06/30/2021	$ 2,480,959	$ 2,480,959	$ –	$ 33,089,386	7.50%
06/30/2022	$ 2,647,700	$ 2,647,700	$ –	$ 35,307,236	7.50%
06/30/2023	$ 2,816,439	$ 2,816,439	$ –	$ 37,551,542	7.50%
06/30/2024	$ 3,252,901	$ 3,252,901	$ –	$ 43,393,829	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 833

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

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
06/30/2015	06/30/2014	1.9987%	$ 92,098,657	$ 6,479,000	$ 98,577,657	$ 91,237,229	100.94%	81.50%
06/30/2016	06/30/2015	1.8359%	$113,568,572	$ 13,930,331	$ 127,498,903	$ 93,108,747	121.97%	76.80%
06/30/2017	06/30/2016	1.7845%	$425,645,829	$ 42,723,360	$ 468,369,189	$ 92,822,653	458.56%	44.88%
06/30/2018	06/30/2017	2.0098%	$401,192,539	$ 38,782,331	$ 439,974,870	$108,203,544	370.78%	51.57%
06/30/2019	06/30/2018	1.9604%	$123,131,469	$ 11,568,657	$ 134,700,126	$108,308,303	113.69%	78.07%
06/30/2020	06/30/2019	2.0284%	$129,290,642	$ 11,441,794	$ 140,732,436	$115,187,988	112.24%	78.21%
06/30/2021	06/30/2020	1.9930%	$147,245,511	$ 12,339,490	$ 159,585,001	$115,813,902	127.14%	75.48%
06/30/2022	06/30/2021	2.0530%	$ 89,845,418	$ 7,577,292	$ 97,422,710	$122,856,228	73.13%	86.63%
06/30/2023	06/30/2022	1.9454%	$155,777,341	$ 11,552,442	$ 167,329,783	$120,252,110	129.54%	76.17%
06/30/2024	06/30/2023	1.9493%	$160,938,574	$ 11,273,273	$ 172,211,847	$123,908,532	129.88%	76.42%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

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
06/30/2015	$ 6,983,156	$ 6,983,156	$ –	$ 93,108,747	7.50%
06/30/2016	$ 6,961,699	$ 6,961,699	$ –	$ 92,822,653	7.50%
06/30/2017	$ 8,114,210	$ 8,114,210	$ –	$108,203,544	7.50%
06/30/2018	$ 8,123,097	$ 8,123,097	$ –	$108,308,303	7.50%
06/30/2019	$ 8,878,634	$ 8,878,634	$ –	$115,187,988	7.71%
06/30/2020	$ 9,172,662	$ 9,172,662	$ –	$115,813,902	7.92%
06/30/2021	$ 9,988,203	$ 9,988,203	$ –	$122,856,228	8.13%
06/30/2022	$ 10,029,026	$ 10,029,026	$ –	$120,252,110	8.34%
06/30/2023	$ 10,594,013	$ 10,594,013	$ –	$123,908,532	8.55%
06/30/2024	$ 11,903,292	$ 11,903,292	$ –	$136,051,438	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 833

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year-End Date							
	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability								
Service cost	$ 134,534	$ 68,872	$ 70,938	$ 66,899	$ 76,661	$ 62,431	$ 49,689	$ 36,626
Interest	126,185	101,615	83,006	78,320	60,316	43,928	34,466	45,731
Changes in actuarial assumptions	58,493	(41,423)	–	(34,684)	25,785	10,462	(46,689)	(2,878)
Plan changes	–	(396,856)	–	–	–	–	–	–
Differences between expected and actual economic experience	–	(373,520)	250,876	(19,721)	–	82,831	–	331,588
Benefit payments	(274,805)	(435,686)	(411,363)	(667,973)	(245,176)	(282,397)	(470,340)	(455,858)
Net change in total pension liability	44,407	(1,076,998)	(6,543)	(577,159)	(82,414)	(82,745)	(432,874)	(44,791)
Total pension liability – beginning of year	3,606,959	3,651,366	2,574,368	2,567,825	1,990,666	1,908,252	1,825,507	1,392,633
Total pension liability – end of year	$ 3,651,366	$ 2,574,368	$ 2,567,825	$ 1,990,666	$ 1,908,252	$ 1,825,507	$ 1,392,633	$ 1,347,842
Covered-employee payroll	$ 82,208,486	$ 86,224,567	$ 88,811,304	$ 99,534,669	$102,520,709	$102,823,850	$105,908,566	$116,587,230
Total pension liability as a percentage of covered-employee payroll	4.44%	2.99%	2.89%	2.00%	1.86%	1.78%	1.31%	1.16%

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

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year-End Date						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 1,236,066	$ 1,333,395	$ 1,622,478	$ 1,715,560	$ 1,215,740	$ 1,235,531	$ 1,408,358
Interest	592,549	625,359	616,829	499,922	474,819	683,081	729,817
Assumption changes	–	300,487	(149,109)	182,576	(1,293,110)	(83,435)	198,717
Plan changes	–	–	132,770	–	–	–	212,352
Differences between expected and actual experience	–	–	(247,006)	–	(3,258,702)	–	(271,258)
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)	(1,099,152)	(1,360,540)	(1,193,112)
Net change in total OPEB liability	926,312	1,246,078	894,920	1,206,996	(3,960,405)	474,637	1,084,874
Total OPEB liability – beginning of year	16,639,231	17,565,543	18,811,621	19,706,541	20,913,537	16,953,132	17,427,769
Total OPEB liability – end of year	17,565,543	18,811,621	19,706,541	20,913,537	16,953,132	17,427,769	18,512,643
Plan fiduciary net position							
Contributions	4,000,000	1,013,163	790,000	1,191,062	858,218	1,109,792	983,959
Investment earnings	1,479	118,217	144,173	138,028	241,993	200,010	195,893
Differences between expected and actual experience	–	–	15,312	702,796	(774,008)	39,981	154,910
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)	(1,099,152)	(1,360,540)	(1,193,112)
Administrative expense	(895)	(12,653)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Net change in plan fiduciary net position	3,098,281	105,564	(136,557)	835,824	(777,949)	(15,757)	136,650
Plan fiduciary net position – beginning of year	–	3,098,281	3,203,845	3,067,288	3,903,112	3,125,163	3,109,406
Plan fiduciary net position – end of year	3,098,281	3,203,845	3,067,288	3,903,112	3,125,163	3,109,406	3,246,056
Net OPEB liability	$ 14,467,262	$ 15,607,776	$ 16,639,253	$ 17,010,425	$ 13,827,969	$ 14,318,363	$ 15,266,587
Plan fiduciary net position as a percentage of the total OPEB liability	17.64%	17.03%	15.56%	18.66%	18.43%	17.84%	17.53%
Covered-employee payroll	$123,806,902	$127,521,109	$141,896,848	$146,153,753	$146,624,120	$151,022,844	$172,334,894
Net OPEB liability as a percentage of covered-employee payroll	11.69%	12.24%	11.73%	11.64%	9.43%	9.48%	8.86%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018, when the District established the OPEB Trust. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2024

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	1.80 %
2019	3.40 %
2020	5.00 %
2021	27.40 %
2022	(13.60) %
2023	7.70 %
2024	11.30 %

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

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.

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.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- 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.
- 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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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)

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.

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.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- 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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 3.40 percent to 3.10 percent.

2017 CHANGES IN PLAN PROVISIONS

- The matching contribution for teachers hired after July 1, 1991 increased. The matching contribution is an offset to the Governmental Accounting Standards Board (GASB) Statement No. 73 benefit. Due to the amount of the increase, the number of teachers with zero liability (i.e., they are assumed to have accumulated $22,500 in matching contributions before reaching benefit eligibility) increased from 67 to 615.

PENSION BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- Retirement rates now begin at age 55, even if the years of service requirement to receive a GASB Statement No. 73 benefit has not been met.
- The discount rate was changed from 3.50 percent to 2.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN PLAN PROVISIONS

- The active superintendent will now be provided with a post-employment district-paid subsidy to family medical and dental insurance (in the amount of the premium for the highest deductible plan) and a post-employment district-paid life insurance policy until age 65 with a face amount of $750,000. The previous agreement was a post-employment district-paid subsidy to single medical insurance only.
- The retired superintendent's post-employment district-paid medical insurance benefits have been extended until his spouse reaches Medicare eligibility in July 2028.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates and mortality tables were updated.
- The long-term expected investment return was changed from 6.40 percent to 6.30 percent.
- The discount rate was changed from 4.00 percent to 4.20 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return on assets was changed from 6.20 percent to 6.40 percent.
- The discount rate was changed from 3.90 percent to 4.00 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality rates, and withdrawal rates were updated.
- The salary increase rates for nonteachers were updated.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The expected long-term rate of return on assets was changed from 4.50 percent to 6.20 percent.
- The discount rate was changed from 2.20 percent to 3.90 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.20 percent.

2020 CHANGES IN PLAN PROVISIONS

- A post-employment medical subsidy was added for Tier 1 employees.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were updated.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.40 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- The Tier 1 post-retirement subsidy was removed for future retirees.
- The subsidized benefit eligibility for principals was changed from age 55 with 10 years of service, to age 55 with no service requirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were updated.
- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 3.50 percent to 3.40 percent.

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SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 4,010,677	$ 2,055,083	$ 6,065,760
Receivables			
Current taxes	–	1,343,919	1,343,919
Delinquent taxes	–	11,776	11,776
Accounts and interest	–	1,572	1,572
Due from other governmental units	1,710,557	368,663	2,079,220
Inventory	199,073	–	199,073
Prepaid items	21,798	16,849	38,647
Total assets	$ 5,942,105	$ 3,797,862	$ 9,739,967
Liabilities			
Salaries payable	$ 12,080	$ 451,957	$ 464,037
Accounts and contracts payable	117,968	392,842	510,810
Due to other governmental units	–	17,974	17,974
Unearned revenue	332,448	148,815	481,263
Total liabilities	462,496	1,011,588	1,474,084
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	7,684	7,684
Property taxes levied for subsequent year	–	2,524,250	2,524,250
Total deferred inflows of resources	–	2,531,934	2,531,934
Fund balances (deficit)			
Nonspendable	220,871	16,849	237,720
Restricted	5,258,738	4,787,636	10,046,374
Unassigned	–	(4,550,145)	(4,550,145)
Total fund balances	5,479,609	254,340	5,733,949
Total liabilities, deferred inflows of resources, and fund balances	$ 5,942,105	$ 3,797,862	$ 9,739,967

INDEPENDENT SCHOOL DISTRICT NO. 833

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,926,226	$ 1,926,226
Investment earnings	168,541	59,908	228,449
Other	2,034,970	10,716,301	12,751,271
State sources	7,250,754	3,114,090	10,364,844
Federal sources	5,553,120	115,926	5,669,046
Total revenue	15,007,385	15,932,451	30,939,836
Expenditures			
Current			
Food service	12,233,681	–	12,233,681
Community service	–	16,648,856	16,648,856
Capital outlay	243,712	170,204	413,916
Total expenditures	12,477,393	16,819,060	29,296,453
Net change in fund balances	2,529,992	(886,609)	1,643,383
Fund balances			
Beginning of year	2,949,617	1,140,949	4,090,566
End of year	$ 5,479,609	$ 254,340	$ 5,733,949

INDEPENDENT SCHOOL DISTRICT NO. 833

General Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 81,313,902	$ 54,841,029
Receivables		
Current taxes	46,674,657	40,731,930
Delinquent taxes	461,511	433,460
Accounts and interest	336,882	260,436
Due from other governmental units	27,490,720	27,868,150
Due from other funds	209,153	250,748
Inventory	159,782	170,266
Prepaid items	539,408	5,379,266
Total assets	$ 157,186,015	$ 129,935,285
Liabilities		
Salaries payable	$ 13,497,204	$ 11,927,791
Accounts and contracts payable	9,616,408	7,895,045
Due to other governmental units	1,409,357	1,496,962
Unearned revenue	154,654	203,695
Total liabilities	24,677,623	21,523,493
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	305,043	199,230
Property taxes levied for subsequent year	84,219,784	73,145,718
Total deferred inflows of resources	84,524,827	73,344,948
Fund balances (deficit)		
Nonspendable for inventory	159,782	170,266
Nonspendable for prepaid items	539,408	5,379,266
Restricted for student activities	623,503	616,448
Restricted for scholarships	18,250	8,750
Restricted for staff development	571,925	1,347,767
Restricted for capital projects levy	480,622	259,622
Restricted for operating capital	1,750,702	1,442,007
Restricted for state-approved alternative program	385,769	193,077
Restricted for basic skills	202,156	–
Restricted for safe schools levy	–	787,976
Restricted for basic skills extended time	–	226,525
Restricted for community arts center	30,683	30,683
Committed for ATPPS	489,355	674,714
Committed for donations/gifts	575,256	614,650
Committed for school budget carryover	2,206,030	2,088,595
Committed for severance payments	2,181,914	–
Assigned for subsequent year's budget	5,058,554	–
Unassigned – safe schools levy restricted account deficit	(102,125)	–
Unassigned – long-term facilities maintenance restricted account deficit	(1,030,178)	(1,109,286)
Unassigned	33,841,959	22,335,784
Total fund balances	47,983,565	35,066,844
Total liabilities, deferred inflows of resources, and fund balances	$ 157,186,015	$ 129,935,285

INDEPENDENT SCHOOL DISTRICT NO. 833

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 76,689,516	$ 76,992,327	$ 302,811	$ 71,146,520
Investment earnings	1,800,650	3,593,970	1,793,320	1,876,917
Other	5,332,266	6,472,261	1,139,995	5,474,437
State sources	218,432,917	224,293,860	5,860,943	196,306,802
Federal sources	5,833,530	6,268,163	434,633	9,789,213
Total revenue	308,088,879	317,620,581	9,531,702	284,593,889
Expenditures				
Current				
Administration	10,832,912	10,573,409	(259,503)	10,101,323
District support services	10,609,766	9,863,645	(746,121)	7,576,329
Elementary and secondary regular instruction	131,225,755	128,580,659	(2,645,096)	123,416,698
Vocational education instruction	2,605,471	4,080,321	1,474,850	3,128,653
Special education instruction	62,278,060	66,339,981	4,061,921	54,148,356
Community service	298,060	248,311	(49,749)	121,676
Instructional support services	16,058,401	16,393,387	334,986	12,922,057
Pupil support services	35,942,426	36,060,599	118,173	30,909,681
Sites and buildings	30,968,755	32,701,436	1,732,681	31,901,954
Fiscal and other fixed cost programs	669,500	743,720	74,220	676,588
Debt service				
Principal	4,340,629	4,808,826	468,197	4,757,607
Interest and fiscal charges	632,566	702,132	69,566	752,044
Total expenditures	306,462,301	311,096,426	4,634,125	280,412,966
Excess of revenue over expenditures	1,626,578	6,524,155	4,897,577	4,180,923
Other financing sources				
Debt issued	–	3,540,466	3,540,466	3,488,987
Proceeds from sale of assets	20,000	48,701	28,701	58,350
Insurance recovery	17,605	133,600	115,995	4,945
Total other financing sources	37,605	3,722,767	3,685,162	3,552,282
Net change in fund balances	$ 1,664,183	10,246,922	$ 8,582,739	7,733,205
Fund balances				
Beginning, as previously reported		35,066,844		27,333,639
Change within the financial reporting entity		2,669,799		–
Beginning, as restated		37,736,643		27,333,639
End of year		$ 47,983,565		$ 35,066,844

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 4,010,677	$ 2,736,035
Receivables		
Due from other governmental units	1,710,557	664,971
Inventory	199,073	169,949
Prepaid items	21,798	93,859
Total assets	$ 5,942,105	$ 3,664,814
Liabilities		
Salaries payable	$ 12,080	$ 15,540
Accounts and contracts payable	117,968	35,612
Unearned revenue	332,448	664,045
Total liabilities	462,496	715,197
Fund balances		
Nonspendable for inventory	199,073	169,949
Nonspendable for prepaid items	21,798	93,859
Restricted for food service	5,258,738	2,685,809
Total fund balances	5,479,609	2,949,617
Total liabilities and fund balances	$ 5,942,105	$ 3,664,814

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 1,000	$ 168,541	$ 167,541	$ 125,752
Other – primarily meal sales	1,875,230	2,034,970	159,740	5,837,279
State sources	7,124,600	7,250,754	126,154	423,367
Federal sources	4,763,897	5,553,120	789,223	4,995,367
Total revenue	13,764,727	15,007,385	1,242,658	11,381,765
Expenditures				
Current				
Salaries	3,908,813	3,888,863	(19,950)	3,596,471
Employee benefits	1,296,015	1,230,744	(65,271)	1,299,567
Purchased services	291,200	311,084	19,884	444,342
Supplies and materials	6,145,806	6,222,059	76,253	5,121,141
Other expenditures	856,353	580,931	(275,422)	720,667
Capital outlay	530,000	243,712	(286,288)	247,036
Total expenditures	13,028,187	12,477,393	(550,794)	11,429,224
Net change in fund balances	$ 736,540	2,529,992	$ 1,793,452	(47,459)
Fund balances				
Beginning of year		2,949,617		2,997,076
End of year		$ 5,479,609		$ 2,949,617

INDEPENDENT SCHOOL DISTRICT NO. 833

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 2,055,083	$ 2,562,438
Receivables		
Current taxes	1,343,919	1,031,568
Delinquent taxes	11,776	11,074
Accounts and interest	1,572	1,572
Due from other governmental units	368,663	334,209
Prepaid items	16,849	139,967
Total assets	$ 3,797,862	$ 4,080,828
Liabilities		
Salaries payable	$ 451,957	$ 575,178
Accounts and contracts payable	392,842	270,757
Due to other governmental units	17,974	15,690
Unearned revenue	148,815	140,406
Total liabilities	1,011,588	1,002,031
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	7,684	4,666
Property taxes levied for subsequent year	2,524,250	1,933,182
Total deferred inflows of resources	2,531,934	1,937,848
Fund balances (deficit)		
Nonspendable for prepaid items	16,849	139,967
Restricted for community education programs	4,614,897	4,116,702
Restricted for early childhood family education programs	–	31,742
Restricted for adult basic education	172,739	102,868
Unassigned – early childhood family education programs restricted account deficit	(204,153)	–
Unassigned – school readiness restricted account deficit	(2,468,145)	(1,759,134)
Unassigned – community service restricted account deficit	(1,877,847)	(1,491,196)
Total fund balances	254,340	1,140,949
Total liabilities, deferred inflows of resources, and fund balances	$ 3,797,862	$ 4,080,828

INDEPENDENT SCHOOL DISTRICT NO. 833

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,911,457	$ 1,926,226	$ 14,769	$ 1,780,468
Investment earnings	–	59,908	59,908	58,631
Other – primarily tuition and fees	10,592,972	10,716,301	123,329	9,964,228
State sources	2,711,199	3,114,090	402,891	2,562,725
Federal sources	117,422	115,926	(1,496)	377,020
Total revenue	15,333,050	15,932,451	599,401	14,743,072
Expenditures				
Current				
Salaries	9,954,861	10,382,597	427,736	9,058,356
Employee benefits	2,909,114	3,077,541	168,427	2,731,292
Purchased services	1,867,651	2,495,339	627,688	2,015,550
Supplies and materials	690,957	683,539	(7,418)	629,979
Other expenditures	9,584	9,840	256	10,187
Capital outlay	146,767	170,204	23,437	119,873
Total expenditures	15,578,934	16,819,060	1,240,126	14,565,237
Net change in fund balances	$ (245,884)	(886,609)	$ (640,725)	177,835
Fund balances				
Beginning of year		1,140,949		963,114
End of year		$ 254,340		$ 1,140,949

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 144,741,287	$ 25,931,607
Cash and investments held by trustee	758	854
Receivables		
Accounts and interest	156,726	–
Total assets	$ 144,898,771	$ 25,932,461
Liabilities		
Salaries payable	$ 128	$ –
Accounts and contracts payable	2,031,296	1,075,947
Total liabilities	2,031,424	1,075,947
Fund balances		
Restricted for projects funded by COP	1,056,023	1,056,023
Restricted for long-term facilities maintenance	34,601,688	23,704,176
Restricted for building construction	107,209,636	96,315
Total fund balances	142,867,347	24,856,514
Total liabilities and fund balances	$ 144,898,771	$ 25,932,461

INDEPENDENT SCHOOL DISTRICT NO. 833

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 1,750,000	$ 2,554,953	$ 804,953	$ 1,094,573
Other	–	13,978	13,978	–
Total revenue	1,750,000	2,568,931	818,931	1,094,573
Expenditures				
Capital outlay				
Salaries	3,500	193,584	190,084	448
Employee benefits	568	68,622	68,054	72
Purchased services	38,995,416	13,490,079	(25,505,337)	13,136,787
Supplies and materials	–	285	285	–
Capital expenditures	–	682,844	682,844	–
Total expenditures	38,999,484	14,435,414	(24,564,070)	13,137,307
Excess (deficiency) of revenue over expenditures	(37,249,484)	(11,866,483)	25,383,001	(12,042,734)
Other financing sources				
Debt issued	119,415,000	119,415,000	–	–
Premium on debt issued	10,462,317	10,462,316	(1)	–
Total other financing sources	129,877,317	129,877,316	(1)	–
Net change in fund balances	$ 92,627,833	118,010,833	$ 25,383,000	(12,042,734)
Fund balances				
Beginning of year		24,856,514		36,899,248
End of year		$ 142,867,347		$ 24,856,514

INDEPENDENT SCHOOL DISTRICT NO. 833

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 26,023,621	$ 21,959,551
Receivables		
Current taxes	19,686,179	18,637,116
Delinquent taxes	210,651	195,523
Due from other governmental units	310,291	145,655
Total assets	$ 46,230,742	$ 40,937,845
Liabilities		
Accounts and contracts payable	$ 2,500	$ 15,250
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	137,835	79,551
Property taxes levied for subsequent year	36,785,447	34,728,166
Total deferred inflows of resources	36,923,282	34,807,717
Fund balances		
Restricted for debt service	9,304,960	6,114,878
Total liabilities, deferred inflows of resources, and fund balances	$ 46,230,742	$ 40,937,845

INDEPENDENT SCHOOL DISTRICT NO. 833

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 34,474,493	$ 34,396,316	$ (78,177)	$ 30,430,452
Investment earnings	60,000	611,717	551,717	268,360
State sources	3,101,477	3,102,911	1,434	1,459,424
Federal sources	1,125,000	1,140,461	15,461	1,128,227
Total revenue	38,760,970	39,251,405	490,435	33,286,463
Expenditures				
Debt service				
Principal	25,760,000	25,760,000	–	22,185,000
Interest	11,157,943	11,218,755	60,812	11,672,895
Fiscal charges and other	25,000	773,840	748,840	32,097
Total expenditures	36,942,943	37,752,595	809,652	33,889,992
Excess (deficiency) of revenue over expenditures	1,818,027	1,498,810	(319,217)	(603,529)
Other financing sources (uses)				
Refunding debt issued	–	13,600,000	13,600,000	–
Premium on debt issued	–	2,731,272	2,731,272	–
Payment on refunded bonds	–	(14,640,000)	(14,640,000)	–
Total other financing sources (uses)	–	1,691,272	1,691,272	–
Net change in fund balances	$ 1,818,027	3,190,082	$ 1,372,055	(603,529)
Fund balances				
Beginning of year		6,114,878		6,718,407
End of year		$ 9,304,960		$ 6,114,878

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Severance Benefits	Pension Benefits	Totals 2024	Totals 2023
Assets				
Current assets				
Cash and temporary investments	$ –	$ –	$ –	$ 2,669,799
Deferred outflows of resources				
Pension plan deferments	–	–	–	487,051
Liabilities				
Current liabilities				
Severance benefits	–	–	–	269,968
Total pension liability	–	–	–	257,528
Total current liabilities	–	–	–	527,496
Long-term liabilities				
Severance benefits	–	–	–	1,963,956
Total pension liability	–	–	–	1,135,105
Total long-term liabilities	–	–	–	3,099,061
Total liabilities	–	–	–	3,626,557
Net position				
Unrestricted	$ –	$ –	$ –	$ (469,707)

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Severance Benefits	Pension Benefits	Totals 2024	Totals 2023
Operating revenue				
Contributions from governmental funds	$ –	$ –	$ –	$ –
Operating expenses				
Severance benefits	–	–	–	189,038
Pension benefits	–	–	–	31,181
Total operating expenses	–	–	–	220,219
Operating income (loss)	–	–	–	(220,219)
Nonoperating revenue				
Investment earnings	–	–	–	121,661
Income (loss) before transfers	–	–	–	(98,558)
Transfers in	–	–	–	78,929
Transfers (out)	–	–	–	(78,929)
Change in net position	–	–	–	(98,558)
Net position				
Beginning, as previously reported	(234,853)	(234,854)	(469,707)	(371,149)
Change within the financial reporting entity	234,853	234,854	469,707	–
Beginning, as restated	–	–	–	(371,149)
End of year	$ –	$ –	$ –	$ (469,707)

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Severance Benefits	Pension Benefits	Totals 2024	Totals 2023
Cash flows from operating activities				
Severance benefit payments	$ –	$ –	$ –	$ (290,196)
Pension benefit payments	–	–	–	(445,673)
Net cash flows from operating activities	–	–	–	(735,869)
Cash flows from noncapital financing activities				
Transfer in	–	–	–	78,929
Transfer (out)	–	–	–	(78,929)
Net cash flows from noncapital financing activities	–	–	–	–
Cash flows from investing activities				
Interest on investments	–	–	–	121,661
Net change in cash and cash and cash equivalents	–	–	–	(614,208)
Cash and cash equivalents				
Beginning, as previously reported	1,999,071	670,728	2,669,799	3,284,007
Change within the financial reporting entity	(1,999,071)	(670,728)	(2,669,799)	–
Beginning of year, as restated	–	–	–	3,284,007
End of year	$ –	$ –	$ –	$ 2,669,799
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ –	$ –	$ –	$ (220,219)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets, liabilities, and deferred outflows/inflows of resources				
Deferred outflows of resources	–	–	–	18,382
Severance benefits	–	–	–	(101,158)
Total pension liability	–	–	–	(432,874)
Net cash flows from operating activities	$ –	$ –	$ –	$ (735,869)

Noncash investing capital and financing activities:

Effective on July 1, 2023, the District made a change within the financial reporting entity to account for certain severance and pension benefits in the government-wide financial statements and discontinue the use of the internal service funds. The prior year-end cash balance was moved to the General Fund. The remaining prior year noncash balances for pension plan deferments, severance benefits liabilities, and total pension liabilities are reported in the government-wide financial statements.

SoWashCo SCHOOLS

Section III

Statistical

SoWashCo SCHOOLS

Section III

Statistical

STATISTICAL SECTION

(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 833'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. 833

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

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	$ 67,105,680	$ 85,486,603	$ 97,078,662	$ 105,081,336
Restricted	5,307,406	7,985,002	8,559,909	10,386,276
Unrestricted	(116,559,725)	(123,762,639)	(190,064,192)	(265,309,406)
Total governmental activities net position	$ (44,146,639)	$ (30,291,034)	$ (84,425,621)	$ (149,841,794)

Note 1: The District implemented GASB Statement No. 73 in fiscal 2017. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by $3,250,849.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased net position by $588,951.

Note 4: In fiscal 2024, the District reported a change in accounting principle for a change in reporting certain groups of similar capital assets acquired in prior years that increased net position by $4,487,100.

2019	2020	2021	2022	2023	2024
$ 116,655,557	$ 132,577,651	$ 147,166,352	$ 162,606,035	$ 180,900,775	$ 207,153,348
10,961,643	9,414,319	9,195,650	14,238,103	14,882,766	18,265,633
(207,236,646)	(222,524,651)	(232,200,378)	(215,386,662)	(171,226,774)	(143,605,387)
$ (79,619,446)	$ (80,532,681)	$ (75,838,376)	$ (38,542,524)	$ 24,556,767	$ 81,813,594

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities				
Expenses				
Administration	$ 7,532,409	$ 8,060,524	$ 10,381,871	$ 10,744,172
District support services	5,376,819	6,414,735	6,596,898	7,273,325
Elementary and secondary regular instruction	98,375,195	100,748,199	148,539,553	151,918,411
Vocational education instruction	2,205,777	2,313,645	2,685,595	2,734,373
Special education instruction	31,977,796	34,696,192	50,522,278	53,186,820
Instructional support services	9,562,822	9,842,037	13,144,802	13,571,859
Pupil support services	20,109,824	19,090,739	24,295,235	23,436,936
Sites and buildings	22,005,923	20,099,373	23,711,287	25,062,057
Fiscal and other fixed cost programs	575,898	318,258	493,785	494,905
Food service	9,163,254	8,651,331	9,508,533	9,453,626
Community service	12,359,513	13,312,337	16,767,322	16,319,158
Depreciation not included in other functions	9,217,946	8,997,829	8,894,001	8,820,668
Interest and fiscal charges	11,615,626	10,964,797	15,903,275	10,897,334
Total governmental activities expenses	240,078,802	243,509,996	331,444,435	333,913,644
Program revenues				
Charges for services				
Food service	5,362,540	5,929,451	6,265,612	6,204,513
Community service	8,969,973	10,012,263	10,587,395	10,704,967
All other	1,206,308	1,608,938	3,840,898	1,935,558
Operating grants and contributions	46,117,949	46,131,521	51,670,670	54,861,148
Total governmental activities program revenues	61,656,770	63,682,173	72,364,575	73,706,186
Net (expense) revenue	(178,422,032)	(179,827,823)	(259,079,860)	(260,207,458)
General revenues and other changes in net position				
Taxes				
Property taxes levied for general purposes	28,675,307	28,665,427	43,123,208	43,556,419
Property taxes levied for community service	1,337,276	1,327,464	1,376,364	1,441,912
Property taxes levied for capital projects	434,612	2,089,950	–	–
Property taxes levied for debt service	25,859,959	26,834,502	28,683,471	28,089,094
General grants and aids	118,753,997	122,563,945	130,278,195	130,718,982
Other general revenues	2,598,100	2,267,072	3,365,486	2,748,456
Investment earnings	181,666	580,418	1,369,398	1,709,725
Special item – joint school proceeds	–	9,354,650	–	–
Total general revenues and other changes in net position	177,840,917	193,683,428	208,196,122	208,264,588
Change in net position	$ (581,115)	$ 13,855,605	$ (50,883,738)	$ (51,942,870)

2019	2020	2021	2022	2023	2024
$ 7,032,372	$ 9,883,818	$ 9,747,835	$ 9,359,689	$ 8,858,892	$ 10,021,558
6,983,278	9,395,684	10,219,913	9,213,547	6,716,083	8,720,230
74,877,601	125,366,665	125,296,178	112,502,257	100,034,462	117,982,131
1,819,974	2,408,899	2,223,916	2,120,003	2,896,756	3,969,191
31,196,045	49,287,686	50,704,044	48,371,201	46,420,986	62,566,148
7,976,321	12,418,831	14,077,898	11,282,353	9,795,149	15,795,480
21,297,476	26,083,455	24,694,288	27,115,059	30,949,180	32,815,383
26,674,277	28,701,498	33,719,382	30,080,823	34,016,008	37,268,521
528,945	296,593	498,953	544,681	676,588	743,720
9,758,244	8,287,370	6,064,857	11,211,045	11,678,413	12,532,532
13,480,226	14,692,539	10,777,411	12,355,654	13,987,367	16,715,265
8,735,469	8,417,009	8,223,007	8,197,421	8,143,315	7,916,454
9,337,121	9,416,042	9,657,351	10,081,912	8,959,146	11,684,559
219,697,349	304,656,089	305,905,033	292,435,645	283,132,345	338,731,172
6,267,966	4,365,424	457,280	1,487,213	5,837,279	2,034,970
11,387,865	8,956,677	4,787,256	9,053,826	9,964,228	10,716,301
1,911,827	1,772,190	1,244,990	2,217,262	2,097,039	2,297,535
57,205,946	59,338,676	63,951,797	78,518,389	73,561,118	101,672,347
76,773,604	74,432,967	70,441,323	91,276,690	91,459,664	116,721,153
(142,923,745)	(230,223,122)	(235,463,710)	(201,158,955)	(191,672,681)	(222,010,019)
54,158,534	58,304,158	63,064,700	65,486,551	71,171,292	77,098,140
1,440,413	1,735,026	1,661,364	1,491,351	1,780,470	1,929,244
–	–	–	–	–	–
26,940,397	28,792,534	28,279,346	29,632,585	30,421,943	34,454,600
125,508,579	136,490,880	144,954,814	139,016,061	144,411,680	149,937,668
3,092,200	2,354,738	2,160,655	2,677,709	3,440,693	4,371,005
2,005,970	1,043,600	37,136	150,550	3,545,894	6,989,089
–	–	–	–	–	–
213,146,093	228,720,936	240,158,015	238,454,807	254,771,972	274,779,746
$ 70,222,348	$ (1,502,186)	$ 4,694,305	$ 37,295,852	$ 63,099,291	$ 52,769,727

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Property Tax				
Fiscal Year	General Purposes	Community Service	Capital Projects	Debt Service	Total
2015	$ 28,675,307	$ 1,337,276	$ 434,612	$ 25,859,959	$ 56,307,154
2016	28,665,427	1,327,464	2,089,950	26,834,502	58,917,343
2017	43,123,208	1,376,364	–	28,683,471	73,183,043
2018	43,556,419	1,441,912	–	28,089,094	73,087,425
2019	54,158,534	1,440,413	–	26,940,397	82,539,344
2020	58,304,158	1,735,026	–	28,792,534	88,831,718
2021	63,064,700	1,661,364	–	28,279,346	93,005,410
2022	65,486,551	1,491,351	–	29,632,585	96,610,487
2023	71,171,292	1,780,470	–	30,421,943	103,373,705
2024	77,098,140	1,929,244	–	34,454,600	113,481,984

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	$ 2,949,314	$ 3,139,510	$ 3,257,797	$ 1,396,426
Restricted	3,250,381	5,232,246	5,647,049	6,340,938
Committed	1,611,060	2,848,063	2,349,140	2,698,868
Assigned	2,506,731	–	–	–
Unassigned	–	(3,916,752)	(3,836,289)	(2,023,983)
Total General Fund	$ 10,317,486	$ 7,303,067	$ 7,417,697	$ 8,412,249
All other governmental funds				
Nonspendable	$ 311,391	$ 282,171	$ 342,224	$ 170,050
Restricted	53,227,317	206,999,874	222,113,714	67,870,978
Unassigned – special revenue funds and capital projects fund	(1,326,400)	(1,640,601)	(2,055,699)	(2,023,454)
Total all other governmental funds	$ 52,212,308	$ 205,641,444	$ 220,400,239	$ 66,017,574
Total all governmental funds	$ 62,529,794	$ 212,944,511	$ 227,817,936	$ 74,429,823

2019	2020	2021	2022	2023	2024
$ 1,952,300	$ 1,791,502	$ 4,015,380	$ 3,549,624	$ 5,549,532	$ 699,190
7,209,146	4,122,621	3,789,194	5,000,334	4,912,855	4,063,610
2,384,590	2,557,546	2,379,759	3,006,324	3,377,959	5,452,555
1,147,687	6,819,346	–	–	–	5,058,554
3,274,893	722,222	7,680,684	15,777,357	21,226,498	32,709,656
$ 15,968,616	$ 16,013,237	$ 17,865,017	$ 27,333,639	$ 35,066,844	$ 47,983,565
$ 153,456	$ 187,872	$ 333,331	$ 407,599	$ 403,775	$ 237,720
27,972,661	34,708,087	27,775,852	49,669,646	37,908,513	162,218,681
(1,983,892)	(1,946,310)	(2,186,397)	(2,499,400)	(3,250,330)	(4,550,145)
$ 26,142,225	$ 32,949,649	$ 25,922,786	$ 47,577,845	$ 35,061,958	$ 157,906,256
$ 42,110,841	$ 48,962,886	$ 43,787,803	$ 74,911,484	$ 70,128,802	$ 205,889,821

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Local sources				
Property taxes	$ 56,771,747	$ 58,998,316	$ 73,186,254	$ 73,078,706
Investment earnings	86,803	566,696	1,304,737	1,613,056
Other	18,136,921	19,629,349	23,623,131	21,593,494
State sources	156,896,497	160,752,665	167,784,753	177,134,941
Federal sources	7,692,816	7,942,801	8,771,312	8,505,160
Total revenues	239,584,784	247,889,827	274,670,187	281,925,357
Expenditures				
Current				
Administration	7,527,157	7,892,778	8,197,267	8,391,487
District support services	5,405,748	6,523,030	6,307,421	6,104,486
Elementary and secondary regular instruction	97,894,964	98,789,970	107,854,344	108,625,608
Vocational education instruction	2,219,972	2,317,450	2,206,298	2,278,393
Special education instruction	32,318,511	34,778,587	39,392,782	41,742,679
Instructional support services	9,624,579	9,845,835	10,306,731	10,573,054
Pupil support services	19,998,559	19,897,703	21,088,490	21,729,157
Sites and buildings	19,235,624	30,054,434	23,601,889	22,792,237
Fiscal and other fixed cost programs	575,898	318,258	493,785	494,905
Food service	8,733,963	8,442,308	8,942,896	9,100,783
Community service	12,199,272	13,046,284	14,775,151	14,243,337
Capital outlay	12,365,749	26,906,115	29,648,166	58,549,709
Debt service				
Principal	19,522,458	16,895,781	18,886,010	19,367,531
Interest and fiscal charges	12,295,560	12,855,423	17,241,055	18,004,042
Total expenditures	259,918,014	288,563,956	308,942,285	341,997,408
Excess (deficiency) of revenues over expenditures	(20,333,230)	(40,674,129)	(34,272,098)	(60,072,051)
Other financing sources (uses)				
Debt issued	2,268,000	119,578,734	10,179,710	24,464,165
Refunding debt issued	32,695,000	73,460,000	33,035,000	–
Premium on debt issued	4,001,004	24,942,087	5,494,553	1,069,773
Payment on refunded bonds	–	(36,435,000)	–	(118,850,000)
Proceeds from sale of assets	59,749	188,375	436,260	–
Insurance recovery	–	–	–	–
Transfers in	4,000,000	–	–	354,611
Transfers out	–	–	–	(354,611)
Total other financing sources (uses)	43,023,753	181,734,196	49,145,523	(93,316,062)
Net change in fund balances before special item	22,690,523	141,060,067	14,873,425	(153,388,113)
Special item – joint school proceeds	–	9,354,650	–	–
Net change in fund balances	$ 22,690,523	$ 150,414,717	$ 14,873,425	$(153,388,113)
Debt service as a percentage of noncapital expenditures	12.7%	11.9%	13.0%	13.2%

2019	2020	2021	2022	2023	2024
$ 82,457,714	$ 88,869,159	$ 93,038,171	$ 96,651,176	$ 103,357,440	$ 113,314,869
1,902,342	972,097	34,930	143,172	3,424,233	6,989,089
22,568,511	17,268,132	8,569,334	15,436,010	21,275,944	19,237,510
183,285,828	186,442,015	190,450,514	195,166,257	200,752,318	237,761,615
8,132,815	9,321,763	18,096,421	23,322,825	16,289,827	13,077,670
298,347,210	302,873,166	310,189,370	330,719,440	345,099,762	390,380,753
8,871,322	9,111,780	9,319,638	9,752,369	10,101,323	10,573,409
7,250,605	8,615,747	10,085,897	9,353,221	7,576,329	9,863,645
112,913,156	114,653,882	116,965,391	116,374,060	123,416,698	128,580,659
2,230,094	2,293,993	2,136,507	2,188,785	3,128,653	4,080,321
42,977,635	45,976,533	48,244,767	50,289,436	54,148,356	66,339,981
10,871,937	11,519,455	13,406,693	11,806,289	12,922,057	16,393,387
23,155,824	25,621,566	25,984,163	27,079,559	30,909,681	36,060,599
22,303,436	26,701,248	32,788,834	30,270,023	31,901,954	32,701,436
528,945	296,593	498,953	544,681	676,588	743,720
9,414,128	7,915,287	5,963,945	10,943,668	11,182,188	12,233,681
14,888,937	13,908,291	10,557,392	12,827,074	14,567,040	16,897,167
41,314,572	25,983,600	6,660,164	17,541,691	13,504,216	14,849,330
20,011,552	21,235,918	22,357,359	24,959,403	26,942,607	30,568,826
14,043,337	13,867,244	13,185,974	13,256,633	12,457,036	12,694,727
330,775,480	327,701,137	318,155,677	337,186,892	353,434,726	392,580,888
(32,428,270)	(24,827,971)	(7,966,307)	(6,467,452)	(8,334,964)	(2,200,135)
–	28,968,602	2,690,965	35,306,531	3,488,987	122,955,466
25,790,000	–	–	4,300,000	–	13,600,000
2,307,941	1,941,566	–	2,112,892	–	13,193,588
(28,080,000)	–	–	(4,475,000)	–	(14,640,000)
91,347	180,897	80,992	264,243	58,350	48,701
–	–	19,267	82,467	4,945	133,600
–	3,891,647	500,000	–	–	–
–	(3,891,647)	(500,000)	–	–	–
109,288	31,091,065	2,791,224	37,591,133	3,552,282	135,291,355
(32,318,982)	6,263,094	(5,175,083)	31,123,681	(4,782,682)	133,091,220
–	–	–	–	–	–
$ (32,318,982)	$ 6,263,094	$ (5,175,083)	$ 31,123,681	$ (4,782,682)	$ 133,091,220
11.6%	11.6%	11.6%	12.1%	11.8%	11.7%

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Property Tax				
Fiscal Year	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
2015	$ 28,926,672	$ 1,349,064	$ 434,612	$ 26,061,399	$ 56,771,747
2016	28,704,114	1,329,610	2,089,950	26,874,642	58,998,316
2017	43,100,551	1,378,067	–	28,707,636	73,186,254
2018	43,551,656	1,441,341	–	28,085,709	73,078,706
2019	54,091,396	1,439,395	–	26,926,923	82,457,714
2020	58,331,931	1,734,924	–	28,802,304	88,869,159
2021	63,074,915	1,662,473	–	28,300,783	93,038,171
2022	65,519,753	1,492,373	–	29,639,050	96,651,176
2023	71,146,520	1,780,468	–	30,430,452	103,357,440
2024	76,992,327	1,926,226	–	34,396,316	113,314,869

INDEPENDENT SCHOOL DISTRICT NO. 833

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation				
			Fiscal Disparities		
	Agricultural	Nonagricultural	Contribution	Distribution	Tax Increment
2015	$ 1,631,755	$ 96,283,039	$ (6,110,745)	$ 11,589,664	$ (729,809)
2016	1,525,489	99,519,527	(6,241,320)	11,611,979	(807,459)
2017	1,598,306	103,036,166	(6,595,331)	12,705,153	(858,726)
2018	1,683,634	111,257,338	(7,009,757)	13,530,896	(819,974)
2019	1,602,386	120,117,908	(7,540,244)	14,579,885	(1,138,803)
2020	1,545,494	130,567,600	(7,927,755)	15,911,949	(1,475,247)
2021	1,680,060	139,639,744	(8,462,769)	16,551,972	(1,591,577)
2022	1,649,813	147,486,169	(9,151,001)	17,604,313	(1,935,791)
2023	1,852,928	179,296,804	(9,605,718)	17,982,366	(2,092,310)
2024	1,924,427	204,908,057	(10,122,526)	19,273,930	(3,372,182)

Source: State of Minnesota School Tax Report

Total Taxable	Total Direct Tax Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value
$ 102,663,904	35.675 %	$ 9,098,596,000	1.13 %
105,608,216	36.812	9,372,785,100	1.13
109,885,568	34.309	9,652,063,700	1.14
118,642,137	33.303	10,371,491,600	1.14
127,621,132	34.926	11,147,246,400	1.14
138,622,041	33.904	12,067,393,650	1.15
147,817,430	34.181	12,833,321,500	1.15
155,653,503	33.739	13,524,449,300	1.15
187,434,070	31.296	16,377,421,800	1.14
212,611,706	32.613	18,430,301,900	1.15

INDEPENDENT SCHOOL DISTRICT NO. 833

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

			Overlapping Rates			
			Municipalities (1)			
Rate	Tax Collection Calendar Year	ISD No. 833	Cottage Grove	Woodbury	Newport	St. Paul Park
Tax capacity rate	2015	35.675%	41.591%	34.657%	69.973%	45.677%
Market value rate	2015	0.20996%	–	0.01308%	–	–
Tax capacity rate	2016	36.812%	43.140%	35.287%	61.660%	45.560%
Market value rate	2016	0.33988%	–	0.01216%	–	–
Tax capacity rate	2017	34.309%	43.012%	35.219%	60.304%	43.919%
Market value rate	2017	0.31281%	–	0.01187%	–	–
Tax capacity rate	2018	33.303%	40.583%	33.670%	58.736%	42.591%
Market value rate	2018	0.37066%	–	0.01111%	–	–
Tax capacity rate	2019	34.926%	38.959%	33.177%	57.383%	43.475%
Market value rate	2019	0.34919%	–	0.00664%	–	–
Tax capacity rate	2020	33.904%	39.182%	32.489%	54.335%	38.689%
Market value rate	2020	0.32620%	–	0.00615%	–	–
Tax capacity rate	2021	34.181%	37.351%	32.298%	54.007%	39.112%
Market value rate	2021	0.31580%	–	0.00584%	–	–
Tax capacity rate	2022	33.739%	37.251%	32.217%	55.852%	39.726%
Market value rate	2022	0.33683%	–	0.00551%	–	–
Tax capacity rate	2023	31.296%	33.899%	28.599%	49.690%	36.930%
Market value rate	2023	0.29002%	–	0.00466%	–	–
Tax capacity rate	2024	32.613%	32.909%	27.601%	46.197%	37.347%
Market value rate	2024	0.28265%	–	0.00419%	–	–

(1) Municipalities listed include those with district learning sites.

(2) The miscellaneous other levy includes Northeast Metropolitan Intermediate School District No. 916, Metropolitan Council, Metropolitan Mosquito Control District, Transit District 509, Transit Area, Washington Co. HRA 187, Woodbury EDA, Woodbury HRA 316, Ramsey-Washington Metro Watershed District, Valley Branch Watershed District, South Washington Watershed District, and Regional Rail Authority.

(3) The City of Cottage Grove was used as the municipality for purposes of calculating the total rate for district residents.

Source: Washington County

Denmark Township	Grey Cloud Island	Afton	Washington County	Miscellaneous Other (2)	Total ISD No. 833 Resident (3)
12.490%	23.580%	27.737%	30.186%	11.365%	118.817%
–	–	–	0.00400%	–	0.21396%
11.236%	23.481%	29.373%	30.564%	11.831%	122.347%
–	–	–	0.00390%	–	0.34378%
11.264%	22.455%	32.300%	30.448%	11.413%	119.181%
–	–	–	0.00378%	–	0.31659%
11.063%	21.834%	32.255%	29.983%	11.450%	115.319%
–	–	–	0.00353%	–	0.37418%
13.600%	20.238%	32.983%	29.682%	12.575%	116.142%
–	–	–	0.00330%	–	0.35249%
15.919%	23.494%	30.795%	28.944%	11.436%	113.467%
–	–	–	0.00342%	–	0.32961%
15.892%	20.852%	32.025%	27.435%	11.827%	110.795%
–	–	–	0.00325%	–	0.31905%
14.650%	21.214%	32.007%	27.532%	11.061%	109.582%
–	–	–	0.30830%	–	0.64512%
11.680%	14.810%	27.111%	23.625%	9.525%	98.346%
–	–	–	0.00261%	–	0.29263%
11.892%	19.660%	23.533%	21.990%	8.572%	96.085%
–	–	–	0.00234%	–	0.28499%

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INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2024 Tax Capacity	2024 Rank	2024 Percent of Total Tax Capacity	2015 Tax Capacity	2015 Rank	2015 Percent of Total Tax Capacity
Xcel Energy	Utility	$ 1,854,688	1	0.87 %	$ 1,991,030	1	1.94 %
Grand Forest Owner, LLC	Residential	1,308,073	2	0.62	563,088	4	0.55
G&I X Valley Creek, LLC	Residential	1,000,030	3	0.47	–	–	–
Invest Woodbury I SPE, LLC	Residential	974,103	4	0.46	–	–	–
3M Company	Commercial	904,108	5	0.43	673,130	2	0.66
Woodbury Village Shopping	Commercial	787,499	6	0.37	669,792	3	0.65
Tilden Fundamental Barrington Apartments	Residential	731,477	7	0.34	–	–	–
Mars II, Inc.	Commercial	619,366	8	0.29	–	–	–
St. Paul Park Refining Co., LLC	Commercial	594,340	9	0.28	367,386	6	0.36
Allina Health System	Commercial	555,666	10	0.26	363,308	9	0.35
TMF I Valley, LLC	Residential	–	–	–	411,404	5	0.40
Dayton Hudson Corp.	Commercial	–	–	–	365,654	7	0.36
VRS/CAP Classic at Preserve Apartments LLC	Residential	–	–	–	363,860	8	0.35
HealthEast Properties, LLC	Commercial	–	–	–	302,748	10	0.29
Total		$ 9,329,350		4.39 %	$ 6,071,400		5.91 %

Note: The most recent data available is used for 2024.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Original Levy				Collections	
					First Year Levy Recognized	
For Taxes Collectible	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy
2015	$ 51,600,611	$ 7,160,639	$ 17,920	$ 58,779,170	$ 58,588,601	99.7 %
2016	66,435,278	6,578,305	18,900	73,032,483	72,672,119	99.5
2017	63,551,494	8,982,988	16,488	72,550,970	72,226,591	99.6
2018	73,282,732	8,846,232	151,891	82,280,855	81,900,871	99.5
2019	78,308,098	10,187,875	144,936	88,640,909	88,337,709	99.7
2020	80,850,634	11,036,527	152,170	92,039,331	91,680,176	99.6
2021	85,250,525	10,921,374	174,536	96,346,435	96,246,162	99.9
2022	91,988,025	11,452,750	178,983	103,619,758	103,186,711	99.6
2023	100,351,484	12,000,849	211,904	112,564,237	112,072,905	99.6
2024	114,975,175	11,434,529	208,009	126,617,713	58,912,958	46.5

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections.

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

Source: State of Minnesota School Tax Report

	Total to Date		Uncollected Taxes Receivable as of June 30, 2024			
			Delinquent		Current	
Received in Subsequent Years	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
$ 190,569	$ 58,779,170	100.0	$ –	– %	$ –	– %
360,364	73,032,483	100.0	–	–	–	–
324,379	72,550,970	100.0	–	–	–	–
337,526	82,238,397	99.9	42,458	0.1	–	–
294,292	88,632,001	100.0	8,908	–	–	–
339,592	92,019,768	100.0	19,563	–	–	–
58,375	96,304,537	100.0	41,898	–	–	–
353,268	103,539,979	99.9	79,779	0.1	–	–
–	112,072,905	99.6	491,332	0.4	–	–
–	58,912,958	46.5	–	–	67,704,755	53.5
			$ 683,938		$ 67,704,755	

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Financed Purchases and Other	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2015	$292,440,000	$ 9,239,371	$ –	$ 6,619,996	$308,299,367	2.19	$ 3,140
2016	415,810,000	31,115,494	13,200,000	9,757,949	469,883,443	3.07	4,786
2017	432,570,000	33,222,354	19,450,000	11,076,649	496,319,003	3.19	5,055
2018	320,235,000	29,775,773	18,345,000	10,763,283	379,119,056	2.23	3,861
2019	301,210,000	27,092,196	17,275,000	8,556,731	354,133,927	1.90	3,607
2020	310,405,000	25,205,332	16,165,000	8,204,415	359,979,747	1.88	3,666
2021	291,600,000	22,049,294	15,005,000	8,503,021	337,157,315	1.68	3,124
2022	305,800,000	20,994,146	13,795,000	9,161,056	349,750,202	1.56	3,241
2023	283,615,000	18,010,763	12,535,000	9,152,436	323,313,199	1.39	2,839
2024	376,230,000	28,267,486	11,220,000	9,199,076	424,916,562	N/A	3,731

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and ISD No. 833 population data.

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percentage of Net Debt to Market Value	Estimated ISD No. 833 Population	Net Bonded Debt per Capita
2015	$ 301,679,371	$ 40,357,373	$ 261,321,998	$ 9,098,596,000	2.87 %	98,185	$ 2,662
2016	446,925,494	89,987,868	356,937,626	9,372,785,100	3.81	98,185	3,635
2017	465,792,354	126,746,536	339,045,818	9,652,063,700	3.51	98,185	3,453
2018	350,010,773	5,379,219	344,631,554	10,371,491,600	3.32	98,185	3,510
2019	328,302,196	4,745,861	323,556,335	11,147,246,400	2.90	98,185	3,295
2020	335,610,332	6,459,461	329,150,871	12,067,393,650	2.73	98,185	3,352
2021	313,649,294	5,912,705	307,736,589	12,833,321,500	2.40	107,926	2,851
2022	326,794,146	6,718,407	320,075,739	13,524,449,300	2.37	107,926	2,966
2023	301,625,763	6,114,878	295,510,885	16,377,421,800	1.80	113,887	2,595
2024	404,497,486	9,304,960	395,192,526	18,430,301,900	2.14	113,887	3,470

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

Direct and Overlapping Debt
as of June 30, 2024

Governmental Unit	Gross Bonded Debt	Percent Allocable to ISD No. 833	Portion Allocable to ISD No. 833
Independent School District No. 833	$ 376,230,000	100.00%	$ 376,230,000
Overlapping debt			
Washington County	$ 80,210,000	40.86%	32,770,999
City of Cottage Grove	$ 38,345,000	98.78%	37,877,191
City of Newport	$ 11,205,000	100.00%	11,205,000
City of St. Paul Park	$ 2,075,000	100.00%	2,075,000
City of Woodbury	$ 39,415,000	74.08%	29,199,341
Town of Denmark	$ 3,185,000	100.00%	3,185,000
Metropolitan Council	$ 237,095,000	3.19%	7,560,248
Ramsey-Washington Metro Watershed District	$ 2,780,000	56.54%	1,571,723
South Washington Watershed District	$ 2,195,000	76.26%	1,673,933
Valley Branch Watershed	$ 5,620,000	0.29%	16,337
Total overlapping debt			127,134,772
Total direct and overlapping debt			$ 503,364,772

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

Note 2: Gross bonded debt includes self-supporting general obligation revenue debt.

Source: Washington County and EMMA

INDEPENDENT SCHOOL DISTRICT NO. 833

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Debt limit	$ 1,364,789,400	$ 1,405,917,765	$ 1,447,809,555	$ 1,555,723,740
Total net debt applicable to the limit	252,082,627	325,822,132	305,823,464	314,855,781
Legal debt margin	$ 1,112,706,773	$ 1,080,095,633	$ 1,141,986,091	$ 1,240,867,959
Total net debt applicable to the limit as a percentage of debt limit	18.47%	23.18%	21.12%	20.24%

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: District finance department

2019	2020	2021	2022	2023	2024
$ 1,672,086,960	$ 1,810,109,048	$ 1,924,998,225	$ 2,028,667,395	$ 2,456,613,270	$ 2,764,545,285
296,464,139	303,945,539	285,687,295	299,081,593	277,500,122	366,925,040
$ 1,375,622,821	$ 1,506,163,509	$ 1,639,310,930	$ 1,729,585,802	$ 2,179,113,148	$ 2,397,620,245
17.73%	16.79%	14.84%	14.74%	11.30%	13.27%

Legal Debt Margin Calculation for Fiscal Year 2024	
Market value	$ 18,430,301,900
Debt limit (15% of market value)	2,764,545,285
Debt applicable to limit	
General obligation bonds	376,230,000
Less amount set aside for repayment of general obligation debt	(9,304,960)
Total net debt applicable to the limit	366,925,040
Legal debt margin	$ 2,397,620,245

INDEPENDENT SCHOOL DISTRICT NO. 833

Demographic and Economic Statistics
Last Ten Fiscal Years

	Washington County					
Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Total ISD No. 833 Population (2)	School Enrollment (3)	Unemployment Rate (3)
2015	250,123	$ 14,056,242,000	$ 56,197	98,185	17,773	3.2 %
2016	252,921	15,299,947,000	60,493	98,185	17,794	3.3
2017	253,128	15,579,589,000	61,548	98,185	18,178	3.0
2018	256,905	17,013,335,000	66,224	98,185	18,567	2.5
2019	261,512	18,590,419,000	71,088	98,185	18,546	2.9
2020	265,476	19,186,846,000	72,273	98,185	18,754	5.3
2021	272,256	20,128,302,000	73,932	107,926	18,502	2.9
2022	275,912	22,356,866,000	81,029	107,926	18,573	2.3
2023	278,936	23,221,512,000	83,250	113,887	18,770	3.1
2024	N/A	N/A	N/A	113,887	19,009	3.5

N/A – Not Available

Sources:
(1) 2023 Annual Comprehensive Financial Report of Washington County, Minnesota
(2) Annual school district census and U.S. Census
(3) ISD No. 833 and the Bureau of Economic Analysis

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Employers
Current Year and Nine Years Ago

Employer	2024 Employees	2024 Rank	2024 Percent of Employment	2015 Employees	2015 Rank	2015 Percent of Employment
Independent School District No. 833	2,634	1	28.72 %	2,232	1	33.97 %
Renewal by Anderson	1,500	2	16.36	450	5	6.85
HealthEast Woodwinds Hospital	1,331	3	14.51	850	2	12.94
Bailey Nurseries, Inc.	800	4	8.72	800	3	12.18
3M Company – Cottage Grove	720	5	7.85	700	4	10.65
Hy-Vee	700	6	7.63	–	–	–
Woodbury Senior Living	450	7	4.91	300	8	4.57
Marathon Petroleum	400	8	4.36	268	9	4.08
Walmart Supercenter	335	9	3.65	–	–	–
Up North Plastics	300	10	3.27	–	–	–
Ecowater Systems	–	–	–	440	6	6.70
Target	–	–	–	330	7	5.02
YMCA	–	–	–	200	10	3.04
Total	9,170		100.00 %	6,570		100.00 %

Note: The statistic for total district employment is not available; therefore, the percentage represents the percentage of the top 10 listed.

Source: Reference USA, written and telephone survey, and the Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 833

Employees by Classification
Last Ten Fiscal Years

Employees (1)	2015	2016	2017	2018
				Fiscal Year
District directors/superintendent	14	13	11	13
Principals	43	43	45	47
Teachers, nurses, and counselors	1,373	1,373	1,402	1,406
Coordinators, supervisors, specialists, and technical support	244	247	256	256
Paraprofessionals	396	422	449	465
Food service (2)	129	134	130	125
Custodians	113	119	123	127
Bus drivers and mechanics	178	175	164	188
Community education leads and assistants	23	23	25	26
Total	2,513	2,549	2,605	2,653

(1) This schedule is a headcount based on contract group. Full-time and part-time employees count the same.

(2) Due to the COVID-19 pandemic, a significant number of food service employees were furloughed in 2020; many of these furloughs continued through 2021.

2019	2020	2021	2022	2023	2024
12	13	14	10	11	10
48	47	47	47	48	48
1,419	1,433	1,446	1,369	1,424	1,453
275	268	257	261	269	301
466	480	413	412	467	552
129	38	81	130	130	139
125	126	120	122	122	124
158	161	139	146	134	126
23	28	23	25	29	36
2,655	2,594	2,540	2,522	2,634	2,789

INDEPENDENT SCHOOL DISTRICT NO. 833
Operating Indicators by Function

Standardized Testing Rates
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Standardized tests				
MCA Reading (1)				
Grade 3	67 %	67 %	65 %	66 %
Grade 4	67	71	66	65
Grade 5	79	79	77	77
Grade 6	68	73	71	70
Grade 7	66	65	67	68
Grade 8	69	73	68	70
Grade 10	71	71	73	76
MCA Math (1)				
Grade 3	81	79	77	77
Grade 4	77	78	75	73
Grade 5	68	67	63	65
Grade 6	64	65	65	61
Grade 7	67	64	66	67
Grade 8	69	73	65	68
Grade 11	58	58	61	64
ACT				
Average composite scor	24.1	22.3	22.7	22.4

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

(2) Due to the COVID-19 pandemic, no 2020 summarized assessment data for MCA tests is available and the ACT test was postponed to Fall 2020.

2019	2020	2021	2022	2023	2024
62 %	– %	53 %	53 %	50 %	51 %
67	–	58	56	51	52
74	–	67	67	66	65
68	–	64	57	57	56
65	–	58	53	47	51
69	–	59	52	53	47
68	–	70	59	62	60
74	–	65	67	65	64
74	–	65	67	66	67
60	–	48	52	55	52
62	–	42	46	49	49
60	–	42	45	45	51
64	–	43	40	44	46
59	–	53	38	44	45
22.4	–	21.9	21.1	21.0	20.5

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INDEPENDENT SCHOOL DISTRICT NO. 833

School Facilities
as of June 30, 2024

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Functional Capacity (1)	Enrollment (2)
Armstrong Elementary	School	1969/1987/2001 2012	12.00	31	76,211	506	308
Cottage Grove Elementary	School	2002/2016	35.00	36	100,480	632	421
Crestview Elementary	School	1963/1970/1990/ 1999/2001	35.00	36	81,840	607	418
Gordon Bailey Elementary	School	1991/1992/2000 2015	30.00	45	115,609	683	655
Grey Cloud Elementary	School	1991/1992/2001 2009/2015	41.00	45	119,320	759	774
Hillside Elementary	School	1963/1970/1990/ 2001	16.00	32	75,864	556	424
Liberty Ridge Elementary	School	2003/2006/2016	25.00	56	136,968	910	804
Middleton Elementary	School	1991/1992/1999 2015	30.00	45	115,980	784	583
Newport Elementary	School	1955/1970/1990	9.00	21	79,286	379	275
Nuevas Fronteras Elementary	School	1951/1960/1965/ 1973/1974/1995/ 2002	20.00	37	146,155	556	533
Pine Hill Elementary	School	1960/1967/1970/ 2001	12.00	28	73,631	506	521
Pullman Elementary	School	1960/1970/2001	16.00	29	70,842	481	378
Red Rock Elementary	School	2002/2016	31.00	36	100,401	683	626
Royal Oaks Elementary	School	1966/1970/1990/ 2001	7.00	32	75,859	582	473
Valley Crossing Elementary	School	1996	34.35	33	133,665	733	727
Woodbury Elementary	School	1960/1963/1970/ 1989/1990/1999/ 2001	10.00	40	95,567	632	462
Cottage Grove Middle School	School	1995/2003/2005 2008/2018	72.00	56	200,229	1,208	972
Lake Middle School	School	1995/2000	67.00	54	188,996	1,188	1,160
Oltman Middle School	School	2018	60.00	47	243,898	990	1,002
Woodbury Middle School	School	1969/1989/2002 2018	16.00	44	205,139	1,188	1,098
East Ridge High School	School	2009/2013	58.00	70	382,264	1,712	2,042
Park Senior High School	School	1964/1971/1973/ 1994/2002/2003 2008/2009	51.00	86	403,981	2,059	1,957
Woodbury Senior High School	School	1974/2002/2003 2007/2008/2009	45.00	80	366,599	1,925	1,948
District Service Center	Office/ warehouse	1972	7.00	N/A	51,312	N/A	N/A
District Program Center	School/ office	1980	7.00	9	56,045	N/A	92
District Transportation Center	Office/garage/ maintenance	1971/1977/2002	10.00	N/A	44,864	N/A	N/A

N/A – Not Available
(1) Functional capacity is based on building usage and student-to-staff ratios in effect for fiscal year 2024.
(2) Enrollment data from October 1, 2023.

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2015	16,707	1,798,346	174	10,335	61.86 %
2016	16,726	1,814,033	174	10,425	62.33
2017	17,087	1,772,015	174	10,184	59.60
2018	17,453	1,754,196	172	10,199	58.44
2019	17,433	1,726,182	169	10,214	58.59
2020 (2)	17,629	1,206,589	115	10,492	59.52
2021 (3)	17,392	931,942	217	4,295	24.69
2022 (4)	17,459	1,953,999	170	11,494	65.84
2023	17,614	1,808,601	171	10,577	60.05
2024 (5)	17,534	2,207,147	170	12,983	74.05

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 94 percent of enrollment.

(2) Due to the COVID-19 pandemic, significantly fewer meals were served in the National School Lunch Program.

(3) Due to the ongoing COVID-19 pandemic and shifts in learning models throughout the year, significantly fewer lunches were served. Additionally, the program operated all year under the USDA Summer Food Service Program, under which all student meals were provided for free.

(4) The program operated all year under the USDA Seamless Summer Option Program, under which all student meals were provided for free.

(5) Beginning in 2024, the cost of meals not covered by free and reduced federal funding as noted in the table above, were funded by the state to provide free meals to all students.

Free Lunch		Reduced-Price Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
338,742	18.84 %	116,852	6.50 %
337,475	18.60	113,467	6.25
338,116	19.08	115,548	6.52
353,564	20.16	115,635	6.59
312,069	18.08	124,606	7.22
212,978	17.65	87,440	7.25
931,942	100.00	–	–
1,953,999	100.00	–	–
431,271	23.85	116,342	6.43
469,078	21.25	117,851	5.34

INDEPENDENT SCHOOL DISTRICT NO. 833

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year 2015	2016	2017	2018
Administration	$ 424	$ 444	$ 451	$ 452
District support services	304	367	347	329
Elementary and secondary regular instruction	5,508	5,552	5,933	5,850
Vocational education instruction	125	130	121	123
Special education instruction	1,818	1,955	2,167	2,248
Instructional support services	542	553	567	569
Pupil support services	1,125	1,118	1,160	1,170
Sites and buildings	1,082	1,689	1,298	1,228
Fiscal and other fixed cost programs	32	18	27	27
Food service	491	474	492	490
Community service	686	733	813	767
Capital outlay	696	1,512	1,631	3,153
Debt service	1,790	1,672	1,987	2,013
Total expenditures	$ 14,624	$ 16,217	$ 16,995	$ 18,420
Average daily membership	17,773	17,794	18,178	18,567

Note: Includes all governmental fund expenditures.

2019	2020	2021	2022	2023	2024
$ 478	$ 486	$ 504	$ 525	$ 538	$ 556
391	459	545	504	404	519
6,088	6,114	6,322	6,266	6,575	6,764
120	122	115	118	167	215
2,317	2,452	2,608	2,708	2,885	3,490
586	614	725	636	688	862
1,249	1,366	1,404	1,458	1,647	1,897
1,203	1,424	1,772	1,630	1,700	1,720
29	16	27	29	36	39
508	422	322	589	596	644
803	742	571	691	776	889
2,228	1,385	360	944	719	781
1,836	1,872	1,921	2,058	2,099	2,276
$ 17,835	$ 17,474	$ 17,196	$ 18,155	$ 18,830	$ 20,652
18,546	18,754	18,502	18,573	18,770	19,009

INDEPENDENT SCHOOL DISTRICT NO. 833

Student Enrollment
Last Ten Fiscal Years

Year Ended	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total
June 30,	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	Pupil Units
2015	236	1,229	8,159	8,149	17,773	19,397
2016	237	1,241	8,107	8,209	17,794	19,435
2017	264	1,284	8,374	8,256	18,178	19,826
2018	267	1,341	8,511	8,448	18,567	20,256
2019	312	1,325	8,376	8,533	18,546	20,252
2020	315	1,382	8,451	8,606	18,754	20,475
2021	284	1,225	8,207	8,786	18,502	20,259
2022	302	1,302	8,247	8,722	18,573	20,316
2023	300	1,322	8,382	8,766	18,770	20,523
2024	334	1,283	8,531	8,861	19,009	20,781

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

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

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary	Secondary
For all years presented	1.000	0.550	1.000	1.000	1.200

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APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

Independent School District No. 833
South Washington County, Minnesota

[Purchaser]
[City, State]

Re: Lease-Purchase Agreement dated as of February 1, 2025, between Zions Bancorporation, National Association, as trustee, and Independent School District No. 833 (South Washington County Schools), Minnesota and $[9,140,000] Certificates of Participation, Series 2025A

Ladies and Gentlemen:

We have acted as counsel to Independent School District No. 833 (South Washington County Schools), Minnesota (the "Lessee") with respect to the Lease-Purchase Agreement described above (the "Lease"). In that capacity we have reviewed certified records of proceedings of the governing body of the Lessee relating to the Lease; copies of a Ground Lease Agreement dated as of February 1, 2025, between the Lessee, as lessor, and Zions Bancorporation, National Association, as trustee (the "Trustee"), as lessee (the "Ground Lease"); the Lease and the exhibits attached thereto; a Trust Agreement dated as of February 1, 2025, between the Lessee and the Trustee, including the form of Certificate of Participation, Series 2025A (the "Certificates") attached thereto (the "Trust Agreement"); and a Tax Certificate of the Lessee dated as of the date hereof.

Under the Lease, the Project (as defined therein) is being leased to the Lessee with an option to purchase, and the Lessee has undertaken to pay rental payments with respect thereto (the "Rental Payments") aggregating $[_________] composed of principal payments of $[_________] and interest on deferred principal payments of $[_________]. The Rental Payments are payable at the times and in the amounts as set forth in Exhibit B to the Lease. The Rental Payments are payable exclusively from moneys to be legally appropriated and provided therefor by the Lessee. In the sole event that moneys are not so appropriated and provided, the Lessee may, by written notice to the Trustee, as lessor, discontinue the Lease at the end of any fiscal year of the Lessee (July 1 through June 30) then in effect. If the Lessee discontinues the Lease at the end of any such fiscal year in the manner provided therein, the Lease is terminated without penalty or liability on the part of the Lessee to pay any Rental Payments coming due after the fiscal year then in effect, but in such event, the Lessee has the obligation to surrender the Project for the remaining term of the Ground Lease, as described in the Lease and the Ground Lease. In the event the Lessee does not discontinue the Lease and pays all Rental Payments due in accordance therewith, the rights of the Trustee and the registered owners of the Certificates in the Project are terminated. Under the Trust Agreement, the Trustee has executed and delivered the Certificates evidencing the right of the registered owners thereof to the portion of the Rental Payments described therein.

In delivering our opinion, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures and the conformity to authentic originals of all documents submitted to us as copies. We have also assumed, with respect to all parties to agreements or instruments relevant hereto other than the Lessee, that such parties had the requisite power and authority to execute, deliver and perform such agreements or instruments, that such agreements or instruments have been duly authorized by all requisite action, executed and delivered by such parties and that all such agreements or instruments are the valid, binding and enforceable obligations of such parties.

As to questions of fact material to our opinions, we have relied upon the representations made in the Lease, and upon the representations of the Lessee or other parties made in documents provided to us, as to (i) the intended application of the proceeds of the Lease and the Certificates, (ii) the nature, use, cost, and economic life of the property financed with proceeds the Lease and the Certificates, and (iii) other matters relating to the exemption of the interest on the Lease from federal income taxation.

Based on our examination of the above-described documents and such other documents as we deem relevant, subject to the exceptions and limitations set forth herein, it is our opinion that:

1. The Lessee is an independent school district and public corporation of the State of Minnesota (the "State"), duly organized, existing and operating under the Constitution and laws of the State.

2. The Lessee is authorized and has power under State law to enter into the Ground Lease, the Lease and the Trust Agreement, and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Ground Lease, the Lease and the Trust Agreement have been duly authorized, approved, executed and delivered by and on behalf of the Lessee, and the same are valid and binding contracts of the Lessee enforceable against the Lessee in accordance with their terms.

4. The Lease and the obligations of the Lessee thereunder are special, limited obligations of the Lessee payable in each fiscal year from amounts appropriated for such purpose in the annual budget of the Lessee, provided that the Lessee is not obligated to make any such appropriation. The full faith and credit and ability of the Lessee to levy ad valorem taxes without limitation as to rate or amount are not pledged to the payment of the Lease, any obligation of the Lessee thereunder, or any amounts paid with respect to the Certificates issued under the Trust Agreement.

5. The amount of each Rental Payment designated as and comprising interest as set forth in Exhibit B to the Lease and received by the registered owners of the Certificates (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

6. The amount of each Rental Payment designated as and comprising interest as set forth in Exhibit B to the Lease and received by the registered owners of the Certificates (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs (5) and (6) above are subject to the compliance by the Lessee with certain requirements of the Code that must be satisfied subsequent to the execution of the Lease and issuance of the Certificates. Noncompliance with these requirements could result in the inclusion of interest on the amount of each Rental Payment designated as and comprising interest as set forth in Exhibit B to the Lease and received by the registered owners of the Certificates in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, or the Lease and Certificates ceasing to be qualified tax-exempt obligations, retroactive to the date of the Lease and the Certificates.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences related to the Lease or the Certificates. We note, however, that notwithstanding the opinions expressed in paragraph (6) above, the amount of each Rental Payment designated as and comprising interest as set forth in Exhibit B to the Lease and received by the registered owners of the Certificates may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

The opinions set forth above are further subject to the following qualifications and exceptions:

1. Our opinions expressed above are limited to and assume the application of the laws of the State and the federal laws of the United States of America, including the provisions of the Code, the Treasury Regulations promulgated under the Code, administrative provisions of the Internal Revenue Service contained in revenue rulings, revenue procedures and private letter rulings and court decisions, in each case, as in effect on the date of this opinion and subject to change, possibly with retroactive effect.

2. Our opinions are subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law of general application affecting creditors' rights.

3. Our opinions are subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

4. Our opinions are subject to possible judicial action giving effect to governmental actions or foreign laws affecting creditors' rights.

5. We have not reviewed and do not opine as to compliance of the Lessee or the Project with applicable zoning, health, safety, building, environmental, land use or subdivision laws, ordinances, codes, rules or regulations.

6. No opinion is expressed as to title matters of any nature whatsoever, including all matters within the scope of any title commitment or title policy.

7. We express no opinion as to compliance with state or federal securities laws and regulations applicable to disposition of the Certificates or rights under the Lease to any investor, including, without limitation, any opinion as to the accuracy, completeness or sufficiency of any offering materials relating to Lessee, the Lease, the Ground Lease, the Trust Agreement or the Certificates.

8. We express no conclusions, nor are any conclusions intended, regarding any matters not specifically identified herein.

The opinions expressed herein are given as of the date hereof, and we assume no obligation to revise or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof.

Dated: February [13], 2025.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM RATIFYING RESOLUTION)

(See following pages)

FORM OF CONTINUING DISCLOSURE

(a) Definitions. The following capitalized terms shall have the following meanings for purposes of this section.

"*Annual Report*" means any annual report provided by the District pursuant to, and as described in, subsection (c) of this section.

"*Beneficial Owner*" means any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Certificates for federal income tax purposes.

"*EMMA*" means the MSRB's Electronic Municipal Market Access system available at http://emma.msrb.org.

"*Holders*" means the registered holders of the Certificates, as recorded in the registration books of the Registrar (as defined in the Trust Agreement).

"*Listed Events*" means the events listed in subsection (d) of this section.

"*MSRB*" means the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"*Participating Underwriter*" means any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"*Rule*" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

(b) Purpose and Beneficiaries. The District makes the following covenants for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriters in complying with the Rule.

(c) Provision of Annual Reports.

(i) Not later than 12 months after the end of each fiscal year of the District (the "Submission Deadline") (the first report being due not later than 12 months after June 30, 2025), the District shall, either directly or indirectly through an agent designated by the District, file on EMMA an electronic copy of its Annual Report in a format and accompanied by such identifying information as prescribed by the MSRB. If the District's fiscal year changes, it shall, either directly or indirectly through an agent designated by the District, give notice of such change in the same manner as for a Listed Event under subsection (d), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the new fiscal year. If the District is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the District shall, either directly or indirectly through an agent designated by the District, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

(ii) The Annual Report must contain or include by reference the following:

(1) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota state law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the District's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by Minnesota state law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA within 10 days of when they become available.

(2) To the extent not included in the financial statements provided as part of the Annual Report, tables, schedules or other information of the type contained in the Official Statement for the Certificates under the following headings or captions, which information may be unaudited:

(A) Valuations – Current Property Valuations
(B) Debt – Direct Debt
(C) Tax Levies, Collection and Rates – Tax Levies and Collections
(D) The Issuer – Student Body
(E) General Information – Employment / Unemployment Data

(iii) The Annual Report may be submitted as a single document or as separate documents comprising a package. The contents of the Annual Report may be included in the Annual Report by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Annual Report shall clearly identify each such other document so included by reference. The audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date.

(d) Reporting of Significant Events.

(i) The District shall, either directly or indirectly through an agent designated by the District, give notice of the occurrence of any of the following events with respect to the Certificates, all pursuant to the provisions of this subsection (d):

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in this subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in subparagraph (15) and (16) above, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of either (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(ii) If a Listed Event described in subparagraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14) or (15) has occurred and the District has determined that such Listed Event is material under applicable federal securities laws, the District shall, either directly or indirectly through an agent designated by the District, in a timely manner but not later than 10 business days after the occurrence of such Listed Event, promptly file a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(iii) If a Listed Event described in subparagraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12) or (16) above has occurred the District shall, either directly or indirectly through an agent designated by the District, in a timely manner but not later than 10 business days after the occurrence of such Listed Event, promptly file a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subparagraphs (8) and (9) need not be given under this subsection (d) any earlier than the notice (if any) of the underlying event is given to Holders of affected Certificates pursuant to the Trust Agreement.

(e) Termination of Reporting Obligation. The District's obligations under this section will terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates or upon the District's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the District to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

(f) Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this section, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent will not be responsible in any manner for the content of any notice or Annual Report prepared by the District pursuant to this section.

(g) Amendment; Waiver. Notwithstanding any other provision of this section, the District may amend the covenants contained in this section, and any provision of this section may be waived, if

(i) (1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Certificates, or the type of business conducted; (2) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (3) the amendment or waiver either (A) is approved by a majority of the Holders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(ii) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

In the event of any amendment or waiver of a provision of this section, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing audited financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection (d), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the audited financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(h) Additional Information. Nothing in this section will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this section or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this section. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this section, the District shall have no obligation under this section to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

(i) Default. In the event of a failure of the District to comply with any provision of this section, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section. Direct, indirect, consequential and punitive damages will not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this section will not be deemed an event of default under the Lease, the Trust Agreement or this resolution, and the sole remedy under this section in the event of any failure of the District to comply with this section will be an action to compel performance.

APPENDIX E

TERMS OF PROPOSAL

$9,140,000* CERTIFICATES OF PARTICIPATION, SERIES 2025A INDEPENDENT SCHOOL DISTRICT NO. 833 (SOUTH WASHINGTON COUNTY SCHOOLS), MINNESOTA

Proposals for the purchase of $9,140,000* Certificates of Participation, Series 2025A (the "Certificates") of Independent School District No. 833 (South Washington County Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M., Central Time, on January 16, 2025, at which time they will be opened, read and tabulated. On November 21, 2024, the School Board adopted a resolution which authorizes designated officials of the District to accept proposals on the Certificates on January 16, 2025, if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on January 16, 2025, the designated officials will not have the authority to accept a bid for the Certificates and all bids for the Certificates will be rejected. The Board will meet on January 16, 2025 at 6:00 P.M. to ratify and approve the sale of the Certificates. The proposal offering to purchase the Certificates upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Certificates are being issued pursuant to Minnesota Statutes, Section 465.71, as amended, by the District, for the purpose of financing the acquisition and remodeling of an existing building to provide instructional services for students in the special education transition program. The Certificates will be limited special obligations of the District payable from and secured by a pledge of lease payments required to be made by the District to Zions Bancorporation, National Association (the "Trustee") pursuant to a Lease-Purchase Agreement (the "Lease") to be entered into between the District, as lessee, and the Trustee, as lessor, subject to the District's right of non-appropriation. **THE CERTIFICATES WILL NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE DISTRICT AND WILL NOT BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE DISTRICT**.

DATES AND MATURITIES

The Certificates will be dated February 13, 2025, will be issued as fully registered Certificates in the denomination of $5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	$390,000	2031	$550,000	2036	$695,000
2027	450,000	2032	575,000	2037	720,000
2028	475,000	2033	605,000	2038	755,000
2029	495,000	2034	635,000	2039	785,000
2030	520,000	2035	665,000	2040	825,000

ADJUSTMENT OPTION

The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM BOND OPTION

Proposals for the Certificates may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing October 1, 2025, to the registered owners of the Certificates appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Certificates of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Certificates will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Certificates. So long as Cede & Co. is the registered owner of the Certificates, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Certificates.

PAYING AGENT/TRUSTEE/ESCROW AGENT

The District has selected Zions Bancorporation, National Association, Chicago, Illinois, to act as paying agent (the "Paying Agent"), as Escrow Agent (the "Escrow Agent") and as trustee (the "Trustee"). The District will pay the charges for Paying Agent, escrow agent and Trustee services. The District reserves the right to remove the Paying Agent, Escrow Agent and/or Trustee and to appoint a successor.

OPTIONAL REDEMPTION AND EXTRAORDINARY REDEMPTION

At the option of the District, the Certificates maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

The Certificates shall be subject to extraordinary redemption and prepayment, in whole or in part, at the option of the District on any date, in certain cases of damage, destruction or condemnation as described in the Lease-Purchase Agreement, and subject to a determination by the District that rebuilding, restoration and replacement of the Project would not be economically feasible.

Redemption may be in whole or in part of the Certificates subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Certificates to be redeemed shall be at the discretion of the District. If only part of the Certificates having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books.

DELIVERY

On or about February 13, 2025, the Certificates will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Certificates is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Certificates must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $9,140,000 plus accrued interest on the principal sum of $9,140,000 from date of original issue of the Certificates to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

1) Electronically to bondsale@ehlers-inc.com; or

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 9:30 A.M., Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at https://ihsmarkit.com/products/municipal-issuance.html or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a submission.

A good faith deposit ("Deposit") in the amount of $182,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Certificates to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Certificates to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to $250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made.

AWARD

The Certificates will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Certificates will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Certificates are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Certificates from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Certificates are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Certificates.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Certificates or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Certificates shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), in the Ratifying Resolution, the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Certificates for federal income tax purposes, the District requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Certificates to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Certificates to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Certificates with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Certificates, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Certificates, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the District shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the District advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the District at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the District advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering-price rule applies, the Purchaser shall (1) upon the request of the District confirm that the underwriters did not offer or sell any maturity of the Certificates to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the District a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Certificates will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Certificates, and Certificates submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Certificates prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of $10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 833
(South Washington County Schools), Minnesota

PROPOSAL FORM

The School Board **January 16, 2025**
Independent School District No. 833 (South Washington County Schools), Minnesota (the "District")

RE: **$9,140,000* Certificates of Participation, Series 2025A (the "Certificates")**
DATED: **February 13, 2025**

For all or none of the above Certificates, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $9,140,000) plus accrued interest to date of delivery for fully registered Certificates bearing interest rates and maturing in the stated years as follows:

________	% due	2026	________	% due	2031	________	% due	2036
________	% due	2027	________	% due	2032	________	% due	2037
________	% due	2028	________	% due	2033	________	% due	2038
________	% due	2029	________	% due	2034	________	% due	2039
________	% due	2030	________	% due	2035	________	% due	2040

The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Certificates of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $182,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Certificates to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Certificates to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Certificates to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about February 13, 2025.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Certificates.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the District with the reoffering price of the Certificates within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Certificates identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: _____10% test, or the _____hold-the-offering-price rule to determine the issue price of the Certificates.

Account Manager: ______________________________ By: ______________________________

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 13, 2025 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of Independent School District No. 833 (South Washington County Schools), Minnesota, on January 16, 2025

By: ______________________________

Title: ______________________________