

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 27, 2026

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, interest on the Bonds (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. Interest on the Bonds 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 for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

New and Refunding Issue

Rating Application Made: Moody's Investors Service, Inc.

INDEPENDENT SCHOOL DISTRICT NO. 196 (ROSEMOUNT-APPLE VALLEY-EAGAN), MINNESOTA (Dakota County)

(Minnesota School District Credit Enhancement Program)

\$145,830,000* GENERAL OBLIGATION SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2026A

PROPOSAL OPENING: March 9, 2026, 10:30 A.M., C.T.

CONSIDERATION: March 9, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$145,830,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Minnesota Statutes, Section 475.67, as amended, and a special election held May 9, 2023, by Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District"), for the purposes of financing the acquisition and betterment of school sites and facilities in the District and to effect a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: April 2, 2026

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2027	\$17,915,000	2034	\$1,600,000	2041	\$4,855,000
2028	13,380,000	2035	4,525,000	2042	5,200,000
2029	11,805,000	2036	4,670,000	2043	5,680,000
2030	12,730,000	2037	5,090,000	2044	6,280,000
2031	1,250,000	2038	4,430,000	2045	17,150,000
2032	1,350,000	2039	4,405,000	2046	17,295,000
2033	1,450,000	2040	4,770,000		

***MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Bonds 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: August 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$145,830,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$2,916,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

ESCROW AGENT: 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).

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.



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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 Bonds 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 Bonds.

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 Bonds 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 Bonds, 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 Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, 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 Bonds; (3) a certificate evidencing the due execution of the Bonds, 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 Bonds, (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 Bonds 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 Bonds 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

<p>INTRODUCTORY STATEMENT 1</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">GENERAL 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION 2</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES 3</p> <p style="padding-left: 20px;">SECURITY 4</p> <p style="padding-left: 20px;">RATING 4</p> <p style="padding-left: 20px;">STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS 4</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE 5</p> <p style="padding-left: 20px;">LEGAL OPINION 6</p> <p style="padding-left: 20px;">TAX CONSIDERATIONS 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR 9</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES 9</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS 10</p> <p style="padding-left: 20px;">RISK FACTORS 10</p> <p>VALUATIONS 12</p> <p style="padding-left: 20px;">OVERVIEW 12</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS 13</p> <p style="padding-left: 20px;">2024/25 NET TAX CAPACITY BY CLASSIFICATION 14</p> <p style="padding-left: 20px;">TREND OF VALUATIONS 14</p> <p style="padding-left: 20px;">LARGEST TAXPAYERS 15</p> <p>DEBT 15</p> <p style="padding-left: 20px;">DIRECT DEBT 15</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY 16</p> <p style="padding-left: 20px;">FUTURE FINANCING 16</p> <p style="padding-left: 20px;">STATE AID FOR DEBT SERVICE 16</p> <p style="padding-left: 20px;">BONDED DEBT LIMIT 17</p> <p style="padding-left: 20px;">SCHEDULE OF BONDED INDEBTEDNESS 18</p> <p style="padding-left: 20px;">OVERLAPPING DEBT 21</p> <p style="padding-left: 20px;">DEBT RATIOS 22</p>	<p>TAX LEVIES, COLLECTION AND RATES 22</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS 22</p> <p style="padding-left: 20px;">TAX CAPACITY RATES 23</p> <p>THE ISSUER 24</p> <p style="padding-left: 20px;">EMPLOYEES 24</p> <p style="padding-left: 20px;">PENSIONS; UNIONS 24</p> <p style="padding-left: 20px;">POST EMPLOYMENT BENEFITS 25</p> <p style="padding-left: 20px;">STUDENT BODY 25</p> <p style="padding-left: 20px;">SCHOOL BUILDINGS 26</p> <p style="padding-left: 20px;">LITIGATION 27</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY 27</p> <p style="padding-left: 20px;">FUNDS ON HAND 27</p> <p style="padding-left: 20px;">BUDGET SUMMARY 28</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION 29</p> <p>GENERAL INFORMATION 30</p> <p style="padding-left: 20px;">LOCATION 30</p> <p style="padding-left: 20px;">LARGER EMPLOYERS 30</p> <p style="padding-left: 20px;">U.S. CENSUS DATA 31</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA 31</p> <p>FINANCIAL STATEMENTS A-1</p> <p>FORM OF LEGAL OPINION B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM C-1</p> <p>FORM OF CONTINUING DISCLOSURE COVENANTS (EXCERPTS FROM AWARD RESOLUTION) D-1</p> <p>TERMS OF PROPOSAL E-1</p> <p>PROPOSAL FORM</p>
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ROSEMOUNT-APPLE VALLEY-EAGAN SCHOOL BOARD

		<u>Term Expires</u>
Cory Johnson	Board Chair	January 2028
Anna Williams	Vice Chair	January 2028
Robin Cerio	Clerk	January 2030
Sakawdin Mohamed	Treasurer	January 2030
Catherine Diamond	Member	January 2028
Leah Gardner	Member	January 2030
Jackie Magnuson	Member	January 2028

ADMINISTRATION

Michael Bolsoni, Superintendent of Schools
Christopher Onyango-Robshaw, Director of Finance and Operations

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District") and the issuance of its \$145,830,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds"). Any descriptions or summaries of the Bonds, 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 Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on March 9, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, 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 BONDS

GENERAL

The Bonds 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 April 2, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2026, to the registered owners of the Bonds 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 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds 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 Bonds 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 Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds 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 Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

The Bonds maturing on and after February 1, 2035 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The District is required to cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Minnesota Statutes, Section 475.67, as amended, and a special election held May 9, 2023, by the District.

Proceeds of the Bonds will be used for the purposes of (i) providing funds for the acquisition and betterment of school sites and facilities as authorized by voters (the "School Building Portion"); and (ii) effecting a current refunding of the District's General Obligation School Building Bonds, Series 2016A, dated February 16, 2016 (the "Series 2016A Bonds" or the "Refunding Portion").

The referendum approved by the voters included two questions and authorized the issuance of general obligation bonds in an amount not to exceed \$493,745,000. On September 14, 2023, the District issued General Obligation School Building Bonds, Series 2023A, totaling \$280,000,000, leaving a remaining unused authority of \$213,745,000. The District plans to issue an additional \$100,000,000 of the remaining voter-approved authority with the Bonds of this offering. The District plans to issue the remaining of the bonds authorized during the election in early 2027.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 777594
Series 2016A Bonds	2/16/16	5/7/26	Par	2027	5.00%	\$11,250,000	YX4
				2028	4.00%	11,820,000	YY2
				2029	3.00%	12,290,000	YZ9
				2030	3.00%	<u>12,655,000</u>	ZA3
Total Series 2016A Bonds Being Refunded						<u>\$48,015,000</u>	

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance.

ESTIMATED SOURCES AND USES*

Sources	School Building Portion	Refunding Portion	Total Bond Issue
Par Amount of Bonds	\$100,000,000	\$45,830,000	\$145,830,000
Reoffering Premium	<u>2,517,883</u>	<u>2,915,962</u>	<u>5,433,845</u>
Total Sources	\$102,517,883	\$48,745,962	\$151,263,845
 Uses			
Total Underwriter's Discount (0.600%)	\$600,000	\$274,980	\$874,980
Costs of Issuance	327,674	150,173	477,847
Deposit to Construction Fund	101,590,209	-	101,590,209
Deposit to Current Refunding Fund	-	48,318,744	48,318,744
Rounding Amount	<u>-</u>	<u>2,065</u>	<u>2,065</u>
Total Uses	\$102,517,883	\$48,745,962	\$151,263,845

Breakdown of Principal Payments*:

Payment Date	School Building Portion	Refunding Portion	Total Bond Issue
2/01/2027	\$6,780,000	\$11,135,000	\$17,915,000
2/01/2028	2,370,000	11,010,000	13,380,000
2/01/2029	250,000	11,555,000	11,805,000
2/01/2030	600,000	12,130,000	12,730,000
2/01/2031	1,250,000	-	1,250,000
2/01/2032	1,350,000	-	1,350,000
2/01/2033	1,450,000	-	1,450,000
2/01/2034	1,600,000	-	1,600,000
2/01/2035	4,525,000	-	4,525,000
2/01/2036	4,670,000	-	4,670,000
2/01/2037	5,090,000	-	5,090,000
2/01/2038	4,430,000	-	4,430,000
2/01/2039	4,405,000	-	4,405,000
2/01/2040	4,770,000	-	4,770,000
2/01/2041	4,855,000	-	4,855,000
2/01/2042	5,200,000	-	5,200,000
2/01/2043	5,680,000	-	5,680,000
2/01/2044	6,280,000	-	6,280,000
2/01/2045	17,150,000	-	17,150,000
2/01/2046	<u>17,295,000</u>	<u>-</u>	<u>17,295,000</u>
Total	\$100,000,000	\$45,830,000	\$145,830,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the District to which its full faith and credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a credit enhanced rating from Moody's Investors Service, Inc. ("Moody's"). Moody's has a policy which assigns a minimum rating of "Aa1" to issuers participating in the MNCEP. The "Aa1" rating is based on the State of Minnesota's current "Aaa"/Stable outlook rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has a "Aa2" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. 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 Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, 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 Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on July 14, 2025, as amended by a resolution adopted February 9, 2026, and the Award Resolution (collectively, the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

The Law requires that all amounts paid by the State on behalf of any school district are required to be repaid by the district to the State with interest, either via a reduction in State aid payable to the district, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated September 23, 2025, for General Obligation State Bonds, Series 2025A, 2025B, 2025C, 2025D and 2025E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

"As of June 30, 2025, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2054, is approximately \$19,610,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2025 is currently estimated at \$3,155,000,000, with the maximum amount of principal and interest payable in any one month being \$1,253,600,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c-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 Award 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 Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years 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 Bonds. 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 interest on the Bonds. 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 Bonds 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 Bonds 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 Bonds. 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 Bonds for cash at original issue and hold the Bonds 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 Bonds 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 to the Bonds 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 Bonds is the first price at which a substantial amount of Bonds 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, interest on the Bonds (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. Interest on the Bonds 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 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 Bonds in order that interest on the Bonds 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 the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income.

Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds 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 Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond 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 Bond 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 semiannual 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 such 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 such 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 Bonds, even if the Bonds 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 Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser may be treated as having purchased the Bond 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 Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds 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, or 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 interest on the Bonds 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 Bonds, 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 Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds.

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

Income or loss on the Bonds 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 Bonds, 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 Bond 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 Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. 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 Bond 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 interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds 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 Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. 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

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, 2025 have been audited by Eide Bailly LLP, Mankato, 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 Bonds 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.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Minnesota (the "State") may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

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 Bonds 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 Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds 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 Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds 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 Bonds. 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 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds 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 Bonds to the accounts of the Beneficial Owners of the Bonds 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 Bonds.

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 Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds 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 Bonds. 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 Bonds 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 Bonds. 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	2022/23	2023/24	2024/25
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 \$1,890,000 - 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	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 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 - 0.75% Over \$174,000 - 0.25%	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 - 0.75% Over \$100,000 - 0.25%	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 – 0.25%
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%

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

2024/25 Economic Market Value	<u>\$29,199,917,003¹</u>
2024/25 Assessor's Estimated Market Value	
Real Estate	\$27,202,570,900
Personal Property	<u>129,478,300</u>
Total Valuation	<u><u>\$27,332,049,200</u></u>
2024/25 Net Tax Capacity	
Real Estate	\$301,433,670
Personal Property	<u>2,530,278</u>
Net Tax Capacity	\$303,963,948
Less:	
Captured Tax Increment Tax Capacity ²	(5,714,312)
Fiscal Disparities Contribution ³	<u>(21,699,539)</u>
Taxable Net Tax Capacity	\$276,550,097
Plus: Fiscal Disparities Distribution ³	<u>31,652,479</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$308,202,576</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 93.77% of the actual selling prices of property 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 a Economic Market Value ("EMV") for the District of \$29,199,917,003.

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.

2024/25 NET TAX CAPACITY BY CLASSIFICATION

	2024/25 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$217,666,278	71.61%
Agricultural	1,080,849	0.36%
Commercial/industrial	55,605,706	18.29%
Public utility	1,800,008	0.59%
Railroad operating property	346,133	0.11%
Non-homestead residential	24,640,403	8.11%
Commercial & residential seasonal/rec.	294,293	0.10%
Personal property	<u>2,530,278</u>	<u>0.83%</u>
 Total	 <u><u>\$303,963,948</u></u>	 <u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2020/21	\$20,692,924,700	\$20,089,004,293	\$228,618,659	\$231,739,607	5.30%
2021/22	21,819,386,000	21,245,903,664	240,575,365	244,296,570	5.44%
2022/23	25,265,972,000	24,801,994,116	279,459,418	283,113,018	15.80%
2023/24	26,710,986,800	26,255,705,411	298,450,144	301,785,843	5.72%
2024/25	27,332,049,200	26,583,608,323	303,963,948	308,202,576	2.33%

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.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The District plans to issue approximately \$113,745,000 for the remaining voter-approved school building bonds and approximately \$35,000,000 in general obligation facilities maintenance bonds for deferred capital maintenance projects in early 2027.

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). 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:

2024/25 Economic Market Value	\$29,199,917,003
Multiply by 15%	<u>0.15</u>
Statutory Debt Limit	<u>\$4,379,987,550</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(437,205,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(21,622,892)</u>
Unused Debt Limit*	<u><u>\$3,921,159,658</u></u>

*Preliminary, subject to change.

Independent School District No. 196 (Rosemount-Apple Valley-Egan), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 04/02/2026)

Dated Amount	School Bldg. & Facilities Maint. Bonds Series 2023A		School Building & Refunding Bonds 1) Series 2026A							
	09/14/2023 \$300,000,000		04/02/2026 \$145,830,000*							
Maturity	02/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2027	1,525,000	12,833,750	17,915,000	5,741,425	19,440,000	18,575,175	38,015,175	417,765,000	4.45%	2027
2028	1,545,000	12,757,500	13,380,000	6,017,003	14,925,000	18,774,503	33,699,503	402,840,000	7.86%	2028
2029	2,135,000	12,680,250	11,805,000	5,348,003	13,940,000	18,028,253	31,968,253	388,900,000	11.05%	2029
2030	3,705,000	12,573,500	12,730,000	4,757,753	16,435,000	17,331,253	33,766,253	372,465,000	14.81%	2030
2031	15,250,000	12,388,250	1,250,000	4,121,253	16,500,000	16,509,503	33,009,503	355,965,000	18.58%	2031
2032	18,000,000	11,625,750	1,350,000	4,058,753	19,350,000	15,684,503	35,034,503	336,615,000	23.01%	2032
2033	19,250,000	10,725,750	1,450,000	3,991,253	20,700,000	14,717,003	35,417,003	315,915,000	27.74%	2033
2034	20,465,000	9,763,250	1,600,000	3,918,753	22,065,000	13,682,003	35,747,003	293,850,000	32.79%	2034
2035	17,500,000	8,740,000	4,525,000	3,838,753	22,025,000	12,578,753	34,603,753	271,825,000	37.83%	2035
2036	18,500,000	7,865,000	4,670,000	3,612,503	23,170,000	11,477,503	34,647,503	248,655,000	43.13%	2036
2037	19,000,000	6,940,000	5,090,000	3,379,003	24,090,000	10,319,003	34,409,003	224,565,000	48.64%	2037
2038	19,785,000	6,180,000	4,430,000	3,124,503	24,215,000	9,304,503	33,519,503	200,350,000	54.17%	2038
2039	20,750,000	5,388,600	4,405,000	2,947,303	25,155,000	8,335,903	33,490,903	175,195,000	59.93%	2039
2040	21,250,000	4,558,600	4,770,000	2,771,103	26,020,000	7,329,703	33,349,703	149,175,000	65.88%	2040
2041	22,400,000	3,708,600	4,855,000	2,580,303	27,255,000	6,288,903	33,543,903	121,920,000	72.11%	2041
2042	23,050,000	2,812,600	5,200,000	2,373,965	28,250,000	5,186,565	33,436,565	93,670,000	78.58%	2042
2043	23,500,000	1,890,600	5,680,000	2,139,965	29,180,000	4,030,565	33,210,565	64,490,000	85.25%	2043
2044	23,765,000	950,600	6,280,000	1,884,365	30,045,000	2,834,965	32,879,965	34,445,000	92.12%	2044
2045			17,150,000	1,601,765	17,150,000	1,601,765	18,751,765	17,295,000	96.04%	2045
2046			17,295,000	812,865	17,295,000	812,865	18,107,865	0	100.00%	2046
	291,375,000	144,382,600	145,830,000	69,020,585	437,205,000	213,403,185	650,608,185			

* Preliminary, subject to change.

- 1) This issue will refund the 2027 through 2030 maturities of the District's \$112,150,000 General Obligation School Building Bonds, Series 2016A, dated February 16, 2016.

Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 04/02/2026)

	ALC Lease of 2012		Certificates of Participation Series 2013B		Parkview Elementary Lease of 2014		Certificates of Participation Series 2020A		Certificates of Participation Series 2021A	
Dated	06/29/2012		12/30/2013		11/25/2014		05/07/2020		04/01/2021	
Amount	\$5,028,875		\$13,710,000		\$4,200,000		\$8,960,000		\$9,005,000	
Maturity	03/01 & 06/01 & 09/01 & 12/01		02/01		02/01 & 08/01		02/01		04/01	
Fiscal Year										
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	100,043	3,744	0	0	0	0	0	0	0	0
2027	407,604	7,543	1,045,000	127,788	313,506	35,864	945,000	97,800	915,000	94,175
2028			1,085,000	88,600	322,695	26,674	980,000	60,000	945,000	66,725
2029			1,130,000	45,200	332,154	17,216	1,000,000	40,400	970,000	38,375
2030					341,890	7,480	1,020,000	20,400	985,000	26,735
2031									995,000	13,930
2032										
2033										
2034										
2035										
2036										
2037										
	507,648	11,287	3,260,000	261,588	1,310,245	87,234	3,945,000	218,600	4,810,000	239,940

--Continued on next page

Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
Schedule of Bonded Indebtedness continued
Non-General Obligation Debt Secured by Annual Appropriation
(As of 04/02/2026)

Certificates of Participation
Series 2022B

Dated	03/10/2022							
Amount	\$9,775,000							
Maturity	04/01							
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2026	0	0	100,043	3,744	103,787	21,522,849	.46%	2026
2027	570,000	289,600	4,196,110	652,769	4,848,879	17,326,739	19.87%	2027
2028	595,000	261,100	3,927,695	503,099	4,430,795	13,399,044	38.03%	2028
2029	625,000	231,350	4,057,154	372,541	4,429,695	9,341,890	56.80%	2029
2030	660,000	200,100	3,006,890	254,715	3,261,605	6,335,000	70.70%	2030
2031	690,000	167,100	1,685,000	181,030	1,866,030	4,650,000	78.50%	2031
2032	720,000	139,500	720,000	139,500	859,500	3,930,000	81.82%	2032
2033	740,000	117,900	740,000	117,900	857,900	3,190,000	85.25%	2033
2034	760,000	95,700	760,000	95,700	855,700	2,430,000	88.76%	2034
2035	785,000	72,900	785,000	72,900	857,900	1,645,000	92.39%	2035
2036	810,000	49,350	810,000	49,350	859,350	835,000	96.14%	2036
2037	835,000	25,050	835,000	25,050	860,050	0	100.00%	2037
	7,790,000	1,649,650	21,622,892	2,468,298	24,091,190			

OVERLAPPING DEBT¹

Taxing District	2024/25 Taxable Net Tax Capacity	% In District	Total G.O. Debt²	District's Proportionate Share
County of:				
Dakota	\$761,460,634	36.3184%	\$35,640,000	\$12,943,878
Cities of:				
Apple Valley	81,847,725	99.2524%	77,270,000	76,692,329
Burnsville	102,552,658	23.8489%	100,455,000	23,957,412
Eagan	135,356,711	63.9175%	60,240,000	38,503,902
Empire	5,592,914	15.4080%	915,000	140,983
Farmington	30,962,345	0.0250%	10,740,000	2,685
Inver Grove Heights	60,499,273	26.3300%	18,750,000	4,936,875
Lakeville	137,245,174	16.2718%	135,725,000	22,084,901
Rosemount	46,930,713	95.0314%	109,015,000	103,598,481
Special District of:				
Metropolitan Council	5,709,259,708	4.8439%	186,870,000 ³	9,051,796
District's Share of Total Overlapping Debt				<u><u>\$291,913,242</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. 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 \$29,199,917,003	Debt/ Per Capita 167,659 ¹
Direct G.O. Debt Paid From Taxes and State Aids*	\$437,205,000	1.50%	\$2,607.70
District's Share of Total Overlapping Debt	<u>\$291,913,242</u>	<u>1.00%</u>	<u>\$1,741.11</u>
Total*	<u><u>\$729,118,242</u></u>	<u><u>2.50%</u></u>	<u><u>\$4,348.82</u></u>

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ²	Total Collected Following Year	Collected to Date	% Collected
2020/21	\$107,872,562	\$107,462,427	\$107,862,040	99.99%
2021/22	110,437,403	109,956,602	110,408,555	99.97%
2022/23	119,540,223	119,028,788	119,488,740	99.96%
2023/24	143,252,141	142,536,494	143,076,554	99.88%
2024/25	139,412,375	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 2024 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 RATES¹

	2020/21	2021/22	2022/23	2023/24	2024/25
I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	20.046%	19.971%	17.904%	23.624%	22.968%
Dakota County	22.716%	21.630%	18.816%	18.323%	19.948%
City of Apple Valley	38.192%	38.182%	35.273%	36.789%	41.810%
City of Burnsville	42.853%	43.054%	42.374%	42.503%	45.806%
City of Coates	13.838%	14.258%	12.739%	11.370%	12.566%
City of Eagan	36.333%	36.119%	33.566%	33.585%	36.177%
City of Empire	27.250%	27.623%	24.073%	25.491%	26.441%
City of Farmington	49.251%	50.623%	42.933%	45.069%	47.908%
City of Inver Grove Heights	50.590%	51.925%	48.814%	50.132%	50.753%
City of Lakeville	34.351%	32.846%	29.676%	30.213%	32.731%
City of Rosemount	36.954%	36.949%	32.345%	33.360%	35.265%
Town of Vermillion ²	14.070%	16.031%	14.204%	13.911%	15.060%
Burnsville EDA	0.290%	0.317%	0.992%	1.081%	1.316%
Dakota County CDA	1.375%	1.391%	1.176%	1.309%	1.360%
Metropolitan Council	0.635%	0.649%	0.564%	0.620%	0.549%
Mosquito Council	0.384%	0.372%	0.325%	0.315%	0.320%
Transit District	1.038%	0.969%	0.849%	0.750%	0.824%
Vermillion River WD	0.370%	0.348%	0.287%	0.270%	0.271%

Referendum Market Value Rates:

I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	0.32712%	0.31336%	0.29771%	0.30078%	0.28258%
City of Apple Valley	0.01622%	0.01591%	0.01424%	0.01397%	0.01410%

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

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 4,470, including 1,883 non-licensed employees and 2,587 licensed employees (2,437 of whom are teachers). The District provides education for 28,934 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
Maintenance/Head Groundskeeper	June 30, 2027
Maintenance/Building Engineers	June 30, 2026
Bus Drivers/Chaperones/Crossing Guards	June 30, 2027
Nutrition Service Managers/Associates	June 30, 2026
Custodial/Grounds/Maintenance/Warehouse	June 30, 2027
Vehicle Technicians	June 30, 2026
Principals	June 30, 2026
Teachers/DCUE	June 30, 2027
Clerical	June 30, 2027
Cultural Family Advocates	June 30, 2026

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 \$59,417,130 as of June 30, 2025. In February 2009, the District issued \$37,440,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2025 the net position of the trust was \$65,529,246. Future OPEB costs will be paid partially from the trust and partially from operating funds.

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	Early Childhood Special Education	Kindergarten	Grades 1-6	Grades 7-12	Total
2021/22	446	2,075	12,585	13,980	29,086
2022/23	480	1,890	12,645	14,032	29,047
2023/24	581	1,856	12,482	14,042	28,961
2024/25	591	1,855	12,482	14,121	29,049
2025/26	599	1,798	12,556	13,981	28,934

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

Year	Early Childhood Special Education	Kindergarten	Grades 1-6	Grades 7-12	Total
2026/27	600	1,771	12,414	14,208	28,993
2027/28	600	1,771	12,347	14,306	29,024
2028/29	600	1,771	12,091	14,560	29,022

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Cedar Park Elementary	1977	2005, 2007, 2018
Deerwood Elementary	1987	2017
Diamond Path Elementary	1970	1999, 2006, 2018
East Lake Elementary	2017	--
Echo Park Elementary	1979	1990, 1994, 2007, 2017
Emerald Trail Elementary	2025	--
Glacier Hills Elementary	1993	2018
Greenleaf Elementary	1975	1990, 1994, 2006, 2018
Highland Elementary	1986	2018
Northview Elementary	1960	1966, 1999, 2006, 2017
Oak Ridge Elementary	1991	2017
Parkview Elementary	1970	1999, 2006, 2015, 2018
Pinewood Elementary	1990	1997, 1999, 2017
Red Pine Elementary	1995	2000, 2005, 2017
Rosemount Elementary	1960	1964, 1997, 2006, 2018
Shannon Park Elementary	1990	1997, 2017
Southview Elementary	1967	1994, 1996, 2005, 2007, 2018
Thomas Lake Elementary	1979	2006, 2018
Westview Elementary	1964	1990, 2005, 2018
Woodland Elementary	1988	2017
Black Hawk Middle School	1994	2017
Dakota Hills Middle School	1989	--
Falcon Ridge Middle School	1996	2017
Rosemount Middle School	1918	1952, 1967, 1971, 1972, 1993, 2002, 2003, 2006, 2018
Scott Highlands Middle School	1979	2006, 2018
Valley Middle School	1972	1993, 2005, 2018
Apple Valley High School	1976	1979, 1994, 1997, 2005, 2018
Eagan High School	1990	1993, 2005, 2017
Eastview High School	1997	2017
Rosemount High School	1963	1968, 1971, 1975, 1994, 1995, 1997, 2006, 2018
ATP	2006	2017
Cedar Valley Learning Center	1993	2010
Dakota Ridge School	1997	2017, 2023
Dakota Valley Learning Center	2015	--
School of Environmental Studies	Leased	1995, 2017

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 Bonds or otherwise questioning the validity of the Bonds.

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 Bonds 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 Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

FUNDS ON HAND (as of December 31, 2025)

Fund	Total Cash and Investments
General	\$126,820,196
Food Service	10,407,956
Community Service	6,650,156
Debt Service	35,258,944
Building/Construction	165,492,047
Trust & Agency	68,694,468
Internal Service	<u>32,015,296</u>
 Total Funds on Hand	 <u><u>\$445,339,063</u></u>

BUDGET SUMMARY

Fund	June 30, 2025 Actual Fund Balance	2025-26 Projected Revenues and Transfers In	2025-26 Projected Expenditures and Transfers Out	2025-26 Revenues over (under) expenditures	June 30, 2026 Projected Fund Balance
General	\$118,593,709	\$526,316,750	\$535,976,833	(\$9,660,083)	\$108,933,626
Food Service	11,539,544	24,201,707	28,027,705	(3,825,998)	7,713,546
Community Service	4,791,559	11,583,684	11,446,704	136,980	4,928,539
Building/Construction	215,775,519	10,861,133	206,003,773	(195,142,640)	20,632,879
Debt Service	9,258,596	35,785,291	35,203,400	581,891	9,840,487
Internal Service Fund	10,040,548	90,888,459	86,561,783	4,326,676	14,367,224
Fiduciary Funds	65,529,246	6,500,000	3,500,000	3,000,000	68,529,246
Total All Funds	<u>\$435,528,721</u>	<u>\$706,137,024</u>	<u>\$906,720,198</u>	<u>(\$200,583,174)</u>	<u>\$234,945,547</u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, 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 2025 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	2021	2022	2023	2024	2025
	Audited	Audited	Audited	Audited	Audited
Revenues					
Local property tax levies	\$96,675,912	\$102,779,442	\$106,195,718	\$115,365,814	\$120,593,203
Investment earnings (loss)	88,250	208,684	4,602,414	8,450,073	6,510,082
Other	6,493,442	9,680,440	10,746,135	12,591,172	11,864,298
Sales and other conversion of assets	0	0	328,127	270,817	173,478
Rental income	0	0	134,081	120,761	101,724
Revenues from state sources	297,108,482	300,322,037	314,703,870	351,667,492	362,927,436
Revenues from federal sources	24,595,310	23,449,604	21,457,130	17,638,833	10,244,030
Total Revenues	<u>\$424,961,396</u>	<u>\$436,440,207</u>	<u>\$458,167,475</u>	<u>\$506,104,962</u>	<u>\$512,414,251</u>
Expenditures					
Current:					
Administration	\$17,240,096	\$18,093,029	\$19,634,436	\$15,201,514	\$15,589,653
District support services	12,338,544	13,836,251	14,074,008	15,910,407	16,821,646
Elementary & secondary regular instruction	189,442,516	203,653,924	213,682,467	221,696,371	224,700,071
Vocational education instruction	5,052,494	5,500,400	5,695,353	6,046,736	6,160,154
Exceptional instruction	77,148,300	83,456,701	89,884,344	96,379,273	103,579,812
Instructional support services	21,506,153	23,679,065	27,604,925	28,957,113	38,259,020
Pupil support services	29,228,298	35,089,618	38,515,802	42,643,826	43,710,810
Sites, buildings and equipment	30,408,462	28,103,226	30,975,242	32,090,758	28,482,101
Fiscal and other fixed cost programs	1,237,889	1,209,218	1,517,915	1,760,694	1,823,914
Community service	0	0	0	13,790	16,889
Capital Outlay	11,415,954	10,479,081	14,357,478	23,581,240	22,735,817
Debt Service	3,651,804	4,819,651	7,683,049	11,065,765	9,757,880
Total Expenditures	<u>\$398,670,510</u>	<u>\$427,920,164</u>	<u>\$463,625,019</u>	<u>\$495,347,487</u>	<u>\$511,637,767</u>
Excess of revenues over (under) expenditures	\$26,290,886	\$8,520,043	(\$5,457,544)	\$10,757,475	\$776,484
Other Financing Sources (Uses)					
Insurance recovery	\$46,259	\$7,623	\$98,736	\$145,839	\$90,815
Issuance of a capital lease	0	18,115	0	0	0
Leases	0	0	70,597	977,212	364,657
Sale of equipment	191,868	782,650	0	0	0
Subscription based IT arrangements	0	0	2,277,418	7,566,149	5,057,085
Sale of real property	0	0	778,465	640,186	865,086
Transfers (out)	(34,763)	(92,212)	(211,175)	(146,105)	(152,468)
Total Other Financing Sources (Uses)	<u>203,364</u>	<u>716,176</u>	<u>3,014,041</u>	<u>9,183,281</u>	<u>6,225,175</u>
Net changes in Fund Balances	\$26,494,250	\$9,236,219	(\$2,443,503)	\$19,940,756	\$7,001,659
General Fund Balance July 1	\$58,364,327	\$84,858,577	\$94,094,796	\$91,651,293	\$111,592,049
Prior Period Adjustment	0	0	0	0	0
General Fund Balance June 30	<u>\$84,858,577</u>	<u>\$94,094,796</u>	<u>\$91,651,293</u>	<u>\$111,592,049</u>	<u>\$118,593,708</u>
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$647,657	\$3,932,377	\$1,814,179	\$1,176,877	\$1,198,093
Restricted	13,093,480	16,883,660	13,538,337	15,459,447	21,782,510
Assigned	7,128,748	13,744,165	19,458,897	26,396,719	19,374,130
Unassigned	63,988,692	59,534,594	56,839,880	68,559,006	76,238,975
Total	<u>\$84,858,577</u>	<u>\$94,094,796</u>	<u>\$91,651,293</u>	<u>\$111,592,049</u>	<u>\$118,593,708</u>

Note: District voters approved a referendum question on November 4, 2025, which renewed the District's capital project/technology levy authority of approximately \$9.1 million and increased it to approximately \$15.5 million, providing additional revenue of approximately \$6.4 million beginning with fiscal year 2026-27.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 163,048 and a 2024 population estimate of 167,659, and comprising an area of 107.4 square miles, is located approximately 20 miles south of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Thomson Reuters	Legal research	4,500
I.S.D. No. 196 (Rosemount-Apple Valley-Eagan)	Elementary and secondary education	4,367
Blue Cross-Blue Shield	Health insurance	3,000
Burnsville Center	Shopping mall	3,000
US Postal Service	Postal service	2,704 ²
CHS	Agricultural dealers	2,300 ²
Dakota County	County Municipality	2,052
UTC	Aerospace Manufacturer	1,900
Fairview Ridges Hospital	Healthcare	967 ²
YMCA	Health clubs and community service	749 ²

Source: The District, 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.

² Includes multiple locations within District boundaries.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	144,129
2020 U.S. Census population	163,048
Percent of Change 2010 - 2020	13.13%
2024 State Demographer Estimate	167,659

Income and Age Statistics

	The District	Dakota County	State of Minnesota	United States
2024 per capita income	\$55,828	\$52,084	\$48,237	\$44,673
2024 median household income	\$114,836	\$106,318	\$89,062	\$80,734
2024 median family income	\$140,045	\$131,618	\$113,993	\$99,999
2024 median gross rent	\$1,711	\$1,548	\$1,280	\$1,413
2024 median value owner occupied units	\$403,500	\$381,000	\$329,300	\$332,700
2024 median age	39.4 yrs.	38.6 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
District % of 2024 per capita income	115.74%	124.97%
District % of 2024 median family income	122.85%	140.05%

Source: 2010 and 2020 Census of Population and Housing, and 2024 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.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dakota County	Dakota County	State of Minnesota	State of Minnesota
2021	233,005	3.4%	3.7%	
2022	239,805	2.2%	2.5%	
2023	242,905	2.5%	2.8%	
2024	243,060	2.7%	3.0%	
2025, December	241,549	3.8%	4.3%	

Source: Minnesota Department of Employment and Economic Development.

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 Bonds, the District represents that there have been no material adverse change 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 the Fiscal Year ending June 30th, 2025



Rosemount-Apple Valley-Eagan Public Schools
Rosemount, Minnesota

*Educating, developing, and inspiring our students for
lifelong success.*

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**INDEPENDENT SCHOOL DISTRICT NO. 196
November 5, 2025
ROSEMOUNT, MINNESOTA
YEAR ENDED JUNE 30, 2025**

**PREPARED BY THE
FINANCE DEPARTMENT**

**CHRISTOPHER P. ONYANGO-ROBSHAW
DIRECTOR OF FINANCE AND OPERATIONS**

**DANIEL DUCHENE
COORDINATOR OF FINANCE**

**SETH MADER
CONTROLLER**



INTRODUCTORY SECTION

Letter of Transmittal 1

Organization Chart 9

School Board and Administration 10

District Map..... 11

Certificate of Excellence in Financial Reporting..... 12

FINANCIAL SECTION

Independent Auditor’s Report 13

Management's Discussion and Analysis 17

Basic Financial Statements

 Government-Wide Financial Statements

 Statement of Net Position..... 37

 Statement of Activities..... 38

 Governmental Funds

 Balance Sheet..... 39

 Reconciliation of the Balance Sheet to the Statement of Net Position 40

 Statement of Revenues, Expenditures, and Changes in Fund Balances 41

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Statement of Activities..... 42

 General Fund

 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 43

 Food Service Fund

 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 44

 Community Service Fund

 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 45

 Proprietary Fund - Internal Service Fund

 Statement of Net Position..... 46

 Statement of Changes in Net Position 47

 Statement of Cash Flows..... 48

 Fiduciary Fund

 Statement of Net Position..... 49

 Statement of Changes in Net Position 50

 Notes to Financial Statements 51

Required Supplementary Information

 Schedule of Changes in the District’s Net OPEB Liability and Related Ratios..... 99

 Schedule of District OPEB Contributions 100

 Notes to the Schedule of Changes in the District’s Net OPEB Liability and Related Ratios and
 Schedule of District OPEB Contributions 101

 Schedule of Employer’s Share of Net Pension Liability..... 104

 Schedule of Employer’s Contributions..... 105

Notes to the Schedule of Employer’s Share of Net Pension Liability and Schedule of Employer’s Contributions	106
Supplementary Information	
General Fund	
Schedule of Changes in UFARS Fund Balances.....	114
Balance Sheet.....	115
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	116
Schedule of Revenues, Expenditures and Changes in Fund Balances by Account	119
General Fund – Operating Account	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	122
General Fund - Pupil Transportation Account	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	125
General Fund – Capital Expenditure Account	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	126
General Fund	
Schedule of Special Education Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	128
Food Service	
Balance Sheet.....	129
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	130
Community Service Fund	
Balance Sheet.....	131
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	132
Capital Projects Fund – Building Construction Fund	
Balance Sheet.....	133
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	134
Debt Service Fund	
Balance Sheet.....	135
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	136
Internal Service Funds	
Combining Statement of Net Position	137
Combining Schedule of Revenues, Expenditures and Change in Net Position	138
Combining Statement of Cash Flows	139
Other Supplementary Information	
Uniform Financial Accounting and Reporting Standards Compliance Table	140
STATISTICAL SECTION (UNAUDITED)	
Net Position by Component.....	143
Changes in Net Position	144
Fund Balances, Governmental Funds	146
Changes in Fund Balances, Governmental Funds.....	148
General Governmental Tax Revenues by Source and Levy Type.....	150
Tax Capacity and Estimated Market Value of Property.....	151
Property Tax Rates - Direct and Overlapping Governments.....	153
Property Tax Rates - Principal Property Taxpayers.....	155
Property Tax Levies and Collections	156
Ratios and Outstanding Debt by Type	157

Ratios of General Bonded Debt Outstanding	158
Direct and Overlapping Debt	159
Legal Debt Margin Information.....	160
Demographic and Economic Statistics	162
Principal Employers.....	163
Employees by Classification	164
Operating Indicators - Standardized Testing and Graduation Rates	165
Capital Assets Statistics by Program and Classification	167
Expenditures Per Student (Average Daily Membership)	168
Food Service School Lunch Program Data	169
School Facilities.....	170
Building Permits Issued by Major Cities.....	171
Students - Average Daily Membership	172
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	173
Independent Auditor’s Report on <i>Minnesota Legal Compliance</i>	175
Schedule of Findings and Responses	176



Introductory Section

June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196





November 5, 2025

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

INTRODUCTION

The District 196 finance administration team is submitting the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 196, Rosemount – Apple Valley – Eagan (the District) for the fiscal year ended June 30, 2025. This report fairly presents the District’s financial position and results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America. The District’s administration accepts total responsibility for the accuracy, completeness, and fairness in presentation.

The District’s financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the District for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors’ report is presented as the first component of the financial section of this report.

In addition to the independent audit of the District’s financial statements, the District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. The standards governing Single Audit engagements require the independent auditor to report on not only the fair presentation of the financial statements, but also the District’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately issued “Schedule of Expenditures of Federal Awards and Other Required Reports.”

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 management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

REPORT FORMAT

The ACFR is presented in three sections:

- **Introductory Section** – The introductory section contains this transmittal letter, an organizational chart, a list of School Board members and the Superintendent’s Cabinet members, a map of the District, and a copy of the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the District’s 2023-24 ACFR.
- **Financial Section** – The financial section begins with the independent auditors’ report. This section includes the MD&A; basic financial statements; required supplementary information; and combining and individual fund statements and schedules presented as supplementary information.
- **Statistical Section** – The statistical section, which is not audited, includes selected financial, demographic, and economic data, generally presented on a multi-year comparative basis.

REPORTING ENTITY AND ITS SERVICES

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

The District was incorporated in 1950 and serves a portion of 10 suburban communities within Dakota County located on the southeastern edge of the Minneapolis/St. Paul metropolitan area. The District encompasses all or part of the communities of Apple Valley, Burnsville, Coates, Eagan, Empire Township, Farmington, Inver Grove Heights, Lakeville, Rosemount, and Vermillion Township.

Programs and Services

The District provides a full range of public education services appropriate to grade levels ranging from pre-Kindergarten through Grade 12 and a transition program servicing young adults with disabilities. These include regular and enriched academic education, special education for exceptional children, and career/vocational education. Food service and transportation are provided as supporting programs. The District’s community education program includes early childhood family education and adult basic education programs, and a myriad of classes for lifelong learning experiences for children and adults.

Student Enrollment

The District had an average daily membership of 28,522 in 2024-25 from a population of approximately 165,000 people residing in a 110 square mile area. In terms of the number of students, the District is Minnesota’s third largest school district.

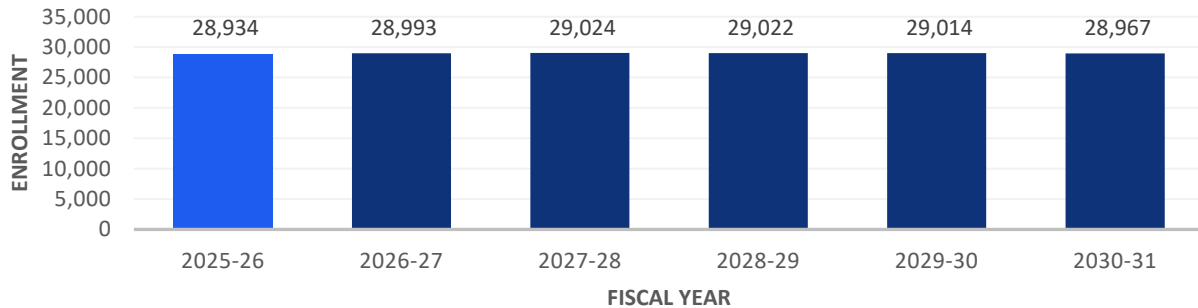
The District has a diverse population of students with a variety of needs. For the 2024-25 school year (based on the October 1, 2024 enrollment report), 55.2% of students were Caucasian, 14.8% of the District’s student population were African American, students of Asian descent comprised 7.7%, Hispanic students totaled 12.7%, .36% were American Indian, while other races accounted for approximately 8%.

In 2024-25, 25.9% of our students qualified to receive free or reduced-price meals; this compared to a fall 2024 Minnesota average of 40.3%.

The District enrollment is projected to remain stable over the next five years.

The table below displays the most recent enrollment projections for the District’s October 1 enrollment count. The school board reviewed these projections in November 2025.

5-Year Enrollment Projections: October 1 Enrollment (with actual enrollment for 2025-2026)



District Schools and Facilities

During the 2024-25 school year, the District operated 38 school buildings: 19 elementary schools, six middle schools, four comprehensive high schools, an optional high school for grades 11-12, an alternative high school, a school for students with special needs, and three learning centers. The district has three facilities for support staff. The district will open Emerald Trail Elementary school beginning in the 2025-26 school year.

The average age of the District’s facilities is 38 years; the District qualifies for Long Term Facilities Maintenance funding and has been able to keep up with routine repairs, maintenance, and other major improvements.

LOCAL ECONOMIC CONDITION AND OUTLOOK

According to the Minnesota Department of Management and Budget, the forecasted GDP growth for 2025 was projected at 2.0% in the released October report, which was 0.3% lower than the projected 2025 GDP growth of 2.3% in the state’s February outlook. Generally, growth is expected to increase slightly moving into 2026 with a forecasted GDP growth of 2.2%.

According to the October 2025 economic update, unemployment across the U.S. in August was at 4.3%, up from 4.2% in July. The unemployment rate is higher than the pre-pandemic level of 3.5% reported in February 2020. The demand for labor is trending downward, as is the total labor force. The August 2025 number of Americans unemployed rose to 7.4 million, an increase of 313,000 from August 2024.

The state’s October 2025 budget forecast indicated the state of Minnesota received \$914 million more in actual revenue than projected in the February 2025 budget outlook report for the 2024-25 fiscal year. The 2.9% increase over projections is attributable to higher than anticipated income from income taxes and other revenues.

The state of Minnesota assumes major responsibility for funding public education. Following the passage of the 2019 operating referendum, District 196 receives approximately 25% of our General Fund revenues locally from property taxes, 70% from state aids, with the remaining 5% from federal aids and other revenue sources. All COVID-19 federal funding programs have expired and federal funding has returned to pre-pandemic levels.

Reliance on the state for the majority of its operating revenues places the District in the position of being dependent on state-wide economic conditions that drive state tax collections. The 2017 Legislature has provided some increase to the basic general education formula allowance and other categorical funding for the 2024-25 school year. This funding level was again increased by the 2023 legislature for the coming biennium. Across the state, school boards and administrators continue to adjust instructional and related services delivery in an effort to maintain adequate programming buffeted by funding imbalances. The 2% formula allowance increase has not kept pace with general inflations and rising cost of providing quality education to all our students. This increase was raised to 4% in fiscal year 2023-24, but returned to the 2% increase level for the 2024-25 fiscal year. The District will continue to respond to this challenge by curtailing expenditures when possible and is committed to engage staff and community members in future budget discussions and to consider other options for increasing revenues and containing growth.

DISTRICT MISSION AND STRATEGIC PLAN

In spring 2023, the District convened a task force to develop a strategic roadmap for education that will guide our district into the future. District staff, board members, students, and community members met together to acknowledge stakeholder interests and priorities. The group discussed district enrollment and demographics, school finance, equity, teaching and learning, community and partnerships, educational trends, and innovation. These planning meetings, led by a third-party facilitator, were followed by planning meetings where the task force members developed a revised mission statement for the District, a District vision, core values and strategic priorities for the future. The School Board approved the plan in June 2023. A brief summary of the plan is listed below.

Mission Statement: *Educating, developing, and inspiring our students for lifelong success.*

Vision: *What we Intend to Create*

District 196 provides the experiences that our students, families and employees desire by:

- Developing the whole student and honoring diverse needs and cultures;
- Engaging students with opportunities in academics, arts and athletics, and
- Living our mission and core values to prepare students, families and employees for lifelong success.

Core Values: *Drivers of Our Words and Actions*

- Student-Centered - All decisions are centered on what is best for students.
- Empathy - Seeking awareness and understanding of the perspectives and experiences of others.
- Wellness - Support the emotional, social and physical well-being of the whole person.
- Integrity - Act with respect, honesty and responsibility.
- Achievement - Provide learning with high expectations, rigor and resiliency for all.
- Collaboration - Learn and engage together for a shared purpose.
- Community - Foster an environment of inclusivity, engagement and belonging.
- Lifelong Learning - Inspire a love of learning for all ages.

Strategic Priorities: *Focus of Our Continuous Improvement*

- Increasing capacities, skills, structures, and experiences in social-emotional well-being.
- Strengthening and aligning curriculum and instructional practices across all classrooms to improve student outcomes and staff efficacy.
- Supporting equity as a core competency through practices, structures, beliefs, resources and staffing.
- Providing staffing, facilities, technology and equipment needed to support a safe, sustainable and dynamic learning environment for all students.

STUDENT ASSESSMENT AND TESTING

The District uses a variety of state and national tests to measure student achievement, determine student ability, and evaluate curriculum.

Minnesota Comprehensive Assessments (MCAs)

According to the results of the Standards-Based Accountability Assessments released by the Minnesota Department of Education in August 2025, the percentage of the District's students who scored proficient on the state reading and math tests exceeded the state-wide averages for all grades tested in the spring of 2025.

The Standards-Based Accountability Assessments include the MCAs and the Minnesota Test of Academic Skills (MTAS) for students receiving special education services who qualify. The Minnesota Academic Standards in Science were revised in 2019 and fully implemented in the 2024–25 school year. The Science MCA-IV and Alternate MCA (formerly MCA-III/MTAS), aligned to the revised standards, were first administered in Spring 2025. Due to changes in both the standards and assessments, results from the Science MCA-IV/Alt MCA are not comparable to those from the previous Science MCA-III/MTAS.

Tests are given annually in reading (Grades 3–8 and 10) and math (Grades 3–8 and 11). More than 14,850 district students took the assessments last spring.

The MCAs and MTAS measure student performance on the Minnesota Academic Standards, which define what students should know and be able to do in a particular grade. Students earn a score that falls into one of four achievement levels: 1) does not meet the standards; 2) partially meets the standards; 3) meets the standards, and 4) exceeds the standards. Students who meet or exceed the standards are considered to be proficient in the subject areas.

American College Test (ACT)

In 2024-25, the District's high school students continued to score higher than the state and national average composite scores on the ACT college-entrance exam.

The ACT average composite score for the District's students in 2025 was 20.9 points out of a possible score of 36. The District average decreased slightly from the year before and is 1.5 points higher than the national average of 19.4 points and 0.3 points higher than the state average of 20.6 points.

The ACT is the primary admissions test for students attending college in the Midwest; the Scholastic Aptitude Test is the primary test for colleges located in the eastern and western states.

Advanced Placement (AP)

In August 2025, 976 of the District's high school students were recognized as AP Scholars by the College Board for earning a score of 3 or higher (on a scale of 1 to 5) on at least three or more exams. An AP exam score of 3 or higher earns credit at many of the nation's colleges and universities.

National Merit Scholars

In 2024-25, 11 of the District's high school seniors were named National Merit Scholarship semifinalists (top 1% of seniors nation-wide); another 17 students were named commended students (top 5%).

ACHIEVEMENTS AND AWARDS

National Speech and Debate Association – School of Excellence in Speech: Eagan High School and Eastview High School

In 2024-25, District 196 was well-represented at the National tournament, with students earning national honors. Students advanced deep into elimination rounds, with two district students finishing as runners-up and one as National Champion.

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 theft, misuse, or losses 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 Minnesota Uniform Financial Accounting and Reporting Standards.

The internal control system 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 the costs and benefits requires estimates and judgments by management.

In addition, the District has also adopted the following policies to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board:

- **Fund Balance Policy** – Requires the District to maintain an operating fund balance of 5% of the expenditure budget.
- **Budget Policy** – Establishes a guideline for allocation of district resources.
- **Personnel Staffing Guidelines** – Personnel costs represent over 85% of General Fund expenditures. These guidelines, which set the staffing allocation for every allocated position in the District, are updated each February by the administration and the School Board.

The District's budget process is based, first, on development of a budget projection model that attempts to project resources and expenses over a multiple year period. The budget projection is used by the School Board and the administration to determine budget parameters and staffing guidelines. Second, the budget, adopted in June, is based on the personnel staffing guidelines and building allocations approved by the School Board in February of the preceding budget year. School and department administrators develop expenditure plans in accordance with School Board-approved budget parameters. The School Board resolution adopting the budget in June also includes a provision directing the administration to update the budget in October. This final budget reflects the District's actual enrollment count on October 1, the actual staff hired, and other dynamics such as employee contract settlements and legislative changes not included in the preliminary budget process.

The level of budgetary control is at the fund level. However, in the General Fund; operating, special education, pupil transportation, capital expenditure, and quality compensation are maintained as separate internal accounts for budgeting purposes. The District also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

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.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence in Financial Reporting.

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 the year ended June 30, 2024. It is the 22nd consecutive year the District has received the award, which was earned by fewer than 10% of all school districts in the state.

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

MERITORIOUS BUDGET AWARD

The District’s Finance Department has received the ASBO International Meritorious Budget Award (MBA) for the 2025-26 preliminary budget.

The MBA program promotes and recognizes excellence in school budget presentation. The award is awarded to school districts that have met or exceeded the program’s stringent criteria, following a rigorous review by professional auditors. The district has received this award over the past 10 fiscal years.

FINANCIAL PROSPECTS FOR FUTURE YEARS

With the exception of the voter-approved operating referendum, building bond referendum, and the capital projects levy, the District is dependent primarily on the state of Minnesota for its revenue authority.

The table below summarizes the per pupil unit funding amounts and percentage change over the past five school years:

School Year	Formula Allowance	Percentage Change
2020-21	\$6,567	2.00%
2021-22	\$6,728	2.45%
2022-23	\$6,863	2.00%
2023-24	\$7,138	4.00%
2024-25	\$7,281	2.00%

The District appreciates and welcomes the additional funding to meet the growing needs of today’s learners. The District continues to engage parents, staff, the business community, and legislative members to proactively find ways to align resources with areas of greatest need within our community. The most recently approved operating levy helps the district address class size and mental health needs, among other areas of need.

MAJOR INITIATIVES

Facility Improvements

On May 9, 2023, district voters approved two new building bond referendum questions for \$493 million in capital improvements. Referendum question 1 provided the District with \$374 million in bonding authority to make safety and security improvements at all schools, a new elementary school, a new Rosemount Middle School and repurposing the current school, additions to Scott Highlands Middle School and Dakota Ridge School, finish renovation of Rosemount High School with an addition, renovation of Transition Plus, science lab and performance space improvements at secondary schools.

The referendum questions also include \$119 million to provide an activity center addition at each of the district's four comprehensive high schools.

Operating Referendum

On November 5, 2019, district voters approved an operating referendum question for the district. The referendum question revoked and replaced the previous authority and provided \$19 million in additional levy authority beginning in the fiscal year 2020-21. These funds have been used to reverse the reductions of previous years and provide additional support for areas of great need including mental health support and after school activity buses, which allow more students to participate in enrichment activities beyond the school day.

ACKNOWLEDGMENTS

The preparation of this ACFR in a timely manner would not be possible without the assistance of the entire Finance Department staff. We would like to particularly thank our Coordinator of Finance, Daniel Duchene; finance department supervisors and staff for their work.

Sincerely,



Christopher Onyango-Robshaw
Director of Finance & Operations



Danny DuChene
Coordinator of Finance



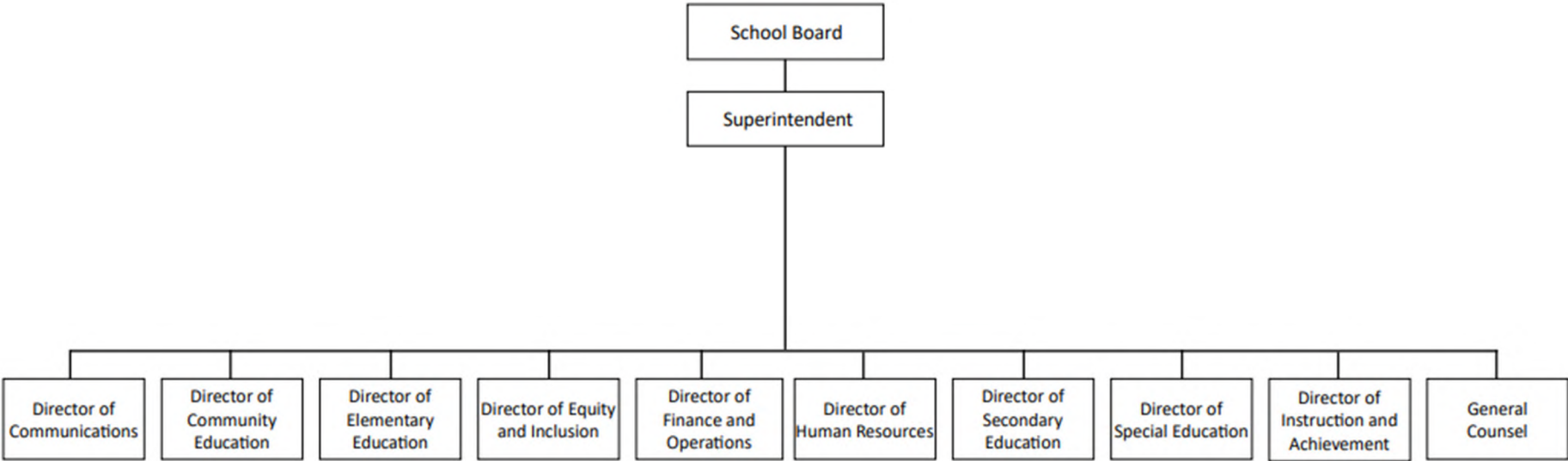
Seth Mader
Controller



INDEPENDENT SCHOOL DISTRICT 196
Rosemount-Apple Valley-Eagan, Minnesota
Educating, developing, and inspiring our students for lifelong success.

Series Number 301.4.5AR Adopted October 1989 Revised August 2024

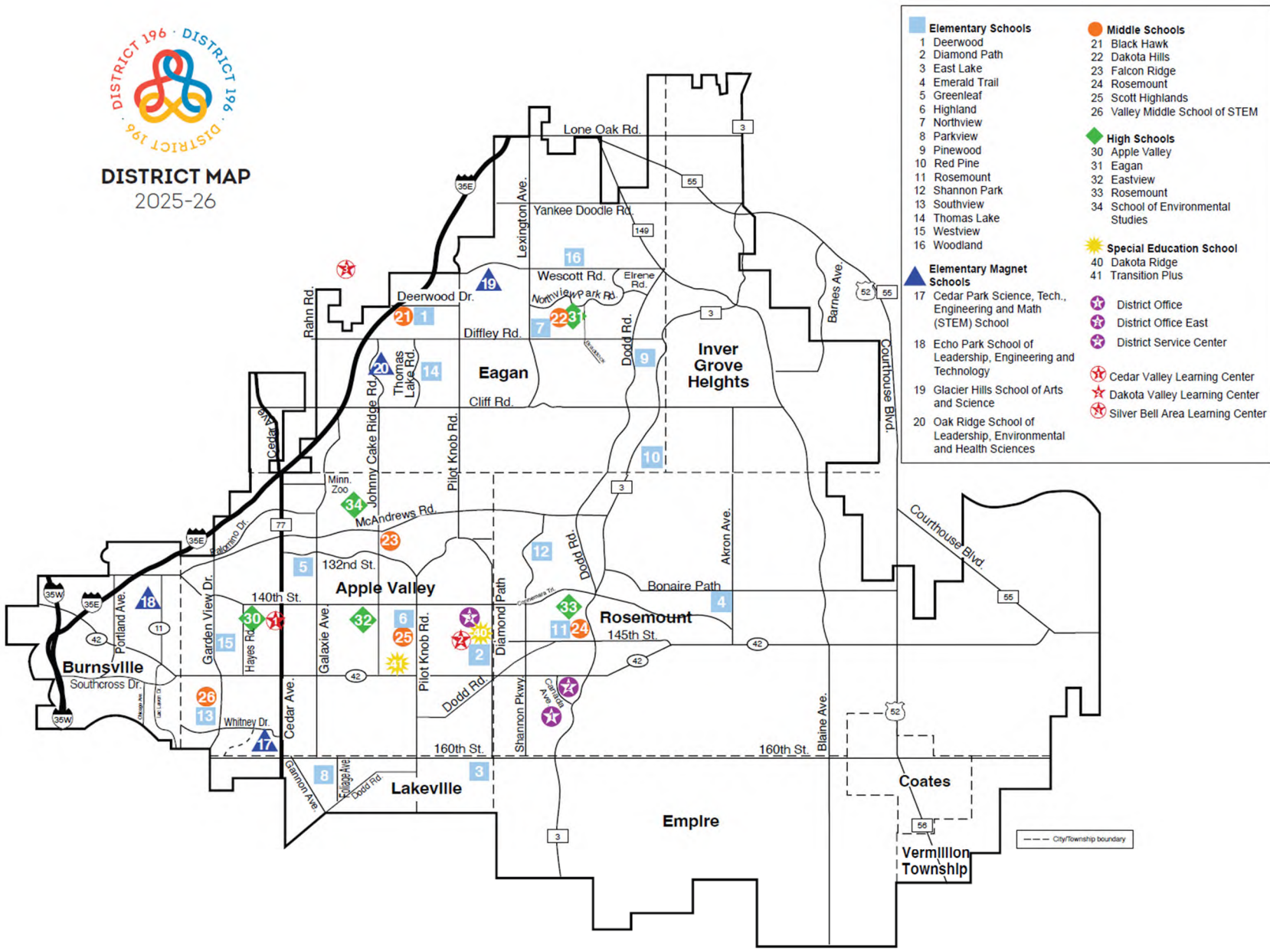
Title Organization Chart



Name	Position	Term Expires
School Board		
Cory Johnson	Chairperson	2028
Anna Williams	Vice Chairperson	2028
Sakawdin Mohamed	Clerk	2026
Leah Gardner	Treasurer	2026
Robin Cerio	Director	2026
Catherine Diamond	Director	2026
Jackie Magnuson	Director	2028
Superintendent's Cabinet		
Michael Bolsoni	Superintendent	
Khia Bruse	Director of Community Education	
Jill Coyle	General Counsel	
Janet Fimmen	Director of Special Education	
Eric Hansen	Director of Secondary Education	
Rachel Hughes	Director of Instruction and Achievement	
Virgil Jones	Director of Equity and Inclusion	
Joel Milteer	Director of Human Resources	
Christopher Onyango-Robshaw	Director of Finance and Operations	
Jeremy Sorenson	Director of Elementary Education	
Janet Swiecichowski	Director of Communications	



DISTRICT MAP
2025-26



Communications/maps/25 District Map.pdf
District 196 Graphics/5-25



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Independent School District 196

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

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



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

Ryan S. Stechschulte
President

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

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



Financial Section
June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196





Independent Auditor's Report

The School Board of
Rosemount-Apple Valley-Eagan ISD 196
Rosemount, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rosemount-Apple Valley-Eagan ISD 196 ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Rosemount-Apple Valley-Eagan ISD 196, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, food service fund, and community service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Adoption of New Accounting Standard

As discussed in Notes 1 and 14 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, schedule of District OPEB contributions, schedule of employer's share of net pension liability, and schedule of employer's contributions 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 required supplementary information in accordance with GAAS, 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 general fund schedule of changes in UFARS fund balances, combining and individual fund schedules, and the Uniform Financial Accounting and Reporting Standards Compliance Table 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 GAAS. In our opinion, the general fund schedule of changes in UFARS fund balances, combining and individual fund schedules, and the Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section 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.

Report on Summarized Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The combining and individual fund financial statements for the year ended June 30, 2024, 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 related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated November 5, 2025, on our consideration of the District's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for School Districts. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with Office of the State Auditor's Minnesota Legal Compliance Audit Guide for School Districts in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

The image shows a handwritten signature in cursive script that reads "Erik Bailly LLP".

Mankato, Minnesota
November 5, 2025

Management's Discussion and Analysis
June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



This section of Rosemount-Apple Valley-Eagan ISD 196's Annual Comprehensive Financial Report (ACFR) presents the management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this letter. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2025, the District showed an increase in total net position of \$47.3 million. Many factors contributed to this change. A few key financial highlights from the District's basic financial statements for the 2024-2025 fiscal year are listed below:

- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at the close of the 2024-2025 fiscal year by \$70.6 million. This amount includes a net investment in capital assets of \$233.8 million, \$256.0 million net position restricted for specific uses, and a negative unrestricted net position of \$419.2 million.
- The District's total net position increased by \$47.3 million in the current year. Restricted net position decreased by \$81.8 million. The unrestricted portion of the District's net position increased \$51.9 million. A more detailed analysis of these changes can be found later in this document.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$360.0 million, a net decrease of \$76.1 million in comparison with the prior year. Approximately 21.2% of the total fund balance amount, or \$76.2 million, is unassigned.
- At the close of the 2024-2025 fiscal year, unassigned fund balance for the General Fund was \$76.2 million, or 14.9%, of total General Fund expenditures.
- The District's long-term liabilities decreased by \$102.6 million, or 12.4%, during the current fiscal year. This was largely due to decreases in the District's proportionate share of two statewide pension plan liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), basic financial statements, single and supplementary information. The basic financial statements include several statements that present different views of the District:

- The *government-wide financial statements*, including the *Statement of Net Position* and the *Statement of Activities*, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the District operates like businesses.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements

The government-wide statements report information about the District accounting methods similar to those used by private-sector companies. The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All 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 statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider 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 shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on programs:

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for specific purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of 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 statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in future years to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District maintains one type of proprietary fund. The Internal Service Funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Funds to account for its dental and health self-insurance programs as well as contributions and benefit payments for the District's severance benefits. These services have been included within the governmental activities in the government-wide financial statements.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. 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 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 and governmental fund statements because the District cannot use these assets to finance its operations.

Figure 1 depicts how the various parts of this ACFR are arranged and their relationship to one another:

**Figure 1
 Organization of
 Annual Comprehensive Financial Report**

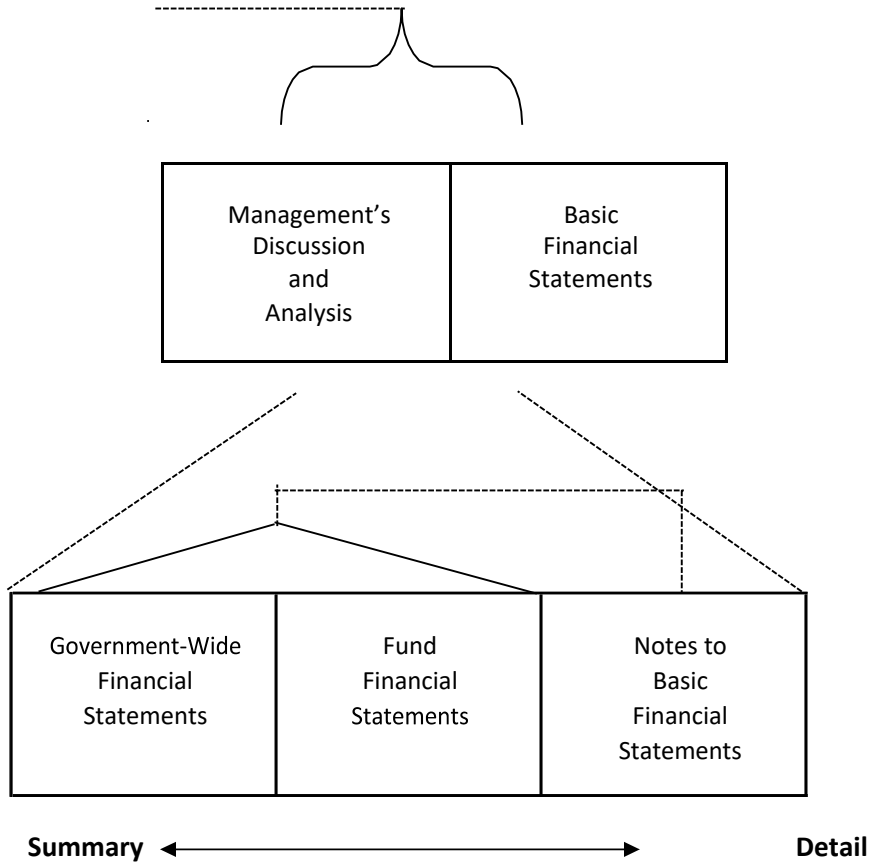


Figure 2, at the top of the next page, summarizes the major features of the District's financial statements, including portions of the District's activities covered and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure 2, below, summarizes the major features of the District’s financial statements, including portions of the District’s activities covered and the types of information they contain.

Figure 2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as building maintenance, food service, and community education	Activities of the District that operate similar to private businesses: internal service funds	Instances in which the District administers resources on behalf of someone else, such as the OPEB Trust
Required financial statements	<ul style="list-style-type: none"> – Statement of Net Position – Statement of Activities 	<ul style="list-style-type: none"> – Balance Sheet – Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> – Statement of Net Position – Statement of Revenue, Expenses, and Changes in Fund Net Position – Statement of Cash Flows 	<ul style="list-style-type: none"> – Statement of Fiduciary Net Position – Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources/ liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources; both short-term and long-term. Funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's financial position is the product of many factors. As indicated earlier, net position may serve over time as a useful indicator of the District's financial position. The reader needs to understand that the determination of net position includes significant assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, may produce a significant difference in the calculation of the District's net investment in capital assets.

The District's *combined* net position was \$70.6 million on June 30, 2025 (see Table A-1).

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources on June 30, 2025 increasing the District's net position to a total of \$70.6 million. The District had \$256.0 million of net position that was available to meet its ongoing obligations but restricted for specific uses.

**Table A-1
Statement of Net Position
June 30, 2025 and 2024**

	2025	2024*
Assets		
Current assets	\$ 638,268,340	\$ 696,013,824
Capital assets	432,163,640	333,074,360
Total assets	1,070,431,980	1,029,088,184
Deferred Outflows of Resources	75,070,240	89,429,235
Liabilities		
Other liabilities	106,006,117	85,222,429
Long-term liabilities	724,786,928	781,343,773
Total liabilities	830,793,045	866,566,202
Deferred Inflows of Resources	244,101,484	182,547,328
Net Position		
Net investment in capital assets	233,753,554	202,708,540
Restricted for specific purposes	256,048,644	337,802,321
Unrestricted	(419,194,507)	(471,106,972)
Total net position	\$ 70,607,691	\$ 69,403,889

* Effective July 1, 2024, the District adopted provisions of GASB Statement No. 101, *Compensated Absences*. As a result of this change in accounting principle, it was not appropriate for the District to restate prior-period information for earlier periods than those presented in the basic financial statements. Therefore, information for the year ended June 30, 2024, was not restated. See Note 14 to the financial statements for further information on the change in accounting principle.

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

**Table A-2
Statement of Activities
Years Ended June 30, 2025 and 2024**

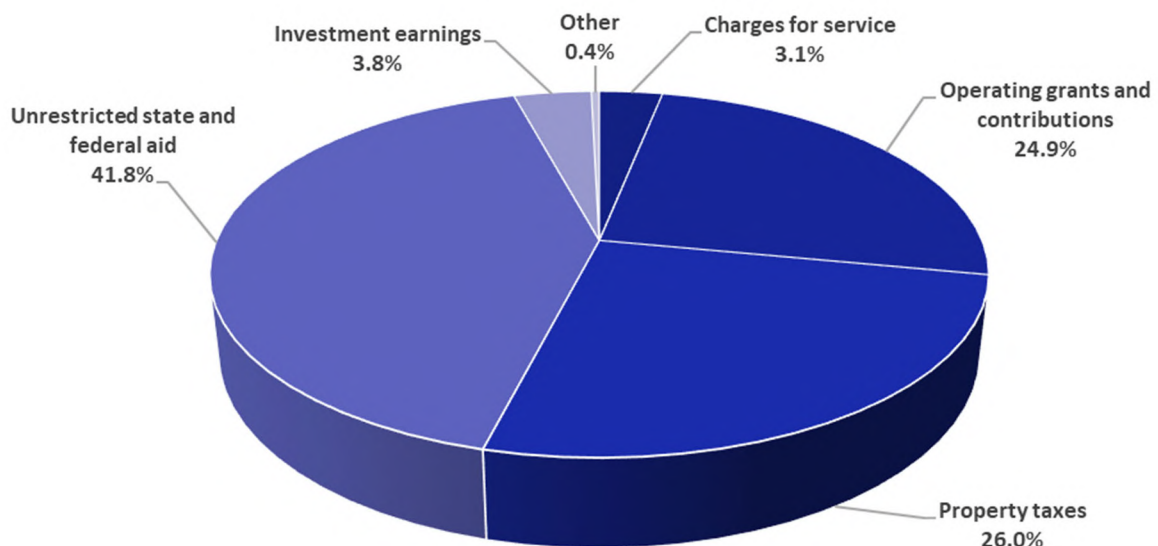
	2025	2024*
Revenues		
Program revenues		
Charges for service	\$ 18,783,586	\$ 15,184,322
Operating grants and contributions	149,204,559	140,878,845
General		
Property taxes	155,999,636	132,645,241
Unrestricted state and federal aid	250,477,364	257,853,813
Investment earnings	23,053,687	20,271,557
Other	2,369,273	3,873,188
Total revenues	599,888,105	570,706,966
Expenses		
Administration	15,803,392	13,886,755
District support services	15,992,147	26,679,478
Regular instruction	225,820,745	202,652,658
Vocational instruction	6,151,452	6,068,702
Special education instruction	105,677,067	96,693,929
Community education and services	10,908,554	11,179,805
Instructional support services	27,895,638	20,070,485
Pupil support services	42,498,347	42,764,400
Sites and buildings	47,677,896	57,276,144
Fiscal and other fixed-cost programs	1,823,914	1,760,694
Food Service	20,680,946	20,567,263
Interest and fiscal charges on long-term liabilities	31,665,291	12,844,463
Total expenses	552,595,389	512,444,776
Change in Net Position	47,292,716	58,262,190
Net Position - Beginning, 2025 as restated	23,314,975	11,141,699
Net Position - Ending	\$ 70,607,691	\$ 69,403,889

* Effective July 1, 2024, the District adopted provisions of GASB Statement No. 101, *Compensated Absences*. As a result of this change in accounting principle, it was not appropriate for the District to restate prior-period information for earlier periods than those presented in the basic financial statements. Therefore, information for the year ended June 30, 2024, was not restated. See Note 14 to the financial statements for further information on the change in accounting principle.

The District's total revenues in governmental activities were \$599.9 million for the year ended June 30, 2025, an increase of \$29.2 million (5.1%) from 2023-2024 actual revenues of \$570.7 million.

For 2024-2025, property taxes and general state and federal aids accounted for 67.8% of total revenue for the year. Approximately 24.9% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 3.1% of the total revenue, while the remaining 4.2% came from other general revenue, including investment income. The distribution of revenue sources is included in Figure 3 below.

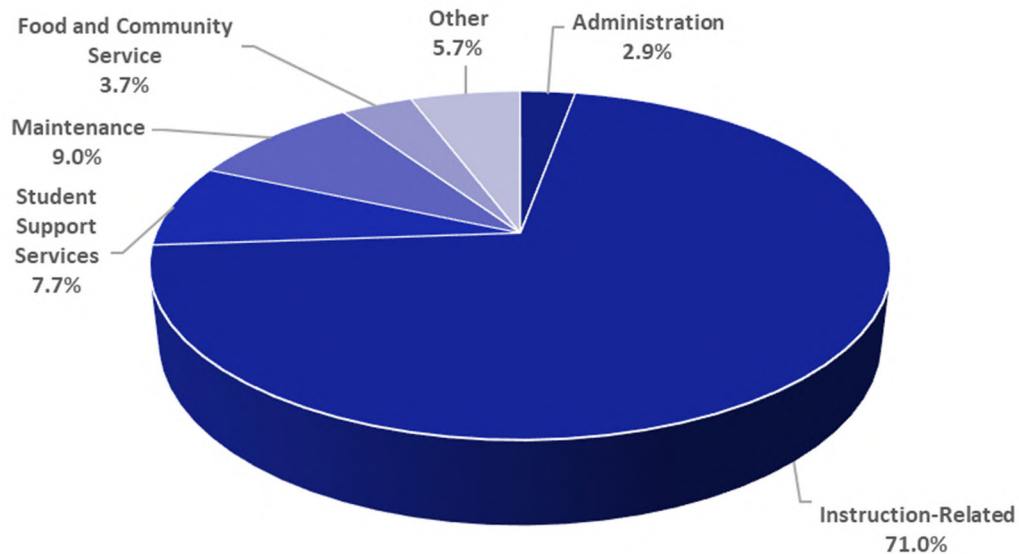
Figure 3
Sources of District's Revenues for Fiscal Year 2025



For 2024-2025, the cost of all governmental programs and services was \$552.6 million. This was an increase of \$40.1 million (7.8%) from the 2023-2024 total cost of \$512.4 million.

As in past years, the bulk of the District's resources (71.1%) were directed to providing instructional services to our students enrolled in regular education, special education, and vocational education programs (including instructional and pupil support). The administrative activities of the District accounted for 2.9% of total costs for the year. Total revenues exceeded expenses, increasing the District's net position by \$47.3 million.

Figure 4
District Expenditures for Fiscal Year 2025



The cost of all *governmental* activities for 2024-2025 was \$552.6 million. Of this amount, \$168.0 million was supported by “charges for services, operating grants, or capital grants” received by the schools.

- A majority of the District’s costs were paid for by state taxpayers based on the statewide education aid formula and property taxes paid by district taxpayers.
- The federal and state governments, and other local sources, subsidized certain programs with grants and contributions totaling \$149.2 million, or 27.0%, of the total costs for 2024-2025. In addition, state and local sources subsidized general district operations with grants and contributions of \$251.6 million, or 45.5%, of the total costs for 2024-2025.
- About 3.4%, or \$18.8 million, of costs were paid by the users of the District’s programs.
- Finally, \$25.4 million of the district revenue came from investment earnings and other general revenue.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2025	2024		2025	2024	
Administration	\$ 15,803,392	\$ 13,886,755	13.80%	\$ 15,801,948	\$ 13,885,560	13.80%
District Support Services	15,992,147	26,679,478	-40.06%	15,710,854	26,352,305	-40.38%
Regular Instruction	225,820,745	202,652,658	11.43%	202,605,159	182,249,372	11.17%
Vocational Instruction	6,151,452	6,068,702	1.36%	4,327,823	4,477,366	-3.34%
Special Education Instruction	105,677,067	96,693,929	9.29%	28,714,316	26,925,938	6.64%
Community Education and Services	10,908,554	11,179,805	-2.43%	26,923,169	19,960,973	34.88%
Instructional Support Services	27,895,638	20,070,485	38.99%	2,023,585	4,625,883	-56.26%
Pupil Support Services	42,498,347	42,764,400	-0.62%	43,273,756	52,526,928	-17.62%
Sites and Buildings	47,677,896	57,276,144	-16.76%	1,823,914	1,760,694	3.59%
Fiscal and Other Fixed-Cost Programs	1,823,914	1,760,694	3.59%	10,374,323	9,042,901	14.72%
Food Service	20,680,946	20,567,263	0.55%	1,363,106	1,729,226	-21.17%
Interest and Fiscal Charges on Long-Term Liabilities	31,665,291	12,844,463	146.53%	31,665,291	12,844,463	146.53%
Total expenses	\$ 552,595,389	\$ 512,444,776		\$ 384,607,244	\$ 356,381,609	

Financial Analysis of the District's Funds

The financial performance of the District also reflected in its governmental funds. As of June 30, 2025, the District's governmental funds reported total fund balances of \$360.0 million, a decrease of \$76.1 million, or 17.5%, from last year's ending total fund balances of \$436.0 million. This net decrease is chiefly due to capital outlays of \$100.8 million as part of the District's Capital Project Referendum that was passed in May of 2023. The district received revenue from the first bond issuance in fiscal year 2024 and has been spending down the building construction fund balance.

Table A-4 below shows the total fund balances of each of the District's governmental funds:

Table A-4
Fund Balance - All Governmental Funds

	2025	2024	Change
General Fund	\$ 118,593,708	\$ 111,592,049	\$ 7,001,659
Food Service Fund	11,539,546	10,171,773	1,367,773
Community Service Fund	4,791,559	4,179,150	612,409
Building Construction Fund	215,775,520	301,930,869	(86,155,349)
Debt Service Fund	9,258,597	8,151,553	1,107,044
	\$ 359,958,930	\$ 436,025,394	\$ (76,066,464)

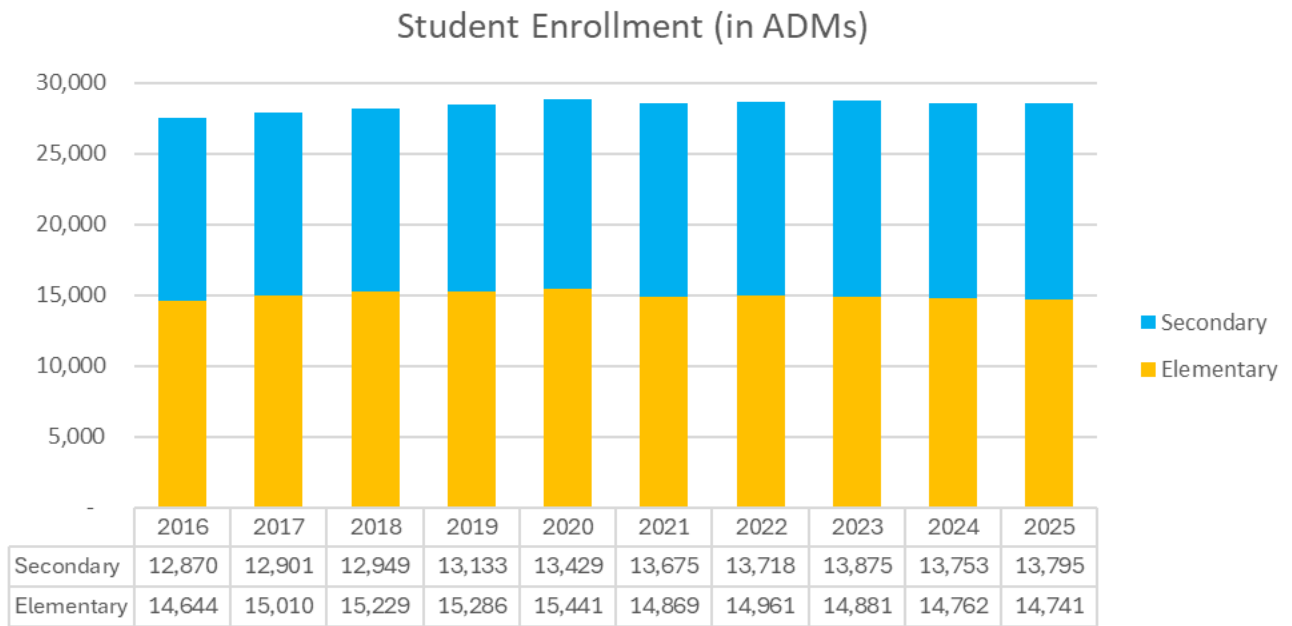
GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students from kindergarten through Grade 12. Pupil transportation activities and capital and major maintenance projects are also included in the General Fund.

Funding for Minnesota school districts is largely driven by enrollment. Over the last five years, the District’s enrollment has largely remained flat, except for 2021 which decreased slightly due to the pandemic and 2024 due to a reduction of elementary school students. Based on the results of an updated enrollment projection reviewed by the School Board in December 2024, enrollment was projected to remain stable over the next few years as shown in the introductory section.

The graph below (Figure 5) shows the District’s actual average daily membership (ADM) over the last 10 years. ADM for 2024–2025 decreased from the previous year at the kindergarten through elementary levels but increased at the secondary level. Preliminary enrollment data for the 2024-2025 fiscal year shows an increase of 22 ADMs over the 2023-24 total of 28,514.

**Figure 5
 Average Daily Membership (ADM)**



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Early Childhood and Kindergarten - HC	501	537	571	598	612	516	594	606	343	361
Kindergarten	1,721	1,745	1,826	1,827	1,875	1,598	1,769	1,607	1,868	1,856
Elementary	12,422	12,728	12,832	12,860	12,954	12,755	12,597	12,668	12,551	12,524
Secondary	12,870	12,901	12,949	13,133	13,429	13,675	13,718	13,875	13,753	13,795
	<u>27,513</u>	<u>27,911</u>	<u>28,178</u>	<u>28,418</u>	<u>28,870</u>	<u>28,544</u>	<u>28,679</u>	<u>28,756</u>	<u>28,514</u>	<u>28,536</u>
	0.47%	1.45%	0.95%	0.85%	1.59%	-1.13%	0.47%	0.27%	-0.84%	0.07%
Elementary	14,644	15,010	15,229	15,286	15,441	14,869	14,961	14,881	14,762	14,741
Secondary	12,870	12,901	12,949	13,133	13,429	13,675	13,718	13,875	13,753	13,795

The following schedule presents a summary of General Fund Revenues.

**Table A-5
 General Fund Revenues**

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Local Property Taxes	\$ 120,593,203	\$ 115,365,814	\$ 5,227,389	4.5%
Other Local Sources	18,476,104	21,162,006	(2,685,902)	-12.7%
State Sources	362,927,436	351,667,492	11,259,944	3.2%
Federal Sources	10,244,030	17,638,833	(7,394,803)	-41.9%
Miscellaneous	173,478	270,817	(97,339)	-35.9%
Total general fund revenues	<u>\$ 512,414,251</u>	<u>\$ 506,104,962</u>	<u>\$ 6,309,289</u>	1.2%

During 2024-2025 the District's total General Fund revenues increased \$6.3 million, or 1.2%, from the previous year. The increase was due to the following factors:

- An increase of \$5.2 million in property taxes due to the voter approved annual increase in the operating levy.
- State aid for 2024-2025 was \$11.3 million more than the previous year. This increase was mainly due to the increases in the per pupil formula amount in state aid.
- Federal aid for 2024-2025 was \$7.4 million less than the previous year. This decrease was mainly due to the reduced expenditures in areas funded by federal funds, specifically programs related to the COVID19 pandemic which have since ended.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Salaries and Benefits	\$ 420,074,327	\$ 402,021,864	\$ 18,052,463	4.5%
Purchased Services	39,712,576	41,476,377	(1,763,801)	-4.3%
Supplies and Materials	19,832,226	14,736,382	5,095,844	34.6%
Capital Expenditures	22,735,817	23,581,240	(845,423)	-3.6%
Other Expenditures	9,282,821	13,531,624	(4,248,803)	-31.4%
 Total general fund expenditures	 <u>\$ 511,637,767</u>	 <u>\$ 495,347,487</u>	 <u>\$ 16,290,280</u>	 3.3%

Total General Fund expenditures increased \$16.3 million or 3.3% from the previous year. The changes in the major expenditure categories include:

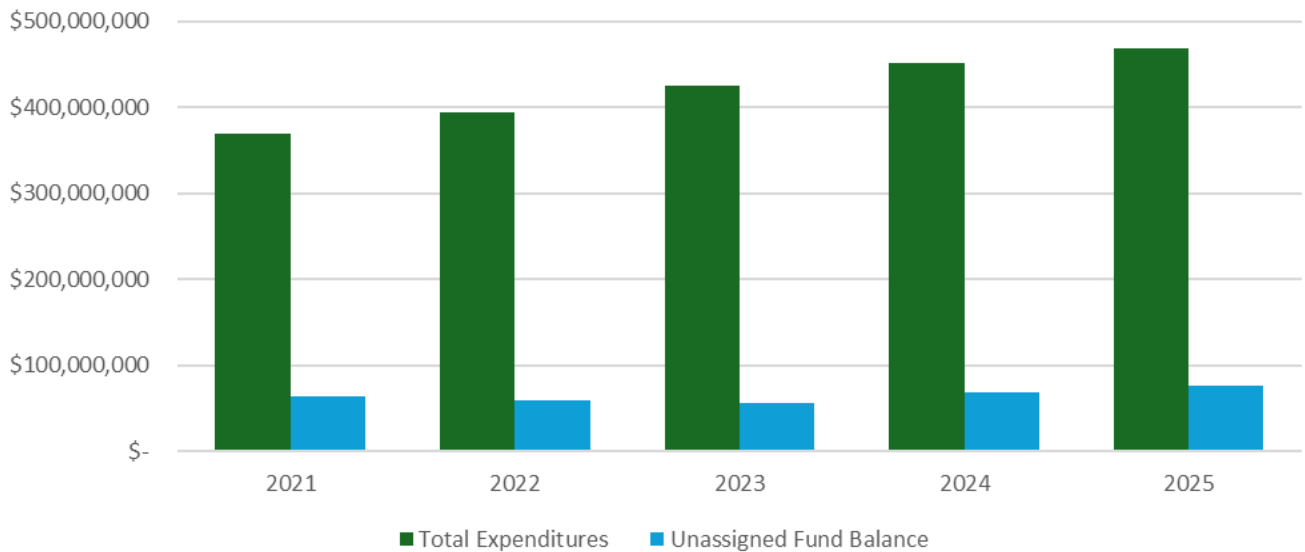
- Overall salaries increased by \$13.3 million, or 4.6%, which was primarily due to wage increases based on salary settlements and additional staff hired to meet students' educational needs.

Employee benefits increased \$4.7 million, or 4.3%, over the previous year due to additional costs of benefits associated with contract settlements, specifically increases in health insurance, unemployment insurance, and employee pension rates due to higher wages.
- Purchased Services consist of expenditures for fees for service including transportation contracts, postage, utilities, property insurance, maintenance repairs, leases, travel, telephone, and tuition. The District's increase of \$2.9 million, or 7.1%, in purchased services was mostly due to increased transportation costs across the District.
- Supplies and Materials increased by \$5.1 million, or 34.6%, from the previous year primarily due to the district implementing new state required curriculum district wide in multiple content areas.
- Capital expenditures decreased \$5.5 million, or 23.5% from the previous year, due to the cycle and timing of the district purchasing instructional technology devices.
- Debt service and other expenditures decreased \$4.2 million, or 31.4% from the previous year per the debt redemption schedule.

In summary, 2024-2025 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$7.0 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance increased to \$76.2 million.

Figure 6 shows the General Fund - Operating Account unassigned fund balance as a percentage of expenditures.

Figure 6 – Unassigned Fund Balance as Percentage of Expenditures – Operating Account



	2021	2022	2023	2024	2025
Unassigned Percentage	17.33%	15.11%	13.03%	15.19%	16.27%
Total Expenditures	\$ 369,255,728	\$ 393,916,598	\$ 425,251,939	\$ 451,347,898	\$ 468,610,648
Unassigned Fund Balance	\$ 63,988,692	\$ 59,534,594	\$ 55,417,436	\$ 68,559,006	\$ 76,238,975

The graph, as shown in Figure 6 above, is the single best measure of the District’s overall financial health. The unassigned fund balance of \$76.2 million in the Operating Account of the General Fund at June 30, 2025, represents 16.3% of annual Operating Account expenditures, or approximately eight weeks of operations, assuming level spending throughout the year.

The District is committed to continuing to provide quality instructional services to our students; the administration and School Board will continue to monitor expenditures and maintain fund balance as prescribed in School Board policy.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1) and is referred to as the original budget. Over the course of the year, the District revised its annual operating budget to the appropriate levels. The budget amendments fall into two categories:

- 1) Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual enrollment and unspent funds carried over from fiscal year 2023-2024.
- 2) Increase in appropriations for significant unbudgeted costs.

The final budget amounts, as shown in Table A-7 below, include all these adjustments and represent the District’s revised estimates for 2024-2025:

**Table A-7
 General Fund Budget**

	<u>Preliminary Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue and Other Financing Sources	\$ 493,235,353	\$ 510,657,391	\$ 17,422,038	3.5%
Expenditures and Other Financing Uses	<u>506,655,641</u>	<u>514,786,547</u>	<u>8,130,906</u>	1.6%
Net Change in Fund Balance	<u><u>\$ (13,420,288)</u></u>	<u><u>\$ (4,129,156)</u></u>	<u><u>\$ 9,291,132</u></u>	-69.2%

While the District’s final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$4.1 million (net loss), the actual results for the year show a net gain of \$7.0 million. The major factors that had contributed to this variance are as follows:

- Actual revenues and other financing sources were about \$8.1 million, or 1.6%, more than expected.
 - o State aids received during the year were more than budget by \$4.2 million, in part from Special education aid, which was \$5.8 million higher than anticipated.
 - o Investment earnings were less than budget by \$2.0 million due to decreasing interest rates.

- Actual expenditures and other financing uses were \$2.9 million, or 0.6% less than budget. There are many factors, both positive and negative, that have contributed to the variance:
 - Actual employee benefits were \$1.5 million less than budget. This was mainly due to changes in employee health elections due to insurance premium increases.
 - In 2023-2024, actual salaries were \$1.0 million more than budget due to increase wages within updated contracts.
 - The District spent \$5.4 million less than budgeted in the areas of purchased services, supplies and materials, and capital related to sites and buildings expenditures.

Food Service Fund

The Food Service Special Revenue Fund revenues for 2024-2025 totaled \$22.0 million and expenditures were \$20.7 million, resulting in an increase in fund balance of \$1.4 million. The June 30, 2025, Food Service Special Revenue Fund balance was at \$11.5 million.

The 2024-2025 actual revenues were \$2.3 million, or 9.6%, less than the budgeted amount, due to lower than anticipated aid from the state and federal governments and a reduction in the commodities distribution program.

The actual 2024-2025 Food Service Special Revenue Fund expenditures were \$2.3 million, or 10.1%, less than the budgeted amount. The variance was caused by lower than budgeted supplies costs and timing adjustments in kitchen renovations and equipment purchases due to lead time and planning delays.

Consistent with the food service comprehensive capital projects plan, the District will continue to use the accumulated fund balance to fund routine equipment purchases and major capital projects.

Community Service Fund

In 2024-2025, the total revenues and other financing sources for the Community Service Special Revenue Fund were \$11.6 million and the total expenditures were \$11.0 million, resulting in an increase to fund balance of \$0.6 million. The Community Service Special Revenue Fund balance as of June 30, 2025, is \$4.8 million. Of this amount, \$1.4 million is restricted for general community education programs, \$1.2 million is restricted for the Early Childhood Family Education Program, \$1.6 million is restricted for the School Readiness Program, \$0.6 million is restricted for the Adult Basic Education Program, and \$0.1 million is restricted for other purposes.

Capital Projects - Building Construction Fund

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$86.2 million for the year ended June 30, 2025, resulting in an ending fund balance of \$215.8 million.

Debt Service Fund

Revenues and expenditures for the District's Debt Service Fund are directly tied to the District's bond principal and interest payment needs. For 2024-2025, approximately 97.1% of the District's debt service revenues came from property taxes. The remaining balance came from the state in the form of agricultural market value property tax credits and interest income from short-term investments.

In 2024-2025, the District's total Debt Service Fund revenues exceeded expenditures by \$1.1 million.

The June 30, 2025, Debt Service Fund balance totaled \$9.3 million.

INTERNAL SERVICE FUNDS

The District maintains three internal service funds at year-end. The Severance Benefits Internal Service Fund is used to fund severance or retirement pay for eligible retirees. For 2024-2025, the revenues for this fund include interest income from short-term investments and contributions paid from the District's governmental funds. The severance payable liabilities for the District on June 30, 2025, totaled \$9.2 million, and the net position of the fund was \$2.8 million.

The Self-Insured Dental Benefits Internal Service Fund was established to report all activities related to the District's self-insured dental benefits plan. This plan covers all non-bargained staff, as well as principals, building chiefs, and vehicle technicians. The total contributions (both district and employee) and investment earnings for 2024-2025 totaled \$0.50 million, and claims paid or accrued totaled \$0.48 million, resulting in net position increasing \$0.02 million to \$0.37 million at year-end.

The Self-Insured Health Benefits Internal Service Fund was established to report all activities related to the District's self-insured health benefits plan, which covers all district employees. The total contributions (both district and employee) to the plan and investment earnings for 2024-2025 totaled \$77.7 million, and claims paid or accrued totaled \$81.5 million, resulting in net position decreasing by \$3.7 million to \$6.9 million at year-end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District has net capital assets of \$432.2 million representing a broad range of capital assets as well as leased assets, subscription IT assets, school buildings; athletic facilities; computer, audio-visual, and other equipment for instructional programs (see Table A-8). Total depreciation/amortization expense for the year was \$22.1 million.

During 2024-2025, the District invested a total of \$14.8 million in furniture and equipment and \$94.6 million in buildings and construction in progress. The majority of the capital investment can be attributed to major maintenance and building improvement projects funded by proceeds from the Series 2023A General Obligation Facilities Maintenance and School Building Bonds, which were used to fund several projects across the District.

**Table A-8
Capital Assets**

	2025	2024
Land	\$ 19,625,832	\$ 11,966,353
Construction in Progress	101,529,404	19,320,956
Buildings	523,377,988	514,188,125
Improvements	23,002,527	20,949,724
Equipment	84,903,670	72,268,168
Right-to-Use Lease Assets	1,643,538	1,553,517
Right-to-Use Subscription IT Assets	15,897,242	16,544,761
Accumulated Depreciation/Amortization	(337,816,561)	(323,717,244)
Total capital assets	\$ 432,163,640	\$ 333,074,360

Long-Term Liabilities

At year-end, the District had \$397.6 million in bonds, refunding bonds, and certificates of participation outstanding, including unamortized premiums and discounts. This is a decrease of \$19.5 million from the previous year, as shown in Table A-9.

- Outstanding bonds and certificates of participation show a decrease of \$17.0 million, due to the repayment of debt per the borrowing terms.
- Premiums and discounts on bonds show a decrease of \$2.5 million, due to amortization of bond premium.
- During 2024-2025, the District also retired \$0.8 million of existing financed purchases principal.
- The District's liabilities for various long-term employee benefits, including pensions, severance, and compensated absences, decreased \$82.6 million during 2024-2025, mainly due to the decrease in the District's proportionate share of two statewide pension plan liabilities.

**Table A-9
Long-Term Liabilities**

	2025	2024	Percentage Change
General Obligation Bonds Payable	\$ 358,710,000	\$ 372,305,000	-3.65%
Unamortized Bond Premium	15,569,817	18,027,908	-13.63%
Certificates of Participation	23,370,000	26,815,000	-12.85%
Financed Purchases Payable	2,415,889	3,232,106	-25.25%
Lease Liabilities	995,629	978,777	1.72%
Subscription Liabilities	6,528,871	8,839,263	-26.14%
Arbitrage Rebate Liability	6,850,758	4,338,099	57.92%
Net Pension Liability	248,159,981	326,905,273	-24.09%
Net OPEB Liability	-	5,123,878	-100.00%
Severance Benefits Payable	9,175,221	11,109,339	-17.41%
Compensated Absences Payable	53,010,762	49,758,044	6.54%
	<u>\$ 724,786,928</u>	<u>\$ 827,432,687</u>	
Total long-term liabilities			
	<u>\$ 724,786,928</u>	<u>\$ 827,432,687</u>	
Long-Term Liabilities			
Due Within One Year	\$ 64,105,582	\$ 28,627,237	
Due in More Than Year	660,681,346	798,805,450	
	<u>\$ 724,786,928</u>	<u>\$ 827,432,687</u>	

Bond Ratings

The District's general obligation bonds carry a rating of Aa2, affirmed in August 2023 during the preparation for the sale of the 2023A Facilities Maintenance and School Building Bonds.

Limitation on Debt

The state limits the amount of general obligation debt the District can issue up to 15% of actual market value of all taxable property within the District's boundaries. The estimated market value of all taxable property is \$26.9 billion for calendar year 2025 and the District's debt limit is \$4.0 billion.

The District's outstanding debt is significantly below this limit. The District's outstanding debt as of June 30, 2025, is \$373.4 million. The amount that is applicable to the debt limit calculation is \$364.2 million (total outstanding debt less Debt Service Fund balance).

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

Except for the voter-approved operating referendum and building bond referendum, the District is dependent on the state of Minnesota for most of its revenue. District voters approved an operating levy increase in the 2019 election, providing additional funding to the district beginning in the fiscal year 2020-2021.

In May of 2023, district voters approved a multi-question building bond referendum to build new buildings, make site improvements and building additions throughout the district, and add athletic facilities at each of the District's four comprehensive high schools. As of June 30, 2024, the District has begun the execution of these projects.

At the November 4, 2025, election, the district will hold a referendum to renew the capital projects levy, which provides the district with critical technology equipment and services for both instructional and non-instructional activities.

Since 2011–2012 school year, the state has provided annual increases to the per pupil unit funding for basic general education aid. The basic general education formula allowance for the 2024-2025 school year was \$7,281, representing a 2.00% increase from the 2023-2024 fiscal year.

The District welcomes additional funding to meet the growing needs of students in the district. Education communities across the state note the imbalance in the funding levels in comparison to the changes in inflationary, hence the growing requests for additional property tax increases through operating referenda across the state.

The administration appreciates the continued support from the community and is committed to continuing to monitor its spending and striving to maintain sustainable operations while delivering a high standard of education and engagement in academics, athletics, and the arts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Independent School District No. 196, Rosemount-Apple Valley -Eagan Public Schools, 3455 153rd Street West, Rosemount, Minnesota 55068.

Basic Financial Statements

June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



Rosemount-Apple Valley-Eagan ISD 196

Statement of Net Position

June 30, 2025

Assets	
Cash and cash equivalents	\$ 492,417,264
Receivables	
Current property taxes	84,396,000
Delinquent property taxes	802,359
Accounts	1,640,142
Due from other governmental units	49,416,606
Leases	1,031,024
Prepaid items	216,530
Inventories	1,525,853
Cash held with fiscal agent	710,446
Net OPEB asset	6,112,116
	<u>638,268,340</u>
Capital assets	
Capital assets not being depreciated	
Land	19,625,832
Construction in progress	101,529,404
Capital assets, net of accumulated depreciation/amortization	
Buildings and improvements	260,786,836
Land improvements	9,690,968
Furniture and equipment	30,164,932
Right-to-use lease assets	877,625
Right-to-use subscription IT assets	9,488,043
Total capital assets	<u>432,163,640</u>
Total assets	<u>1,070,431,980</u>
Deferred Outflows of Resources	
Other postemployment benefits	2,916,728
Pension plans	72,153,512
Total deferred outflows of resources	<u>75,070,240</u>
Liabilities	
Accounts payable	5,603,652
Due to other governmental units	977,413
Salaries payable	53,256,204
Accrued interest payable	6,719,685
Construction contracts payable	19,879,882
Unearned revenue	14,056,605
Claims incurred but not reported	5,512,676
Long-term liabilities	
Due within one year - other than pensions	64,105,582
Due in more than one year - other than pensions	412,521,365
Due in more than one year - net pension liability	248,159,981
Total liabilities	<u>830,793,045</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year	151,946,620
Lease related	946,114
Other postemployment benefits	11,189,607
Pension plans	80,019,143
Total deferred inflows of resources	<u>244,101,484</u>
Net Position	
Net investment in capital assets	233,753,554
Restricted for specific purposes	256,048,644
Unrestricted	(419,194,507)
Total net position	<u>\$ 70,607,691</u>

Rosemount-Apple Valley-Eagan ISD 196
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Administration	\$ 15,803,392	\$ 1,444	\$ -	\$ -
District support services	15,992,147	281,293	-	-
Regular instruction	225,820,745	9,091,156	14,124,430	-
Vocational instruction	6,151,452	6,582	1,817,047	-
Special education instruction	105,677,067	1,399,703	75,563,048	-
Instructional support services	27,895,638	57,580	914,889	-
Pupil support services	42,498,347	759,296	39,715,466	-
Sites and buildings	47,677,896	585,963	3,818,177	-
Fiscal and other fixed-cost programs	1,823,914	-	-	-
Food service	20,680,946	1,231,959	9,074,664	-
Community education and services	10,908,554	5,368,610	4,176,838	-
Interest and fiscal charges on debt	31,665,291	-	-	-
Total governmental activities	\$ 552,595,389	\$ 18,783,586	\$ 149,204,559	\$ -
General Revenues				
Property taxes, levied for general purposes				118,008,871
Property taxes, levied for community education and services				1,891,419
Property taxes, levied for debt service				34,953,281
Aids and payments from state sources				249,990,952
Aids and payments from federal sources				486,412
County apportionment				1,146,065
Unrestricted investment earnings				23,053,687
Gain on disposal of property and equipment				865,086
Miscellaneous revenues				1,504,187
Total general revenues				431,899,960
Change in Net Position				47,292,716
Net Position - Beginning, as previously reported				69,403,889
Adjustments (Note 14)				(46,088,914)
Net Position - Beginning, as restated				23,314,975
Net Position - Ending				\$ 70,607,691

Rosemount-Apple Valley-Eagan ISD 196
Governmental Funds
Balance Sheet
June 30, 2025

	Major				Total Governmental		
	General	Food Service	Community Service	Debt Service	Building Construction	Funds 2025	2024
Assets							
Cash and investments	\$ 178,795,856	\$ 9,096,788	\$ 7,430,057	\$ 25,249,168	\$ 235,910,760	\$ 456,482,629	\$ 518,964,913
Cash held with fiscal agent	188	-	-	-	710,258	710,446	238,984
Receivables							
Current property taxes	64,283,228	-	964,143	19,148,629	-	84,396,000	83,128,002
Delinquent property taxes	637,472	-	10,347	154,540	-	802,359	449,945
Accounts and interest	272,979	-	167,768	-	-	440,747	883,369
Due from other governmental units	45,578,001	3,110,626	530,042	197,937	-	49,416,606	50,297,921
Leases	1,031,024	-	-	-	-	1,031,024	1,203,110
Prepaid items	213,538	-	500	-	2,492	216,530	265,756
Inventories	984,555	541,298	-	-	-	1,525,853	1,481,426
Total assets	\$ 291,796,841	\$ 12,748,712	\$ 9,102,857	\$ 44,750,274	\$ 236,623,510	\$ 595,022,194	\$ 656,913,426
Liabilities							
Accounts payable	\$ 3,822,706	\$ 146,905	\$ 248,863	\$ -	\$ 1,325,543	\$ 5,544,017	\$ 9,482,542
Due to other governmental units	970,876	4,274	2,263	-	-	977,413	669,949
Salaries and benefits payable	51,444,829	486,210	1,325,165	-	-	53,256,204	50,171,105
Construction contracts payable	357,435	-	-	-	19,522,447	19,879,882	4,313,431
Unearned revenue	197,754	571,777	941,124	-	-	1,710,655	1,725,918
Total liabilities	56,793,600	1,209,166	2,517,415	-	20,847,990	81,368,171	66,362,945
Deferred Inflows of Resources							
Unavailable revenue-property taxes	637,472	-	10,347	154,540	-	802,359	449,945
Property taxes levied for subsequent year	114,825,947	-	1,783,536	35,337,137	-	151,946,620	152,948,916
Lease related	946,114	-	-	-	-	946,114	1,126,226
Total deferred inflows of resources	116,409,533	-	1,793,883	35,491,677	-	153,695,093	154,525,087
Fund Balance							
Nonspendable	1,198,093	541,298	500	-	2,492	1,742,383	1,747,182
Restricted	21,782,510	10,998,248	4,791,059	9,258,597	215,773,028	262,603,442	339,322,487
Assigned	19,374,130	-	-	-	-	19,374,130	26,396,719
Unassigned	76,238,975	-	-	-	-	76,238,975	68,559,006
Total fund balance	118,593,708	11,539,546	4,791,559	9,258,597	215,775,520	359,958,930	436,025,394
Total liabilities, deferred inflows of resources, and fund balance	\$ 291,796,841	\$ 12,748,712	\$ 9,102,857	\$ 44,750,274	\$ 236,623,510	\$ 595,022,194	\$ 656,913,426

Rosemount-Apple Valley-Eagan ISD 196
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds	\$ 359,958,930
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported as assets in the governmental funds.	432,163,640
Long-term assets from other postemployment benefits reported in the governmental activities are not financial resources, and therefore, are not reported in the funds.	6,112,116
Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,719,685)
Delinquent property taxes are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	802,359
Internal service funds are used by the District to charge the costs of severance benefits, and the self-insured medical and dental insurance pools. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	10,040,548
Deferred outflows and inflows of resources related to pension and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.	(16,138,510)
Long-term liabilities, including bonds payable, bond premiums, certificates of participation, financed purchases payable, leases, subscription liabilities, compensated absences, arbitrage rebate liability, severance benefits payable, and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(715,611,707)</u>
Total Net Position - Governmental Activities	<u><u>\$ 70,607,691</u></u>

Rosemount-Apple Valley-Eagan ISD 196
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2025

	Major					Total Governmental	
	General	Food Service	Community Service	Debt Service	Building Construction	2025	2024
Revenues							
Local property tax levies	\$ 120,593,203	\$ -	\$ 1,891,419	\$ 34,953,281	\$ -	\$ 157,437,903	\$ 134,617,074
Other local and county sources	11,864,298	24,477	4,366,477	-	-	16,255,252	17,206,479
Investment earnings	6,510,082	369,185	266,650	733,065	14,709,956	22,588,938	20,976,647
Rental income	101,724	-	734,058	-	-	835,782	740,585
State sources	362,927,436	11,348,434	4,067,513	326,917	-	378,670,300	366,344,570
Federal sources	10,244,030	9,074,664	109,325	-	-	19,428,019	27,909,460
Sales and other conversion of assets	173,478	1,231,959	1,425	-	-	1,406,862	1,687,084
Total revenues	512,414,251	22,048,719	11,436,867	36,013,263	14,709,956	596,623,056	569,481,899
Expenditures							
Current							
Administration	15,589,653	-	-	-	-	15,589,653	15,218,953
District support services	16,821,646	-	-	-	-	16,821,646	15,910,407
Regular instruction	224,700,071	-	-	-	-	224,700,071	221,696,197
Vocational instruction	6,160,154	-	-	-	-	6,160,154	6,046,910
Special education instruction	103,579,812	-	-	-	-	103,579,812	96,379,273
Community education and service	16,889	-	10,949,972	-	-	10,966,861	11,199,245
Instructional support services	38,259,020	-	-	-	-	38,259,020	28,952,148
Pupil support services	43,710,810	-	-	-	-	43,710,810	42,626,387
Sites and buildings	28,482,101	-	-	-	-	28,482,101	32,090,758
Food service	-	19,619,863	-	-	-	19,619,863	19,091,283
Fiscal and other fixed cost programs	1,823,914	-	-	-	-	1,823,914	2,430,752
Debt service	-	-	-	-	-	-	-
Principal	8,626,157	32,379	6,371	13,595,000	68,400	22,328,307	22,698,345
Interest	1,131,723	-	387	21,311,219	-	22,443,329	5,015,253
Capital outlay	22,735,817	1,028,704	20,196	-	100,796,905	124,581,622	44,638,418
Total expenditures	511,637,767	20,680,946	10,976,926	34,906,219	100,865,305	679,067,163	563,994,329
Excess (Deficiency) of Revenues over (under) Expenditures	776,484	1,367,773	459,941	1,107,044	(86,155,349)	(82,444,107)	5,487,570
Other Financing Sources (Uses)							
Transfer in	-	-	152,468	-	-	152,468	146,105
Transfer out	(152,468)	-	-	-	-	(152,468)	(146,105)
Sale of property	865,086	-	-	-	-	865,086	640,186
Insurance recovery	90,815	-	-	-	-	90,815	145,839
Bond proceeds	-	-	-	-	-	-	300,000,000
Bond premium	-	-	-	-	-	-	11,948,501
Subscription based IT arrangements	5,057,085	-	-	-	-	5,057,085	7,719,153
Leases	364,657	-	-	-	-	364,657	994,841
Total other financing sources (uses)	6,225,175	-	152,468	-	-	6,377,643	321,448,520
Net Change in Fund Balance	7,001,659	1,367,773	612,409	1,107,044	(86,155,349)	(76,066,464)	326,936,090
Fund Balance, Beginning of Year	111,592,049	10,171,773	4,179,150	8,151,553	301,930,869	436,025,394	109,089,304
Fund Balance, End of Year	\$ 118,593,708	\$ 11,539,546	\$ 4,791,559	\$ 9,258,597	\$ 215,775,520	\$ 359,958,930	\$ 436,025,394

Rosemount-Apple Valley-Eagan ISD 196

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (76,066,464)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital outlay	125,954,142
Depreciation/amortization expense	(22,116,294)

The net effect of the disposal of capital assets is to decrease net position. (4,748,568)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 352,414

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. (3,252,718)

In the statement of activities, OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. 5,379,992

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as an expense. 7,505,735

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 14,970,111

Internal service funds are used by the District to charge the costs of the self-insured dental insurance pool. The net revenue of the internal service fund is reported in the governmental activities. (685,634)

Change in Net Position of Governmental Activities \$ 47,292,716

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local property tax levies	\$ 120,407,512	\$ 120,407,512	\$ 120,593,203	\$ 185,691
Other local and county sources	7,719,877	11,280,298	11,864,298	584,000
Investment earnings	-	8,500,000	6,510,082	(1,989,918)
Rental income	-	-	101,724	101,724
State sources	354,665,865	358,681,173	362,927,436	4,246,263
Federal sources	10,378,125	10,985,610	10,244,030	(741,580)
Sales and other conversion of assets	63,974	62,798	173,478	110,680
Total revenues	493,235,353	509,917,391	512,414,251	2,496,860
Expenditures				
Current				
Administration	14,544,448	16,753,155	15,589,653	1,163,502
District support services	16,369,681	17,087,389	16,821,646	265,743
Regular instruction	224,812,119	226,131,226	224,700,071	1,431,155
Vocational instruction	6,308,217	6,210,718	6,160,154	50,564
Special education instruction	105,922,990	105,549,965	103,579,812	1,970,153
Community education and service	2,268	2,268	16,889	(14,621)
Instructional support services	38,130,214	39,398,983	38,259,020	1,139,963
Pupil support services	42,368,050	43,345,704	43,710,810	(365,106)
Sites and buildings	26,757,683	26,598,712	28,482,101	(1,883,389)
Fiscal and other fixed cost programs	2,050,118	1,870,118	1,823,914	46,204
Debt Service				
Principal	9,075,178	9,298,678	8,626,157	672,521
Interest	963,336	963,336	1,131,723	(168,387)
Capital outlay	19,351,339	21,386,436	22,735,817	(1,349,381)
Total expenditures	506,655,641	514,596,688	511,637,767	2,958,921
Excess (Deficiency) of Revenues over (under) Expenditures	(13,420,288)	(4,679,297)	776,484	(462,061)
Other Financing Sources (Uses)				
Transfer out	-	(189,859)	(152,468)	37,391
Sale of property	-	690,000	865,086	175,086
Insurance recovery	-	50,000	90,815	40,815
Subscription based IT arrangements	-	-	5,057,085	5,057,085
Leases	-	-	364,657	364,657
Total Other Financing Sources (Uses)	-	550,141	6,225,175	5,675,034
Net Change in Fund Balance	\$ (13,420,288)	\$ (4,129,156)	7,001,659	\$ 5,212,973
Fund Balance, Beginning of Year			<u>111,592,049</u>	
Fund Balance, End of Year			<u>\$ 118,593,708</u>	

Rosemount-Apple Valley-Eagan ISD 196

Food Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Other local and county sources	\$ -	\$ -	\$ 24,477	\$ 24,477
Investment earnings	9,180	350,000	369,185	19,185
State sources	11,023,462	11,826,795	11,348,434	(478,361)
Federal sources	8,535,229	10,200,628	9,074,664	(1,125,964)
Sales and other conversion of assets	574,576	2,004,399	1,231,959	(772,440)
	<u>20,142,447</u>	<u>24,381,822</u>	<u>22,048,719</u>	<u>(2,333,103)</u>
Total revenues				
Expenditures				
Current				
Food Services				
Salaries and wages	4,924,389	5,015,111	5,445,740	(430,629)
Employee benefits	1,971,327	1,871,521	1,800,924	70,597
Purchased services	816,000	915,000	697,184	217,816
Supplies and materials	10,327,778	11,974,622	11,194,483	780,139
Other expenditures	670,450	670,450	481,532	188,918
Capital outlay	1,523,600	2,564,350	1,028,704	1,535,646
Debt Service				
Principal	-	-	32,379	(32,379)
	<u>20,233,544</u>	<u>23,011,054</u>	<u>20,680,946</u>	<u>2,330,108</u>
Total expenditures				
Net Change in Fund Balance	<u>\$ (91,097)</u>	<u>\$ 1,370,768</u>	1,367,773	<u>\$ (2,995)</u>
Fund Balance, Beginning of Year			<u>10,171,773</u>	
Fund Balance, End of Year			<u>\$ 11,539,546</u>	

Rosemount-Apple Valley-Eagan ISD 196

Community Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local property tax levies	\$ 1,797,889	\$ 1,797,889	\$ 1,891,419	\$ 93,530
Other local and county sources	4,202,824	4,327,718	4,366,477	38,759
Investment earnings	-	300,000	266,650	(33,350)
Rental income	550,000	544,450	734,058	189,608
State sources	3,937,335	3,873,978	4,067,513	193,535
Federal sources	103,250	101,772	109,325	7,553
Sales and other conversion of assets	1,000	1,750	1,425	(325)
Total revenues	10,592,298	10,947,557	11,436,867	489,310
Expenditures				
Current				
Community education and services				
Salaries and wages	7,507,946	7,720,106	7,906,038	(185,932)
Employee benefits	2,659,436	2,610,381	2,766,470	(156,089)
Purchased services	(278,068)	(399,126)	(416,857)	17,731
Supplies and materials	405,431	441,501	383,664	57,837
Other expenditures	407,484	307,598	310,657	(3,059)
Capital outlay	8,200	23,200	20,196	3,004
Debt Service				
Principal	2,091	5,091	6,371	(1,280)
Interest and fiscal charges	150	150	387	(237)
Total expenditures	10,712,670	10,708,901	10,976,926	(268,025)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,372)	238,656	459,941	221,285
Other Financing Sources				
Transfer in	179,244	189,859	152,468	(37,391)
Net Change in Fund Balance	\$ 58,872	\$ 428,515	612,409	\$ 183,894
Fund Balance, Beginning of Year			4,179,150	
Fund Balance, End of Year			\$ 4,791,559	

Rosemount-Apple Valley-Eagan ISD 196
 Proprietary Fund
 Internal Service Fund
 Statement of Net Position
 June 30, 2025

	Governmental Activities - Internal Service Funds
Assets	
Cash and cash equivalents	\$ 35,934,635
Accounts receivable	1,199,395
Total assets	37,134,030
Liabilities	
Current	
Accounts payable	59,635
Claims incurred but not reported	5,512,676
Severance benefits payable	1,440,937
Unearned revenue	12,345,950
	19,359,198
Long-term	
Severance benefits payable	7,734,284
Total liabilities	27,093,482
Net Position	
Unrestricted	\$ 10,040,548

Rosemount-Apple Valley-Eagan ISD 196
Proprietary Fund
Internal Service Fund
Statement of Changes in Net Position
Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Operating Revenues	
Contributions from Governmental Funds	\$ 78,691,561
Deductions	
Self-Insured Benefits	80,852,755
Operating Loss	(2,161,194)
Nonoperating Revenue	
Investment income	1,475,560
Change in Net Position	(685,634)
Net Position, Beginning of Year	10,726,182
Net Position, End of Year	\$ 10,040,548

Rosemount-Apple Valley-Eagan ISD 196

Proprietary Fund

Internal Service Fund

Statement of Cash Flows

Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Operating Activities	
Receipts from contributions	\$ 77,492,166
Payments for severance, OPEB, and self-insured claims	<u>(82,133,489)</u>
Net cash used for operating activities	<u>(4,641,323)</u>
Net Cash from Investing Activity	
Investment income	<u>1,475,560</u>
Net Change in Cash and Cash Equivalents	(3,165,763)
Cash and Cash Equivalents, July 1	<u>39,100,398</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 35,934,635</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Activities	
Operating loss	\$ (2,161,194)
Changes in assets and liabilities	
Accounts receivable	(1,199,395)
Accounts payable	(774,937)
Claims incurred but not reported	607,936
Severance benefits payable	(1,934,118)
Unearned revenue	<u>820,385</u>
Net cash used for operating activities	<u><u>\$ (4,641,323)</u></u>

Rosemount-Apple Valley-Eagan ISD 196
Fiduciary Fund
Statement of Net Position
June 30, 2025

	<u>OPEB Trust Fund</u>
Assets	
Investments	<u>\$ 65,529,246</u>
Net Position	
Restricted	<u><u>\$ 65,529,246</u></u>

Rosemount-Apple Valley-Eagan ISD 196

Fiduciary Fund

Statement of Changes in Net Position

Year Ended June 30, 2025

	<u>OPEB Trust Fund</u>
Additions	
Earnings on investments	\$ 5,370,673
OPEB contribution	<u>4,701,642</u>
Total additions	<u>10,072,315</u>
Deductions	
Benefits paid to plan members	<u>4,701,642</u>
Net Change in Net Position	5,370,673
Net Position, Beginning of Year	<u>60,158,573</u>
Net Position, End of Year	<u><u>\$ 65,529,246</u></u>

Notes to the Basic Financial Statements
June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



Note 1 - Summary of Significant Accounting Policies**A. Organization**

Independent School District No. 196 (“the District”) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District 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 include 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 burden or benefit 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 fund. The fiduciary fund is reported in the Statement of Fiduciary Net Position at the fund financial statement level. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

The fiduciary fund is presented in the fiduciary fund financial statement. The District has one type of fiduciary fund, pension (or other benefit) trust. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, this fund is excluded from the government-wide 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:

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 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 Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Recording of Expenditures - Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, severance, postemployment benefits, and pensions, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The fiduciary fund financial statement is reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is receipts from participants. Operating expenses for the internal service fund includes payments for insurance claims and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

Major Governmental Funds

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects. The District's Student Activity Funds are under board control and are reported in the general fund.

Food Service - Special Revenue Fund - The Food Service Fund is used to account for food service revenues and expenditures, with revenue primarily coming from meal sales to students and state and federal meal reimbursements.

Community Service - Special Revenue Fund - The Community Service 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. The primary source of revenue is user fees related to these programs.

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

Building Construction Fund - The Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

Internal Service Fund - Internal Service Funds are used to account for the financial resources used for the District's self-insurance of the employee dental and health insurance programs as well as the District's severance benefits. As proprietary funds the internal service funds employ the economic resources measurement focus and are accounted for on the accrual basis.

Fiduciary Funds

OPEB Trust Fund - The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

E. Other Significant Accounting Policies**Budgeting**

The School Board adopted annual budgets for the General Fund (including separate budgets for the Operating, Pupil Transportation, and Capital Expenditure Accounts), Food Service Special Revenue, Community Service Special Revenue, Capital Projects - Building Construction, and Debt Service Funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. All appropriations lapse at year-end.

Cash and 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. Earnings from the investments of the Capital Projects - Building Construction Fund, the Debt Service Fund, and all trust funds are allocated directly to those funds/accounts.

Cash and investments include balances held in segregated accounts established for specific purposes. In the Capital Projects - Building Construction Fund, this represents capital lease proceeds held by a trustee available for the renovation of an elementary school.

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 funds' 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 external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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.

Receivables

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. Amounts are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be fully collected within one year are property taxes receivable.

Lease receivables are recorded by the District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

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

Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state 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. The remaining portion of the taxes collectible in 2025 is recorded as deferred inflows 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 general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Current property taxes receivable is the uncollected portion of the taxes levied in 2024 and collectible in 2025. This levy is offset with a deferred inflow of resources for property taxes levied for a subsequent year. Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year-end in the fund financial statements.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. 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 fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 50 years. Land and construction in progress are not depreciated.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 7 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 9 years.

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

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the District.

The District is required to perform a periodic arbitrage rebate and yield restricting compliance computation for the proceeds of certain debt issuances. If the computation results in an arbitrage rebate liability, it is presented in the government-wide statement of net position and the effect of the change in liability is shown as an increase or decrease to interest expense.

Compensated Absences Payable

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences –sick leave and vacation. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

Twelve-month employees are allowed to accrue vacation leave at varying amounts each year and accumulate over time. Employees are compensated for unused vacation leave upon termination of their employment with the District.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists unless collectively bargained contract terms provide for unused sick leave to be factored into the payment of severance benefits as described in the following paragraphs. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts. Eligibility is based on years of service and/or minimum age requirements. Additionally, certain severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. Severance benefits for any individual cannot exceed one year's salary.

Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan established under Internal Revenue Code (IRC) Section 403(b). The amount of any severance benefits due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment. If the District's 403(b) matching contributions for an individual employee exceed the severance benefits due that individual, the excess would then reduce any OPEB (described later in these notes) earned by that individual.

Severance benefits are required to be paid out within 30 days following the effective date of retirement. Severance benefits for eligible teachers are paid into a postretirement, healthcare savings plan administered by the Minnesota State Retirement System. For other employees, severance benefits are paid into a pay deferral plan or healthcare savings plan as directed by the individual retirees.

The District has established a separate Internal Service Fund to account for its severance benefits liability. Severance benefits payable, along with any related benefit costs, are accrued in the government-wide and proprietary fund financial statements as they are earned, and it becomes probable they will vest at some point in the future.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measure the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Additional information can be found in Note 10.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA.

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 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 Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 11.

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.

Risk Management

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 it carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage in fiscal year 2025.

Self-Insurance - The District has established two internal service funds to account for and finance its uninsured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plan.

The District made premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

The District has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District has four types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide statement of net position and the governmental funds balance sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension and OPEB activity as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The final item is deferred inflows related to leases where the District is the lessor and is reported in the general fund and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid General Fund and Community Service Fund revenues and school lunch balances for students in the Food Service Fund.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- Restricted fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board. A committed fund balance cannot be a negative number. As of June 30, 2025, the District does not have any committed fund balance.

- Assigned fund balance amounts are comprised of unrestricted funds constrained by the school district's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: the Superintendent and the Assistant Superintendent. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board. An assigned fund balance cannot be a negative number.
- Unassigned fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned. The school district will strive to maintain a minimum unassigned General Fund balance of at least 5% of the district's General Fund operating budget.

Comparative Data

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

As of July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 14.

As of July 1, 2024, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was no effect of the implementation of this standard on disclosures during the year.

Note 2 - Stewardship, Compliance, and Accountability**Expenditures in Excess of Appropriations**

Budget control for the fund is established by its total appropriations. The Community Service Fund had expenditures exceeding appropriations in the amount of \$268,025 for the year ended June 30, 2025. These over expenditures were funded by greater than expected revenues and existing fund balance.

Note 3 - Deposits and Investments**Deposits**

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board. All such depositories are members of the Federal Reserve System.

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% 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.

At June 30, 2025, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Concentration of Credit Risk – The District maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2025, the District did not have any deposits in excess of FDIC-insured limits.

Investments

The following are considered the most significant risks associated with investments:

Credit Risk - Investments - Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record.

Custodial Credit Risk - Investments - For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2025, the investment balances were fully covered by insurance for each brokerage firm. The investments in the Minnesota School District Liquid Asset Fund and MNTrust are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

Interest Rate Risk - Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Concentration of Credit Risk - Investments - The District places no limit on the amount that the District may invest in any one issuer. Currently, the District did not have investments with any issuer which individually comprised more than 5% of total investments.

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

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. The credit ratings and maturities of the District’s investments measured at amortized cost at June 30, 2025, are as follows:

	Credit Rating	Amortized Cost	Maturity Duration in Years			No Maturities
			< 1	1 - 5	6 -10	
MSDLAF+ Liquid Class	AAAm	\$ 53,627,133	\$ -	\$ -	\$ -	\$ 53,627,133
MSDLAF+ Max Class	AAAm	46,408,917	-	-	-	46,408,917
MSDLAF TERM	N/A	41,050,000	41,050,000	-	-	-
MNTrust Investment Pool	AAAm	49,659,409	-	-	-	49,659,409
Total Investments at Amortized Cost		<u>\$ 190,745,459</u>	<u>\$ 41,050,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,695,459</u>

The Minnesota School District Liquid Asset Fund (MSDLAF) is an external investment pool not registered with the Securities Exchange Commission (SEC). The Liquid Class has no redemption requirements while the Max Class may not be redeemed for at least 14 days and a 24-hour hold is placed on redemption requests. The MNTrust Investment Shares portfolio is an external investment pool, and its investments are valued at amortized cost.

The credit ratings and maturities of the District’s investments measured at fair value at June 30, 2025, are as follows:

	Rating	Fair Value	Maturity Duration in Years			No Maturities
			< 1	1 - 5	6 -10	
U.S. Treasury Notes	AA+/Aa1	\$ 93,361,472	\$ 93,361,472	\$ -	\$ -	\$ -
Commercial Paper	A1+/P1	13,918,736	13,918,736	-	-	-
Commercial Paper	A1/P1	63,863,548	63,863,548	-	-	-
Corporate Bonds	A1+/P1	13,797,394	13,797,394	-	-	-
Corporate Bonds	A1/P1	56,352,912	56,352,912	-	-	-
Corporate Bonds	A1/NA	7,869,304	7,869,304	-	-	-
Total Investments at Fair Value		<u>\$ 249,163,366</u>	<u>\$ 249,163,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments Held in Other Postemployment Benefit Trust

The following investments are held within the other postemployment benefit trust. The funds are invested in accordance with the investment policy adopted by the District for the OPEB Trust. State statute does not limit the allowable investments for OPEB trust assets.

The credit ratings and maturities of the OPEB trust investments measured at fair value and amortized cost at June 30, 2025, are as follows:

	Credit Rating	Fair Value	Maturity Duration in Years				No Maturities
			< 1	1 - 5	6 -10	>10	
U.S. Treasuries with Maturities at							
Purchase of Greater Than 1 Year	N/A	\$ 17,250,051	\$ 245,683	\$ 1,813,134	\$ 4,311,565	\$ 10,879,669	\$ -
Mortgage Backed Securities	AAA	1,967,780	-	1,235,689	-	732,091	-
Corporate Bonds	AAA/AA+	300,906	-	-	300,906	-	-
Corporate Bonds	AA3/AA-	1,188,261	-	417,999	307,617	462,645	-
Corporate Bonds	AA3/A	204,724	-	-	204,724	-	-
Corporate Bonds	AA2/AA-	291,612	-	291,612	-	-	-
Corporate Bonds	A3/A-	803,262	-	299,433	503,829	-	-
Corporate Bonds	A3/BBB+	244,808	-	244,808	-	-	-
Corporate Bonds	A2/A+	424,737	-	424,737	-	-	-
Corporate Bonds	A2/A	602,332	-	-	456,437	145,895	-
Corporate Bonds	A2/A-	292,812	292,812	-	-	-	-
Corporate Bonds	A2/BBB+	292,761	-	292,761	-	-	-
Corporate Bonds	A1/A+	249,900	249,900	-	-	-	-
Corporate Bonds	A1/A	964,989	-	-	357,865	607,124	-
Corporate Bonds	A1/A-	664,470	-	434,333	-	230,137	-
Corporate Bonds	BAA3/BBB	480,150	-	-	255,653	224,497	-
Corporate Bonds	BAA2/BBB	1,381,405	372,570	248,645	760,190	-	-
Corporate Bonds	BAA1/BBB+	1,448,635	-	752,269	-	696,366	-
Corporate Bonds	BAA1/BBB	447,426	-	-	447,426	-	-
Equities	N/A	31,623,113	-	-	-	-	31,623,113
Real Estate Investment Trusts	N/A	100,179	-	-	-	-	100,179
Real Asset Funds	N/A	2,897,276	-	-	-	-	2,897,276
Total		\$ 64,121,589	\$ 1,160,965	\$ 6,455,420	\$ 7,906,212	\$ 13,978,424	\$ 34,620,568
		<u>Amortized Cost</u>					
Money Markets	N/A	\$ 1,407,657					

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 - Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets of the District measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 93,361,472	\$ -	\$ -	\$ 93,361,472
Corporate Bonds	78,019,610	-	-	78,019,610
Equities	<u>77,782,284</u>	<u>-</u>	<u>-</u>	<u>77,782,284</u>
Total	<u>\$ 249,163,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,163,366</u>
Investments Measured at Amortized Cost				<u>190,745,459</u>
				<u>\$ 439,908,825</u>

Assets of the OPEB Trust measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 17,250,051	\$ -	\$ -	\$ 17,250,051
Mortgage Backed Securities	1,967,780	-	-	1,967,780
Corporate Bonds	10,283,190	-	-	10,283,190
Equities	31,623,113	-	-	31,623,113
Real Estate Investment Trusts (REITs)	-	100,179	-	100,179
Real Asset Funds	<u>-</u>	<u>2,897,276</u>	<u>-</u>	<u>2,897,276</u>
Total	<u>\$ 61,124,134</u>	<u>\$ 2,997,455</u>	<u>\$ -</u>	<u>\$ 64,121,589</u>
Investments Measured at Amortized Cost				<u>1,407,657</u>
				<u>\$ 65,529,246</u>

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

Cash and Cash Equivalents - Statement of Net Position	\$ 492,417,264
Cash with Fiscal Agent - Statement of Net Position	710,446
Cash and Cash Equivalents - Fiduciary Fund	<u>65,529,246</u>
	<u><u>\$ 558,656,956</u></u>

Note 4 - Due from Other Governmental Units

Amounts receivable from other governments as of June 30, 2025, include:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Major Funds				
General	\$ 1,929,997	\$ 42,706,041	\$ 941,963	\$ 45,578,001
Food service	1,306,797	1,803,829	-	3,110,626
Community service	28,456	491,610	9,976	530,042
Debt service	-	32,692	165,245	197,937
	<u>\$ 3,265,250</u>	<u>\$ 45,034,172</u>	<u>\$ 1,117,184</u>	<u>\$ 49,416,606</u>

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 11,966,353	\$ 7,659,479	\$ -	\$ 19,625,832
Construction in progress	19,320,956	102,906,162	20,697,714	101,529,404
Total capital assets, not being depreciated	<u>31,287,309</u>	<u>110,565,641</u>	<u>20,697,714</u>	<u>121,155,236</u>
Capital Assets Being Depreciated/Amortized				
Buildings and improvements	514,188,125	12,405,886	3,216,023	523,377,988
Furniture and equipment	72,268,168	14,782,605	2,147,103	84,903,670
Land improvements	20,949,724	2,052,803	-	23,002,527
Right-to-use leased assets	1,553,517	378,233	288,212	1,643,538
Right-to-use subscription IT assets	16,544,761	5,057,085	5,704,604	15,897,242
Total capital assets being depreciated/amortized	<u>625,504,295</u>	<u>34,676,612</u>	<u>11,355,942</u>	<u>648,824,965</u>
Less Accumulated Depreciation/Amortization for				
Buildings and improvements	252,219,109	13,048,668	2,676,625	262,591,152
Furniture and equipment	52,069,802	4,809,087	2,140,151	54,738,738
Land improvements	12,713,014	598,545	-	13,311,559
Right-to-use leased assets	725,397	328,727	288,211	765,913
Right-to-use subscription IT assets	5,989,922	3,331,267	2,911,990	6,409,199
Total accumulated depreciation/amortization	<u>323,717,244</u>	<u>22,116,294</u>	<u>8,016,977</u>	<u>337,816,561</u>
Net capital assets, depreciated/amortized	<u>301,787,051</u>	<u>12,560,318</u>	<u>3,338,965</u>	<u>311,008,404</u>
Total capital assets, net	<u>\$ 333,074,360</u>	<u>\$ 123,125,959</u>	<u>\$ 24,036,679</u>	<u>\$ 432,163,640</u>

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

Administration	\$ 24,012
District support services	745,520
Regular instruction	5,351,708
Vocational education instruction	250
Special education instruction	40,700
Pupil support services	1,794,249
Sites and buildings	<u>14,159,855</u>
Total depreciation/amortization expense	<u>\$ 22,116,294</u>

Note 6 - Leases**Lease Receivables**

The District has accrued a receivable for leases of certain real property under long-term, noncancelable lease agreements. The remaining receivable for these leases was \$1,031,024 for the year ended June 30, 2025. Deferred inflows related to these leases were \$946,114 as of June 30, 2025. Interest revenue recognized on these leases was \$28,390 for the year ended June 30, 2025. Principal receipts of \$66,262 were recognized during the fiscal year. The interest rate on the leases was 2.40%. Final receipt is expected in fiscal year 2039.

Total future minimum lease payments to be received under lease agreements are as follows:

Years Ending June 30,	Long-Term Lease Receivable	
	Principal	Interest
2026	\$ 68,435	\$ 23,929
2027	72,505	22,269
2028	66,227	20,571
2029	57,893	19,311
2030	60,769	17,922
2031 - 2035	346,230	66,404
2036 - 2039	358,965	20,855
	<u>\$ 1,031,024</u>	<u>\$ 191,261</u>

Leases Payable

The District has entered into various lease agreements for office technology equipment, vehicles, and fiber optic cables. The District is required to make principal and interest payments through fiscal year 2032. Lease payments are made from the general and community service funds. The lease liability was valued using discount rates of 2.40%-4.99%. For lease agreements with no stated interest rate, the District's incremental borrowing rate was used. Payments of principal and interest for the leases are made from the General, Food Service, and Community Service Funds.

The future principal and interest lease payments as of June 30, 2025, were as follows:

Years Ending June 30,	Principal	Interest
2026	\$ 346,295	\$ 21,028
2027	336,782	14,724
2028	266,727	9,196
2029	35,953	577
2030	3,923	299
2031 - 2032	5,949	359
	\$ 995,629	\$ 46,183

Note 7 - Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into various SBITA contracts for the use of various educational and administrative software and online subscriptions. The District is required to make principal and interest payments through fiscal year 2030. The subscription liability was valued using a discount rate of 2.5% based on the District's incremental borrowing rate at the inception of the subscriptions. Payments of principal and interest for the SBITAs are made from the General, Food Service, and Building Construction Fund.

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30,	Principal	Interest
2026	\$ 2,045,159	\$ 184,769
2027	2,315,655	113,659
2028	1,382,050	56,949
2029	660,435	22,398
2030	125,572	5,887
	\$ 6,528,871	\$ 383,662

Note 8 - Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2025 are as follows:

	Balance July 1, 2024, as restated	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Bonds Payable	\$ 372,305,000	\$ -	\$ 13,595,000	\$ 358,710,000	\$ 19,320,000
Unamortized Bond Premium	18,027,908	-	2,458,091	15,569,817	2,458,090
Certificates of Participation	26,815,000	-	3,445,000	23,370,000	3,565,000
Financed Purchases Payable	3,232,106	-	816,217	2,415,889	699,838
Leases	978,777	378,233	361,381	995,629	346,295
Subscription Liabilities	8,839,263	5,057,085	7,367,477	6,528,871	2,045,159
Arbitrage Rebate Liability	4,338,099	2,512,659	-	6,850,758	-
Compensated Absences*	49,758,044	3,252,718	-	53,010,762	34,230,263
Severance Benefits Payable*	11,109,339	-	1,934,118	9,175,221	1,440,937
	<u>\$ 495,403,536</u>	<u>\$ 11,200,695</u>	<u>\$ 29,977,284</u>	<u>\$ 476,626,947</u>	<u>\$ 64,105,582</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

Bonds Payable

Following is a summary of bonds payable as of June 30, 2025:

Bond Description	Final Maturity	Interest Rate	Original Principal	Outstanding Balance
General Obligation School Building Bonds, Series 2016A	2030	1.00-5.00%	\$ 112,150,000	\$ 58,710,000
General Obligation Facilities Maintenance and School Building Bonds, Series 2023A	2044	4.00-5.00%	300,000,000	<u>300,000,000</u>
				<u>\$ 358,710,000</u>

These bonds were issued to finance the acquisition and/or construction of capital facilities and 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 and notes. The annual future debt service levies authorized equal 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law. Bond principal and interest payments are made by the debt service fund.

Certificates of Participation

Following is a summary of certificates of participation as of June 30, 2025:

<u>Certification of Participation Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Balance</u>
Certificates of Participation, Series 2010A	2026	2.00 - 3.38%	\$ 2,705,000	\$ 220,000
Certificates of Participation, Series 2013B	2029	2.00 - 4.00%	13,710,000	4,270,000
Certificates of Participation, Series 2020A	2030	2.00 - 4.00%	8,960,000	4,850,000
Certificates of Participation, Series 2021A	2031	1.20 - 3.00%	9,005,000	5,700,000
Certificates of Participation, Series 2022B	2037	3.00 - 5.00%	9,775,000	<u>8,330,000</u>
				<u>\$ 23,370,000</u>

The District issued certificates of participation of \$2,705,000 in October 2010 to finance the purchase and renovation of a building. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 3.38%) for 15 years, maturing in April 2026. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$13,710,000 in December 2013 to finance the construction of a new Early Childhood/Adult Education facility. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 4.0%) for 15 years, maturing in February 2029. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$8,960,000 in May 2020 to finance the construction of artificial turf athletic fields at Eagan and Rosemount High Schools. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 2.0% to 4.0%) for 10 years, maturing in February 2030. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$9,005,000 in March 2021 to finance the construction of artificial turf athletic fields at Apple Valley and Eastview High Schools. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 1.2% to 3.0%) for 10 years, maturing in April 2031. These certificates are being repaid from the General Fund.

The District issued certificates of participation of \$9,775,000 in March 2022 to finance the acquisition of an existing facility to provide instructional services for early childhood students and an alternative learning center site. This debt requires semiannual principal and interest payments of varying amounts (at rates ranging from 3.0% to 5.0%) for 15 years, maturing in April 2037. These certificates are being repaid from the General Fund.

Financed Purchases Payable

The District has purchased various assets through financed purchase agreements. Annual principal and interest on these arrangements is paid from the General Fund.

Following is a summary of direct borrowing payable as of June 30, 2025:

Direct Borrowing Description	Final Maturity	Original Principal	Outstanding Balance
ALC, Transition Plus, Pathways Building	2027	\$ 5,028,875	\$ 803,404
Parkview Additions	2030	4,200,000	1,612,485
			\$ 2,415,889

Remaining principal and interest payments on long-term debt are as follows:

Years Ending June 30,	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2026	\$ 19,320,000	\$ 15,583,400	\$ 3,565,000	\$ 742,313
2027	12,775,000	14,617,400	3,475,000	609,363
2028	13,365,000	13,978,650	3,605,000	476,425
2029	14,425,000	13,428,600	3,725,000	355,325
2030	16,360,000	12,953,150	2,665,000	247,235
2031-2035	90,465,000	53,243,000	4,690,000	607,030
2036-2040	99,285,000	30,932,200	1,645,000	74,400
2041-2044	92,715,000	9,362,400	-	-
	\$ 358,710,000	\$ 164,098,800	\$ 23,370,000	\$ 3,112,091

Years Ending June 30,	Financed Purchases Payable		Total	
	Principal	Interest	Principal	Interest
2026	\$ 699,838	\$ 64,679	\$ 23,584,838	\$ 16,390,392
2027	720,679	43,837	16,970,679	15,270,600
2028	322,380	26,990	17,292,380	14,482,065
2029	331,906	17,463	18,481,906	13,801,388
2030	341,086	7,543	19,366,086	13,207,928
2031-2035	-	-	95,155,000	53,850,030
2036-2039	-	-	100,930,000	31,006,600
2041-2044	-	-	92,715,000	9,362,400
	\$ 2,415,889	\$ 160,512	\$ 384,495,889	\$ 167,371,403

Leases

The District leases office technology equipment, vehicles, and fiber optic cables for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2032. See Note 6 for further information.

Subscription Liabilities

The District has contracts for the use of software and online subscriptions that expire at various dates through 2030. See Note 7 for further information.

Arbitrage Rebate Liability

The District has performed an arbitrage rebate and yield restriction compliance computation for the proceeds of the General Obligation Facilities Maintenance and School Building Bonds, Series 2023A, resulting in an arbitrage rebate liability as of June 30, 2025. Payment for the accrued liability will be due during fiscal year 2029 from the debt service fund.

Compensated Absences

Compensated absences payable consists of estimated future use of sick leave and accumulated vacation benefits as discussed in Note 1.

Severance Benefits Payable

Severance benefits payable consists of vested severance balances as discussed in Note 1.

Note 9 - Self-Insurance

The District is self-insured with respect to health and dental insurance costs. Terms of the plan include a stop-loss provision, which limits the District's liability. The following is the activity for the year ended June 30, 2025:

Claims incurred but not reported at beginning of year	\$ 4,904,740
Claims incurred	81,929,264
Claims paid	<u>(81,321,328)</u>
Claims incurred but not reported at end of year	<u>\$ 5,512,676</u>

Note 10 - Other Post-Employment Benefits

A. Plan Description

The District operates and administers a single employer defined benefit other postemployment benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District’s self-insured health insurance plan. Benefit and eligibility provisions are established through contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report.

Plan membership as of the July 1, 2024 valuation date is as follows:

Inactive employees or beneficiaries currently receiving benefit payments	175
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	3,856
	<u>4,031</u>

B. Benefits Provided

The District is legally required to include any retirees from whom it provides health insurance coverage in the same insurance pool as its active employees, 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.

Retirees of the District who have reached age 55 and 3 years of service for superintendent, directors/cabinet, principals, administrators, assistant administrators, and teachers or 5 years of service for all other employees have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. All retirees must have reached age 55 with 3 years of service. Retirees have access to medical insurance with monthly blended premiums of \$919 for single and \$2,046 for employee +1 coverage. Retiring superintendent, directors/cabinet, and principals have access to dental insurance with monthly blended premium of \$48 for single and \$128 for family coverage until Medicare eligibility. Retiring superintendent, directors/cabinet, principals, administrators and assistant administrators have access to life insurance with a blended premium per thousand per month of \$0.059 to age 70.

Certain contract groups are eligible for subsidized benefits as follows:

Superintendent and Directors/Cabinet –For retirees reaching age 55 with 10 years of service, the District will provide full medical and dental premium coverage until Medicare eligibility for the retiree and his/her spouse.

Principal – For retirees reaching age 55 with 15 years of service and 5 years as a principal, the District will provide medical insurance contribution same as actives plus \$50 per month until Medicare eligibility, dental insurance contribution same as actives until Medicare eligibility, and, for those retiring prior to July 1, 2022, the full cost of term life insurance up to the salary amount at termination through age 65. Board contribution as of the July 1, 2024 valuation is up to \$928 (\$1,002 effective July 1, 2025) per month for single coverage and \$2,060 (\$2,225 effective July 1, 2025) towards employee + 1 premium for medical insurance.

Administrators and Assistant Administrators – For retirees reaching age 55 with 15 years of service, the District will provide up to \$2,218 per month for those retiring after June 30, 2024, and \$2,385, per month for those retiring after June 30, 2025, toward medical and dental insurance premiums until Medicare eligibility.

Teachers– For retirees reaching age 55 with 15 years of service or 30 years of service with no age requirement, the District will make a lump-sum contribution to the employee’s health care savings plan equal to 25 days of pay multiplied by their daily rate of pay at retirement, plus an additional \$12,000 (\$6,000 for those on job share), less any matching contributions made by the District to the retiree’s 403(b) plan over the course of that individual’s employment, to the extent that such 403(b) contributions exceed any severance (as described earlier in these notes) earned by the individual.

C. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District’s investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. Contribution requirements are also established through contractual agreements with employee groups. The eligibility for, amount of, duration of, and District’s contribution to the cost of the benefits provided varies by contract and date of retirement.

D. Net OPEB Asset

The District’s net OPEB asset of \$6,112,116 was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2024.

E. Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Service graded table
Discount Rate	5.40 percent
Investment Rate of Return	5.60 percent, net of OPEB plan investment expenses
Healthcare Cost Trend Rates	6.25 percent, grading to 5.00 percent over 5 years then to 4.00 percent over the next 48 years
Retiree Plan Participation	
Pre-65 subsidy available	
Teachers	45%
All others	100%
Pre-65 subsidy not available	45%
Percent of Married Retirees Electing Spouse Coverage	
Spouse subsidy available	100%
Spouse subsidy not available	
Males	25%
Females	15%

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 July 1, 2024 valuation were based on inputs from a variety of published sources of historical and projected future financial data. The salary scales used to value GASB 74/75 liabilities are similar to the tables used to value pension liabilities for Minnesota school district employees. The rates for TRA eligible employees are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption. The retirement and withdrawal assumptions used to value GASB 74/75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The rates are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Plan Provisions

- The Teachers' employer contributions to the Tax-Deferred Matching Plan were updated. Note: The matching contributions are not included in the GASB 75 liabilities in this report, but they are used to offset GASB 75 subsidized benefits.
- The District no longer pays life insurance premiums for Principals retiring after 7/1/2022.

Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.90% to 5.40%.

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

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Fixed Income	40%	2.00%
Domestic Equity	20%	8.00%
International Equity	20%	8.00%
Real Estate	10%	8.00%
Other	10%	8.00%
	100%	

F. Discount Rate

The discount rate used to measure the total OPEB liability was 5.40%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2024	\$ 62,076,919	\$ 56,953,041	\$ 5,123,878
Changes from the Prior Year			
Service Cost	3,822,211	-	3,822,211
Interest Cost	3,115,245	-	3,115,245
Assumption Changes	(906,044)	-	(906,044)
Plan Changes	(29,027)	-	(29,027)
Employer Contributions	-	4,701,642	(4,701,642)
Projected Investment Return	-	3,368,880	(3,368,880)
Difference between Expected and Actual Experience	(3,960,532)	2,001,793	(5,962,325)
Other adjustments	-	3,205,532	(3,205,532)
Benefit Payments	(4,701,642)	(4,701,642)	-
Total Net Changes	<u>(2,659,789)</u>	<u>8,576,205</u>	<u>(11,235,994)</u>
Balances at June 30, 2025	<u>\$ 59,417,130</u>	<u>\$ 65,529,246</u>	<u>\$ (6,112,116)</u>

The measurement date of the net OPEB asset was June 30, 2025; the date of the actuarial valuation on which the total OPEB liability is based was July 1, 2024.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in the District's net OPEB liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multiple year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

H. Sensitivity of the Net OPEB Liability (Asset) to Changes in Discount Rate and the Healthcare Cost Trend Rates

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount Rate	4.40%	5.40%	6.40%
Net OPEB Liability (Asset)	\$ (2,395,820)	\$ (6,112,116)	\$ (9,633,959)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate one percentage point lower and one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Medical Trend Rate	5.25%, decreasing to 4.00% over 5 years then to 3.00% over the next 48 years	6.25%, decreasing to 5.00% over 5 years then to 4.00% over the next 48 years	7.25%, decreasing to 6.00% over 5 years then to 5.00% over the next 48 years
Net OPEB Liability (Asset)	\$ (10,265,408)	\$ (6,112,116)	\$ (1,291,374)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$3,386,854. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Gains	\$ -	\$ 8,431,852
Assumption Changes	2,916,728	1,978,654
Investment Gains	-	779,101
	<u>\$ 2,916,728</u>	<u>\$ 11,189,607</u>

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

<u>Years Ended June 30,</u>	<u>OPEB Expense Amount</u>
2026	\$ 277,674
2027	(1,643,720)
2028	(1,798,734)
2029	(1,445,960)
2030	(1,045,591)
Thereafter	(2,616,548)

J. OPEB Plan Fiduciary Plan

Detailed information about the OPEB plan’s fiduciary net position is available in a separately issued OPEB financial report.

Note 11 - Defined Benefit Pension Plans

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees’ Retirement Association (PERA) or the Teachers’ Retirement Association (TRA), both of which are administered on a state-wide basis.

For the year ended June 30, 2025, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	<u>Deferred Outflows of Resources</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense (Income)</u>
PERA	\$ 9,235,497	\$ 29,387,063	\$ 19,497,775	\$ 1,607,332
TRA	<u>62,918,015</u>	<u>218,772,918</u>	<u>60,521,368</u>	<u>15,399,870</u>
Total all plans	<u>\$ 72,153,512</u>	<u>\$ 248,159,981</u>	<u>\$ 80,019,143</u>	<u>\$ 17,007,202</u>

Disclosures relating to these plans are as follows:

Public Employees Retirement Association (PERA)

A. Plan Descriptions

The District participates in the General Employees Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines the plan's financial reporting requirements. The General Employees Retirement Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

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

B. Benefits Provided

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

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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 prorated increase.

C. Contribution Rate

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

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$5,301,051. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At June 30, 2025, the District reported a liability of \$29,387,063 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$759,889.

District's proportionate share of net pension liability	\$ 29,387,063
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>759,889</u>
Total	<u><u>\$ 30,146,952</u></u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.7949 percent at the end of the measurement period and 0.7874 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$1,607,332 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$20,372 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,352,077 for the year ended June 30, 2025, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,758,199	\$ -
Changes in actuarial assumptions	145,137	11,045,836
Net difference between projected and actual earnings on pension plan investments	-	7,790,616
Changes in proportion	1,031,110	661,323
Contributions paid to PERA subsequent to the measurement date	<u>5,301,051</u>	<u>-</u>
Total	<u>\$ 9,235,497</u>	<u>\$ 19,497,775</u>

The \$5,301,051 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (8,110,033)
2027	(1,714,409)
2028	(3,486,544)
2029	(2,252,343)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%
Total	100.0%	

F. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan.

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

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

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

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

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 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 General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	General Employees Fund	
1% Lower	6.00%	\$ 64,186,077
Current Discount Rate	7.00%	\$ 29,387,063
1% Higher	8.00%	\$ 761,702

I. Pension Plan Fiduciary Net Position

Detailed information about the pension 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.

Teachers Retirement Association (TRA)**A. Plan Descriptions**

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, 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 schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

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

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

Tier I Benefits

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

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.) 3 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).

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

or

Tier II Benefits

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

Six different types of annuities are available to members upon retirement. The No Refund 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. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$20,924,106. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Experience Studies	August 2, 2023 (demographic and economic assumptions)*
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumptions	
Pre-retirement	PubT-2010 (A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Healthy Retirees	PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	PubT-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

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

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

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	4.36%
International Equity	16.5%	5.28%
Private Markets	20.0%	6.70%
Fixed Income	25.0%	2.03%
Unallocated Cash	5.0%	2.92%
	100.0%	

Changes in actuarial assumptions since the 2023 valuation

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

E. Discount Rate

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

F. Net Pension Liability

On June 30, 2025, the District reported a liability of \$218,772,918 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 3.4429 percent at the end of the measurement period and 3.4262 percent for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 218,772,918
State's proportionate share of the net pension liability associated with the District	<u>14,308,485</u>
Total	<u><u>\$ 233,081,403</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$15,399,870. It also recognized \$175,037 as a decrease to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$6,605,240 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,357,877	\$ 2,790,814
Net difference between projected and actual investment earnings on pension plan investments	-	29,960,096
Changes of assumptions	21,059,621	26,089,263
Changes in proportion	10,576,411	1,681,195
District's contributions to TRA subsequent to the measurement date	<u>20,924,106</u>	<u>-</u>
Total	<u>\$ 62,918,015</u>	<u>\$ 60,521,368</u>

The \$20,924,106 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (11,232,555)
2027	22,436,518
2028	(13,723,053)
2029	(12,760,729)
2030	(3,247,640)

G. Pension Liability Sensitivity

The following presents the District’s proportionate share of the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate.

Sensitivity of Net Pension Liability (NPL) to Changes in the Discount Rate		
1% decrease (6.00%)	Current (7.00%)	1% increase (8.00%)
\$ 385,271,906	\$ 218,772,918	\$ 81,740,299

H. Pension Plan Fiduciary Net Position

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

Note 12 - Interfund Transfers

The District had the following interfund transfers:

Transfer In	Amount	Transfer Out	Amount
Community Service	\$ 152,468	General Fund	\$ 152,468

The District transferred \$152,468 to the Community Service Fund to fund a shortfall in preschool screening.

Note 13 - Fund Balance and Net Position

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

Restricted and Assigned fund balances at year-end are as follows:

Restricted for Student Activities - Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Capital Projects Levy - Represents available resources dedicated for capital projects.

Restricted for Literacy Incentive Aid – Represents the amount of school funding dedicated to aiding schools to increase testing results in third and fourth grade.

Restricted for Operating Capital - The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

Restricted for Community Education - Represents accumulated resources available to provide general community education programming.

Restricted for Early Childhood and Family Education Programs - Represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness - Represents accumulated resources available to provide school readiness programming.

Restricted for Adult Basic Education - Represents available resources available for activities involving Adult Basic Education.

Restricted for Teacher Compensation for READ Act Training - Represents available resources available for teacher compensation for READ Act training.

Restricted for Long-Term Facility Maintenance - Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.

Restricted for Student Support Personnel – Represents state aids available for increasing FTEs of licensed school counselors, psychologists, social workers, and nurses.

Restricted for Medical Assistance - Represents resources available to be used for Medical Assistance expenditures.

Assigned for Site Carryover - Represents dollars assigned for unspent site supply allocations.

Assigned for Subsequent Year Budget Deficit - Represents dollars assigned to fund budgeted deficits in the subsequent year.

Assigned for Miscellaneous Budget Carryover – Represents dollars assigned for miscellaneous carryovers.

Restricted for Community Service – Represents available resources available for the community service fund.

Restricted for Food Service – Represents available resources for the food service fund.

Restricted for Building Construction – Represents available resources for the building construction fund.

Restricted for Debt Service – Represents available resources for the debt service fund.

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2025:

	General	Food Service	Community Service	Building Construction	Debt Service	Totals
Nonspendable						
Inventories	\$ 984,555	\$ 541,298	\$ -	\$ -	\$ -	\$ 1,525,853
Prepaid items	213,538	-	500	2,492	-	216,530
Total nonspendable	1,198,093	541,298	500	2,492	-	1,742,383
Restricted						
Student activities	328,406	-	-	-	-	328,406
Capital projects levy	7,069,601	-	-	-	-	7,069,601
Literacy incentive aid	2,674,049	-	-	-	-	2,674,049
Operating capital	6,988,044	-	-	-	-	6,988,044
Community education	-	-	1,416,654	-	-	1,416,654
Early childhood and family education	-	-	1,197,426	-	-	1,197,426
School readiness	-	-	1,556,493	-	-	1,556,493
Adult basic education	-	-	564,899	-	-	564,899
Teacher comp READ Act	420,964	-	-	-	-	420,964
Food service	-	10,998,248	-	-	-	10,998,248
Community service	-	-	55,587	-	-	55,587
Capital projects	-	-	-	195,030,237	-	195,030,237
Debt service	-	-	-	-	9,258,597	9,258,597
Long-term facilities maintenance	2,705,813	-	-	20,742,791	-	23,448,604
Student support personnel	498,469	-	-	-	-	498,469
Medical assistance	1,097,164	-	-	-	-	1,097,164
Total restricted	21,782,510	10,998,248	4,791,059	215,773,028	9,258,597	262,603,442
Assigned						
Site operating budget carryover	10,109,864	-	-	-	-	10,109,864
Subsequent year budget deficit	4,753,029	-	-	-	-	4,753,029
Site miscellaneous budget carryover	4,511,237	-	-	-	-	4,511,237
Total assigned	19,374,130	-	-	-	-	19,374,130
Unassigned						
	76,238,975	-	-	-	-	76,238,975
Total fund balance	\$ 118,593,708	\$ 11,539,546	\$ 4,791,559	\$ 215,775,520	\$ 9,258,597	\$ 359,958,930

On the statement of net position, the District presents net position representing the District's net investment in capital assets. This amount is calculated as follows:

Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 432,163,640
Unexpended Bond Proceeds	235,910,760
Bonds Payable at June 30	(358,710,000)
Certificates of Participation at June 30	(23,370,000)
Financed Purchase Payable at June 30	(2,415,889)
Leases at June 30	(995,629)
Subscription Liabilities at June 30	(6,528,871)
Unamortized Bond Premium at June 30	(15,569,817)
Arbitrage Rebate Liability at June 30	(6,850,758)
Construction Contracts Payable	(19,879,882)
Net Investment in Capital Assets	\$ 233,753,554

Note 14 - Change in Accounting Principle

As of July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences liability was increased by \$46,088,914 as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	July 1, 2024, As Previously Reported	Change in Accounting Principle	July 1, 2024, As Restated
Government-Wide			
Governmental Activities	<u>\$ 69,403,889</u>	<u>\$ (46,088,914)</u>	<u>\$ 23,314,975</u>

Note 15 - Flexible Benefit Plan

The District offers its employees a flexible benefit plan which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC (which includes pretax insurance premiums, unreimbursed medical expenses, and dependent care expenses). 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. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, 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 medical reimbursement portion of the Plan, whether or not such contributions have been made.

The Plan is being administered by an independent contract administrator. The unreimbursed medical expense and dependent care expense portions of the Plan were recorded in the Employee Benefit Trust Fund. However, the health insurance premium reimbursements were accounted for in the District’s operating 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 of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Note 16 - Commitments and Contingencies**Federal and State Revenue**

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.

Construction Commitments

The District has active construction projects as of June 30, 2025. The projects include AVHS window rehabilitation, District hardscape projects, District carpeting projects, HL/SHMS ceiling renovations, AVHS roof rehab, Elementary #20 construction, and Dakota Ridge addition with construction costs of \$101,529,404 reported as construction in progress with remaining commitments of \$300,155,367 as of June 30, 2025. Projects are expected to be completed through Fall of 2027.

Litigation and Potential Exposure

In the ordinary course of its operations, the District is party to legal proceedings as a plaintiff or defendant. The financial impact of remaining actions is not determinable at June 30, 2025, but, in the opinion of management and legal counsel, the ultimate disposition of any or all of these proceedings will not have a material effect on the District's financial position.

Required Supplementary Information
June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196

Rosemount-Apple Valley-Eagan ISD 196
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
June 30, 2025

Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 3,822,211	\$ 3,879,351	\$ 3,878,225	\$ 3,588,552	\$ 3,150,709	\$ 3,167,572	\$ 3,075,313	\$ 2,665,745
Interest	3,115,245	2,908,809	3,046,738	3,131,848	2,929,263	2,810,239	2,847,687	2,777,088
Assumption Changes	(906,044)	(593,888)	2,020,290	1,917,624	(1,376,215)	-	1,583,799	-
Plan Changes	(29,027)	-	(420,502)	-	(183,686)	-	(179,505)	-
Differences Between Expected and Actual Experience	(3,960,532)	-	(5,437,880)	-	(2,119,363)	-	(5,324)	-
Benefit Payments	(4,701,642)	(4,206,800)	(2,564,399)	(2,778,866)	(3,701,408)	(3,643,391)	(4,783,071)	(4,405,513)
Net Change in Total OPEB Liability	(2,659,789)	1,987,472	522,472	5,859,158	(1,300,700)	2,334,420	2,538,899	1,037,320
Total OPEB Liability - Beginning	62,076,919	60,089,447	59,566,975	53,707,817	55,008,517	52,674,097	50,135,198	49,097,878
Total OPEB Liability - Ending (a)	<u>\$ 59,417,130</u>	<u>\$ 62,076,919</u>	<u>\$ 60,089,447</u>	<u>\$ 59,566,975</u>	<u>\$ 53,707,817</u>	<u>\$ 55,008,517</u>	<u>\$ 52,674,097</u>	<u>\$ 50,135,198</u>
Plan Fiduciary Net Position								
Contributions-Employer	\$ 4,701,642	\$ 1,206,800	\$ -	\$ -	\$ -	\$ 3,643,391	\$ 2,283,071	\$ 58,362,417
Projected Investment Return	3,368,880	4,849,665	3,052,738	(6,059,314)	9,663,992	2,903,606	3,028,266	-
Differences Between Expected and Actual Experience	2,001,793	-	101,857	-	-	-	-	-
Benefit Payments	(4,701,642)	(4,206,800)	(2,564,399)	(2,778,866)	(3,701,408)	(3,643,391)	(4,783,071)	(4,405,513)
Other Changes	3,205,532	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,576,205	1,849,665	590,196	(8,838,180)	5,962,584	2,903,606	528,266	53,956,904
Total Fiduciary Net Position - Beginning	56,953,041	55,103,376	54,513,180	63,351,360	57,388,776	54,485,170	53,956,904	-
Total Fiduciary Net Position - Ending (b)	<u>\$ 65,529,246</u>	<u>\$ 56,953,041</u>	<u>\$ 55,103,376</u>	<u>\$ 54,513,180</u>	<u>\$ 63,351,360</u>	<u>\$ 57,388,776</u>	<u>\$ 54,485,170</u>	<u>\$ 53,956,904</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ (6,112,116)</u>	<u>\$ 5,123,878</u>	<u>\$ 4,986,071</u>	<u>\$ 5,053,795</u>	<u>\$ (9,643,543)</u>	<u>\$ (2,380,259)</u>	<u>\$ (1,811,073)</u>	<u>\$ (3,821,706)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.29%	91.75%	91.70%	91.52%	117.96%	104.33%	103.44%	107.62%
Covered Payroll	\$ 291,733,150	\$ 266,975,848	\$ 259,199,852	\$ 242,463,437	\$ 235,401,395	\$ 221,133,728	\$ 214,673,522	\$ 207,060,884
District's Net OPEB Liability as a Percentage of Covered Payroll	-2.10%	1.92%	1.92%	2.08%	-4.10%	-1.08%	-0.84%	-1.85%

*GASB Statements No. 74/75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Rosemount-Apple Valley-Eagan ISD 196
 Schedule of District OPEB Contributions
 June 30, 2025

**Schedule of District OPEB Contributions
 Last 10 Fiscal Years***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to The Actuarially Determined Contribution	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution Deficiency (Excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered Payroll	\$ 291,733,150	\$ 266,975,848	\$ 259,199,852	\$ 242,463,437	\$ 235,401,395	\$ 221,133,728	\$ 214,673,522	\$ 207,060,884
Contributions as A Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*GASB Statements No. 74/75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Rosemount-Apple Valley-Eagan ISD 196
Notes to the Schedule of Changes in the District's Net OPEB Liability and Related Ratios
and Schedule of District OPEB Contributions
June 30, 2025

<u>Valuation Date</u>	July 1, 2024
<u>Inflation</u>	2.50 percent
<u>Investment Rate of Return</u>	5.60 percent, net of investment expenses
<u>Discount Rate</u>	5.40 percent
<u>Healthcare Cost Trend Rates</u>	6.50% in 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.
<u>Mortality</u>	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
<u>Actuarial Cost Method</u>	Entry Age, level percentage of pay.
<u>Amortization Method</u>	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes. Closed five-year period for differences between expected and actual asset returns.

2025 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.90% to 5.40%.

Changes in Plan Provisions

- The Teachers' employer contributions to the Tax-Deferred Matching Plan were updated. Note: The matching contributions are not included in the GASB 75 liabilities in this report, but they are used to offset GASB 75 subsidized benefits.
- The District no longer pays life insurance premiums for Principals retiring after 7/1/2022.

2024 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 4.70% to 4.90%.

Changes in Plan Provisions

- None

2023 Changes

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, salary increase rates for non-teachers, withdrawal rates, and retirement rates were updated.
- The discount rate was changed from 4.90% to 4.70%.

Changes in Plan Provisions

- The employer contributions to the Tax-Deferred Matching Plan increased for Teachers. This benefit is not included in the GASB 75 liability, but it is used to offset the Teachers' health care savings plan lump sum under GASB 75.

2022 Changes

Changes in Actuarial Assumptions

- The expected long-term investment return was changed from 6.00% to 5.90%.
- The discount rate was changed from 2.80% to 4.00%.

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 4.00% to 6.00%.
- The discount rate was changed from 2.60% to 2.80%.

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The expected long-term investment return was changed from 4.30% to 4.00%.
- The discount rate was changed from 3.30% to 2.60%.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 5.20% to 4.30%.
- The discount rate was changed from 3.80% to 3.30%.

Changes in Plan Provisions

- The new superintendent does not have a subsidized post-employment benefit.

Rosemount-Apple Valley-Eagan ISD 196
Schedule of Employer's Share of Net Pension Liability
June 30, 2025

**Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years**

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability With District (b)	Total (d) (a+b)	Employer's Covered Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2015	0.7836%	\$ 40,610,219	N/A	\$ 40,610,219	\$ 46,021,245	88.2%	78.2%
PERA	6/30/2016	0.7610%	61,789,425	\$ 806,952	62,596,377	47,231,887	130.8%	68.9%
PERA	6/30/2017	0.7588%	48,441,291	609,138	49,050,429	48,849,901	99.2%	75.9%
PERA	6/30/2018	0.7609%	42,211,612	1,384,512	43,596,124	51,294,453	82.3%	79.5%
PERA	6/30/2019	0.7483%	41,371,831	1,285,874	42,657,705	52,812,080	78.3%	80.2%
PERA	6/30/2020	0.7648%	45,853,255	1,413,980	47,267,235	54,420,467	84.3%	79.1%
PERA	6/30/2021	0.7370%	31,473,202	961,118	32,434,320	52,020,160	60.5%	87.0%
PERA	6/30/2022	0.8041%	63,684,985	1,866,887	65,551,872	60,313,733	105.6%	76.7%
PERA	6/30/2023	0.7874%	44,030,526	1,213,760	45,244,286	59,007,394	74.6%	83.1%
PERA	6/30/2024	0.7949%	29,387,063	759,889	30,146,952	67,256,853	43.7%	89.1%
TRA	6/30/2015	3.1326%	\$ 193,782,291	\$ 23,768,953	\$ 217,551,244	\$ 159,010,347	121.9%	76.8%
TRA	6/30/2016	3.1503%	751,421,716	75,422,961	826,844,677	164,204,853	457.6%	44.9%
TRA	6/30/2017	3.1521%	629,216,339	60,824,265	690,040,604	169,205,267	371.9%	51.6%
TRA	6/30/2018	3.1910%	200,421,836	18,830,184	219,252,020	178,260,773	112.4%	78.1%
TRA	6/30/2019	3.3239%	211,866,085	18,749,509	230,615,594	188,698,314	112.3%	78.2%
TRA	6/30/2020	3.2245%	238,230,381	19,964,267	258,194,648	187,364,672	127.1%	75.5%
TRA	6/30/2021	3.2864%	143,822,690	12,129,930	155,952,620	196,644,649	73.1%	86.6%
TRA	6/30/2022	3.4011%	272,342,096	20,196,458	292,538,554	210,261,583	129.5%	76.2%
TRA	6/30/2023	3.4262%	282,874,747	19,814,975	302,689,722	217,844,234	129.9%	76.4%
TRA	6/30/2024	3.4429%	218,772,918	14,308,485	233,081,403	228,114,446	95.9%	82.1%

Rosemount-Apple Valley-Eagan ISD 196
 Schedule of Employer's Contributions
 June 30, 2025

**Schedule of Employer's Contributions
 Last 10 Fiscal Years**

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
PERA	6/30/2016	\$ 3,542,392	\$ 3,542,392	\$ -	\$ 47,231,887	7.5%
PERA	6/30/2017	3,663,743	3,663,743	-	48,849,901	7.5%
PERA	6/30/2018	3,847,084	3,847,084	-	51,294,453	7.5%
PERA	6/30/2019	3,960,906	3,960,906	-	52,812,080	7.5%
PERA	6/30/2020	4,081,535	4,081,535	-	54,420,467	7.5%
PERA	6/30/2021	3,901,512	3,901,512	-	52,020,160	7.5%
PERA	6/30/2022	4,523,530	4,523,530	-	60,313,733	7.5%
PERA	6/30/2023	4,425,555	4,425,555	-	59,007,394	7.5%
PERA	6/30/2024	5,044,264	5,044,264	-	67,256,853	7.5%
PERA	6/30/2025	5,301,051	5,301,051	-	70,680,680	7.5%
TRA	6/30/2016	\$ 12,315,364	\$ 12,315,364	\$ -	\$ 164,204,853	7.5%
TRA	6/30/2017	12,690,395	12,690,395	-	169,205,267	7.5%
TRA	6/30/2018	13,369,558	13,369,558	-	178,260,773	7.5%
TRA	6/30/2019	14,548,640	14,548,640	-	188,698,314	7.7%
TRA	6/30/2020	14,839,282	14,839,282	-	187,364,672	7.9%
TRA	6/30/2021	15,987,210	15,987,210	-	196,644,649	8.1%
TRA	6/30/2022	17,535,816	17,535,816	-	210,261,583	8.3%
TRA	6/30/2023	18,625,682	18,625,682	-	217,844,234	8.6%
TRA	6/30/2024	19,960,014	19,960,014	-	228,114,446	8.8%
TRA	6/30/2025	20,924,106	20,924,106	-	239,132,640	8.8%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

PERA

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 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.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement 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.

2017 Changes

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 non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement 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 changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement 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.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

TRA

2024 Changes

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

Changes in Plan Provisions

- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employer contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

2022 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending 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 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending 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 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

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

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes of benefit terms

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

Changes in Actuarial Assumptions

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

PERA's Comprehensive Annual Financial Report may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at <https://minnesotatra.org>.

Supplementary Information

June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Changes in UFARS Fund Balances

Year Ended June 30, 2025

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	\$ 1,155,880	\$ 42,213	\$ 1,198,093
Restricted for Student Activities	342,237	(13,831)	328,406
Restricted for Capital Projects Levy	3,169,400	3,900,201	7,069,601
Restricted for Literacy Incentive Aid	1,431,784	1,242,265	2,674,049
Restricted for Operating Capital	5,505,080	1,482,964	6,988,044
Restricted for Teacher Comp READ Act	-	420,964	420,964
Restricted for Long Term Facilities Maintenance	2,003,060	702,753	2,705,813
Restricted for Student Support Personnel	364,523	133,946	498,469
Restricted for Medical Assistance	2,643,363	(1,546,199)	1,097,164
Assigned for Site Operating Budget Carryover	8,628,839	1,481,025	10,109,864
Assigned for Subsequent Year Budget Deficit	13,372,975	(8,619,946)	4,753,029
Assigned for Site Miscellaneous Budget Carryover	4,394,905	116,332	4,511,237
Unassigned	<u>68,580,003</u>	<u>7,658,972</u>	<u>76,238,975</u>
	<u>\$ 111,592,049</u>	<u>\$ 7,001,659</u>	<u>\$ 118,593,708</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund
Balance Sheet
June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 178,795,856	\$ 172,945,669
Cash held with fiscal agent	188	188
Receivables		
Current property taxes	64,283,228	63,479,691
Delinquent property taxes	637,472	375,504
Accounts	272,979	679,773
Due from other governmental units	45,578,001	44,909,082
Leases	1,031,024	1,203,110
Prepaid items	213,538	264,756
Inventories	984,555	912,121
Total assets	\$ 291,796,841	\$ 284,769,894
Liabilities		
Accounts payable	\$ 3,822,706	\$ 3,924,845
Due to other governmental units	970,876	663,400
Salaries and benefits payable	51,444,829	48,432,073
Construction contracts payable	357,435	2,594,567
Unearned revenue	197,754	129,164
Total liabilities	56,793,600	55,744,049
Deferred Inflows of Resources		
Unavailable revenue-property taxes	637,472	375,504
Property taxes levied for subsequent year	114,825,947	115,932,066
Lease related	946,114	1,126,226
Total deferred inflows of resources	116,409,533	117,433,796
Fund Balance		
Nonspendable		
Prepaid items	213,538	264,756
Inventories	984,555	912,121
Restricted		
Student activities	328,406	342,237
Capital projects levy	7,069,601	3,169,400
Literacy incentive aid	2,674,049	1,431,784
Operating capital	6,988,044	5,505,080
Teacher comp READ act	420,964	-
Long-Term facility maintenance	2,705,813	2,003,060
Student support personnel	498,469	364,523
Medical assistance	1,097,164	2,643,363
Assigned		
Site operating budget carryover	10,109,864	8,628,839
Subsequent year budget deficit	4,753,029	13,372,975
Site miscellaneous budget carryover	4,511,237	4,394,905
Unassigned		
	76,238,975	68,559,006
Total fund balance	118,593,708	111,592,049
Total liabilities, deferred inflows of resources, and fund balance	\$ 291,796,841	\$ 284,769,894

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025			Variance With Final Budget	2024
	Original Budget	Final Budget	Actual		Actual
Revenues					
Local Sources					
Property taxes	\$ 120,407,512	\$ 120,407,512	\$ 120,593,203	\$ 185,691	\$ 115,365,814
Investment earnings	-	8,500,000	6,510,082	(1,989,918)	8,450,073
Other	7,783,851	11,343,096	12,139,500	796,404	12,982,750
State Sources	354,665,865	358,681,173	362,927,436	4,246,263	351,667,492
Federal Sources	10,378,125	10,985,610	10,244,030	(741,580)	17,638,833
Total Revenues	493,235,353	509,917,391	512,414,251	2,496,860	506,104,962
District and School Administration					
Salaries and wages	9,840,980	10,672,821	10,658,046	14,775	10,458,097
Employee benefits	3,880,956	3,981,452	4,418,937	(437,485)	4,026,578
Purchased services	364,419	788,616	249,447	539,169	421,738
Supplies and materials	317,794	1,138,336	156,848	981,488	186,054
Capital expenditures	53,346	177,495	153,634	23,861	66,178
Lease principal	-	-	13,201	(13,201)	12,014
Lease interest	-	-	1,015	(1,015)	1,304
Other expenditures	140,299	171,930	106,375	65,555	126,486
	<u>14,597,794</u>	<u>16,930,650</u>	<u>15,757,503</u>	<u>1,173,147</u>	<u>15,298,449</u>
District Support Services					
Salaries and wages	4,109,731	7,892,188	7,775,302	116,886	7,395,365
Employee benefits	4,050,687	4,242,045	5,439,407	(1,197,362)	4,702,107
Purchased services	689,759	4,243,867	3,364,953	878,914	3,727,251
Supplies and materials	588,913	897,119	731,022	166,097	535,977
Capital expenditures	2,023,282	196,500	3,726,745	(3,530,245)	5,592,405
Lease principal	2,550	2,675,782	2,063,592	612,190	1,486,378
Lease interest	(183,330)	2,550	81,488	(78,938)	82,226
Other expenditures	18,984,426	(187,830)	(489,038)	301,208	(450,293)
	<u>30,266,018</u>	<u>19,962,221</u>	<u>22,693,471</u>	<u>(2,731,250)</u>	<u>23,071,416</u>
Regular Instruction					
Salaries and wages	157,351,325	154,735,999	153,871,965	864,034	149,503,965
Employee benefits	53,316,290	50,306,077	52,133,563	(1,827,486)	51,136,735
Purchased services	8,272,101	10,587,523	12,987,725	(2,400,202)	11,622,029
Supplies and materials	5,780,552	10,063,243	5,681,073	4,382,170	6,489,159
Capital expenditures	1,650,450	3,789,691	2,475,992	1,313,699	3,017,004
Lease principal	1,620,184	1,793,184	1,573,450	219,734	3,571,797
Lease interest	-	-	80,532	(80,532)	164,610
Other expenditures	91,851	438,384	25,745	412,639	2,944,309
	<u>228,082,753</u>	<u>231,714,101</u>	<u>228,830,045</u>	<u>2,884,056</u>	<u>228,449,608</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025			Variance With Final Budget	2024
	Original Budget	Final Budget	Actual		Actual
Vocational Instruction					
Salaries and wages	4,393,232	4,298,440	4,291,603	6,837	4,161,926
Employee benefits	1,509,921	1,474,316	1,458,171	16,145	1,476,141
Purchased services	249,130	265,830	274,417	(8,587)	246,085
Supplies and materials	145,934	162,132	134,007	28,125	160,368
Capital expenditures	51,000	55,647	14,057	41,590	78,442
Other expenditures	10,000	10,000	1,956	8,044	2,390
	<u>6,415,217</u>	<u>6,322,365</u>	<u>6,241,188</u>	<u>81,177</u>	<u>6,125,352</u>
Exceptional Instruction					
Salaries and wages	71,728,162	72,704,679	73,065,496	(360,817)	67,584,145
Employee benefits	29,441,343	28,509,969	27,620,920	889,049	26,184,252
Purchased services	2,827,820	2,585,143	1,935,834	649,309	1,766,055
Supplies and materials	1,886,665	1,716,174	881,270	834,904	834,746
Capital expenditures	1,690,312	1,731,993	2,126,710	(394,717)	787,030
Lease principal	158,500	158,500	148,470	10,030	318,218
Lease interest	-	-	12,768	(12,768)	5,999
Other expenditures	39,000	34,000	76,292	(42,292)	10,075
	<u>107,771,802</u>	<u>107,440,458</u>	<u>105,867,760</u>	<u>1,572,698</u>	<u>97,490,520</u>
Community Education and Service					
Employee benefits	-	-	14,789	(14,789)	13,790
Supplies and materials	2,268	2,268	2,100	168	4,965
	<u>2,268</u>	<u>2,268</u>	<u>16,889</u>	<u>(14,621)</u>	<u>18,755</u>
Instructional Support Services					
Salaries and wages	18,071,551	20,737,797	21,493,565	(755,768)	19,522,381
Employee benefits	7,449,368	7,997,570	8,157,040	(159,470)	7,314,588
Purchased services	1,555,131	1,779,339	1,277,166	502,173	1,000,569
Supplies and materials	10,946,689	8,787,691	7,266,387	1,521,304	1,046,485
Capital expenditures	11,384	11,384	303,712	(292,328)	2,769,092
Lease principal	263,090	263,090	463,610	(200,520)	181,227
Lease interest	-	-	9,069	(9,069)	14,381
Other expenditures	107,475	96,586	64,862	31,724	68,125
	<u>38,404,688</u>	<u>39,673,457</u>	<u>39,035,411</u>	<u>638,046</u>	<u>31,916,848</u>
Pupil Support Services					
Salaries and wages	22,281,108	21,985,308	22,252,950	(267,642)	22,030,622
Employee benefits	11,726,509	11,365,339	10,566,445	798,894	10,521,576
Purchased services	5,176,456	6,759,716	8,245,126	(1,485,410)	7,408,172
Supplies and materials	3,177,277	3,218,641	2,639,506	579,135	2,657,518
Capital expenditures	1,603,000	1,603,000	1,630,910	(27,910)	16,645
Lease principal	777,781	175,781	106,122	69,659	92,376
Lease interest	2,860	2,860	4,892	(2,032)	6,743
Other expenditures	6,700	16,700	6,783	9,917	8,499
	<u>44,751,691</u>	<u>45,127,345</u>	<u>45,452,734</u>	<u>(325,389)</u>	<u>42,742,151</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025			Variance With Final Budget	2024
	Original Budget	Final Budget	Actual		Actual
Site Building and Equipment					
Salaries and wages	11,359,347	11,242,251	11,796,129	(553,878)	11,227,713
Employee benefits	5,727,361	5,387,171	5,059,999	327,172	4,761,883
Purchased services	7,925,962	8,194,368	9,553,994	(1,359,626)	13,523,784
Supplies and materials	1,739,963	1,769,872	2,340,013	(570,141)	2,821,110
Capital expenditures	13,702,934	13,820,726	12,304,057	1,516,669	11,254,444
Lease principal	4,176,341	4,176,341	4,194,099	(17,758)	4,034,880
Lease interest	957,926	957,926	938,595	19,331	1,093,612
Other expenditures	5,050	5,050	(268,034)	273,084	(243,732)
	<u>45,594,884</u>	<u>45,553,705</u>	<u>45,918,852</u>	<u>(365,147)</u>	<u>48,473,694</u>
Fiscal and Other Fixed Costs					
Purchased services	2,050,118	1,870,118	1,823,914	46,204	1,760,694
Total expenditures	<u>519,987,351</u>	<u>514,596,688</u>	<u>511,637,767</u>	<u>2,958,921</u>	<u>495,347,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,751,998)	(4,679,297)	776,484	(462,061)	10,757,475
Other Financing Sources (Uses)					
Transfer out	-	(189,859)	(152,468)	37,391	(146,105)
Sale of property	-	690,000	865,086	175,086	640,186
Insurance recovery	-	50,000	90,815	40,815	145,839
Subscription based IT arrangements	-	-	5,057,085	5,057,085	7,566,149
Leases	-	-	364,657	364,657	977,212
Total Other Financing Sources	<u>-</u>	<u>550,141</u>	<u>6,225,175</u>	<u>5,675,034</u>	<u>9,183,281</u>
Net Change in Fund Balance	<u>\$ (26,751,998)</u>	<u>\$ (4,129,156)</u>	7,001,659	<u>\$ 5,212,973</u>	19,940,756
Fund Balance, Beginning of Year			<u>111,592,049</u>		<u>91,651,293</u>
Fund Balance, End of Year			<u>\$ 118,593,708</u>		<u>\$ 111,592,049</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances by Account
Year Ended June 30, 2025

	Operating	Pupil Transportation	Capital Expenditures	Total
Revenues				
Local Sources				
Property taxes	\$ 111,853,725	\$ -	\$ 8,739,478	\$ 120,593,203
Investment earnings	6,510,082	-	-	6,510,082
Other	11,728,118	166,013	245,369	12,139,500
State Sources	330,763,121	28,022,393	4,141,922	362,927,436
Federal Sources	10,244,030	-	-	10,244,030
Total Revenues	471,099,076	28,188,406	13,126,769	512,414,251
District and School Administration				
Salaries and wages	10,658,046	-	-	10,658,046
Employee benefits	4,418,937	-	-	4,418,937
Purchased services	249,447	-	-	249,447
Supplies and materials	129,096	-	27,752	156,848
Capital expenditures	75,488	-	78,146	153,634
Lease principal	13,201	-	-	13,201
Lease interest	1,015	-	-	1,015
Other expenditures	106,375	-	-	106,375
	15,651,605	-	105,898	15,757,503
District Support Services				
Salaries and wages	7,775,302	-	-	7,775,302
Employee benefits	5,439,407	-	-	5,439,407
Purchased services	3,364,953	-	-	3,364,953
Supplies and materials	642,522	-	88,500	731,022
Capital expenditures	3,678,421	-	48,324	3,726,745
Lease principal	1,234,976	-	828,616	2,063,592
Lease interest	49,608	-	31,880	81,488
Other expenditures	(489,038)	-	-	(489,038)
	21,696,151	-	997,320	22,693,471
Regular Instruction				
Salaries and wages	153,871,965	-	-	153,871,965
Employee benefits	52,133,563	-	-	52,133,563
Purchased services	12,987,725	-	-	12,987,725
Supplies and materials	5,172,602	-	508,471	5,681,073
Capital expenditures	949,869	-	1,526,123	2,475,992
Lease principal	943,559	-	629,891	1,573,450
Lease interest	66,661	-	13,871	80,532
Other expenditures	25,745	-	-	25,745
	226,151,689	-	2,678,356	228,830,045

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances by Account
Year Ended June 30, 2025

	Operating	Pupil Transportation	Capital Expenditures	Total
Vocational Instruction				
Salaries and wages	4,291,603	-	-	4,291,603
Employee benefits	1,458,171	-	-	1,458,171
Purchased services	274,417	-	-	274,417
Supplies and materials	134,007	-	-	134,007
Capital expenditures	14,057	-	-	14,057
Lease principal	5,282	-	58,331	63,613
Lease interest	-	-	3,364	3,364
Other expenditures	1,956	-	-	1,956
	6,179,493	-	61,695	6,241,188
Exceptional Instruction				
Salaries and wages	73,065,496	-	-	73,065,496
Employee benefits	27,620,920	-	-	27,620,920
Purchased services	1,935,834	-	-	1,935,834
Supplies and materials	881,270	-	-	881,270
Capital expenditures	2,126,710	-	-	2,126,710
Lease principal	148,470	-	-	148,470
Lease interest	12,768	-	-	12,768
Other expenditures	76,292	-	-	76,292
	105,867,760	-	-	105,867,760
Community Education and Service				
Employee benefits	14,789	-	-	14,789
Supplies and materials	2,100	-	-	2,100
	16,889	-	-	16,889
Instructional Support Services				
Salaries and wages	21,493,565	-	-	21,493,565
Employee benefits	8,157,040	-	-	8,157,040
Purchased services	1,277,166	-	-	1,277,166
Supplies and materials	7,189,316	-	77,071	7,266,387
Capital expenditures	287,619	-	16,093	303,712
Lease principal	322,175	-	141,435	463,610
Lease interest	3,715	-	5,354	9,069
Other expenditures	64,862	-	-	64,862
	38,795,458	-	239,953	39,035,411
Pupil Support Services				
Salaries and wages	10,914,392	11,338,558	-	22,252,950
Employee benefits	4,071,500	6,494,945	-	10,566,445
Purchased services	765,608	7,479,518	-	8,245,126
Supplies and materials	95,855	2,520,498	23,153	2,639,506
Capital expenditures	1,015	1,629,895	-	1,630,910
Lease principal	-	69,403	36,719	106,122
Lease interest	-	3,893	999	4,892
Other expenditures	3,091	3,692	-	6,783
	15,851,461	29,540,402	60,871	45,452,734

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances by Account
Year Ended June 30, 2025

	Operating	Pupil Transportation	Capital Expenditures	Total
Site Building and Equipment				
Salaries and wages	11,796,129	-	-	11,796,129
Employee benefits	5,059,999	-	-	5,059,999
Purchased services	9,246,392	-	307,602	9,553,994
Supplies and materials	2,340,013	-	-	2,340,013
Capital expenditures	8,400,899	-	3,903,158	12,304,057
Lease principal	771	-	4,193,328	4,194,099
Lease interest	59	-	938,536	938,595
Other expenditures	(268,034)	-	-	(268,034)
	<u>36,576,228</u>	<u>-</u>	<u>9,342,624</u>	<u>45,918,852</u>
Fiscal and Other Fixed Costs				
Purchased services	1,823,914	-	-	1,823,914
Total expenditures	<u>468,610,648</u>	<u>29,540,402</u>	<u>13,486,717</u>	<u>511,637,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,488,428	(1,351,996)	(359,948)	776,484
Other Financing Sources (Uses)				
Transfer out	(152,468)	-	-	(152,468)
Sale of property	705,586	-	159,500	865,086
Insurance recovery	6	90,809	-	90,815
Subscription based IT arrangements	5,057,085	-	-	5,057,085
Leases	(1,443,638)	-	1,808,295	364,657
Total other financing sources (uses)	<u>4,166,571</u>	<u>90,809</u>	<u>1,967,795</u>	<u>6,225,175</u>
Net Change in Fund Balance (Deficit)	6,654,999	(1,261,187)	1,607,847	7,001,659
Fund Balance (Deficit), Beginning of Year	<u>106,981,959</u>	<u>(2,018,155)</u>	<u>6,628,245</u>	<u>111,592,049</u>
Fund Balance (Deficit), End of Year	<u>\$ 113,636,958</u>	<u>\$ (3,279,342)</u>	<u>\$ 8,236,092</u>	<u>\$ 118,593,708</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund - Operating Account

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Local Sources				
Property taxes	\$ 112,045,286	\$ 111,853,725	\$ (191,561)	\$ 107,080,614
Investment earnings	8,500,000	6,510,082	(1,989,918)	8,450,073
Other	11,197,800	11,728,118	530,318	12,710,059
State Sources	327,222,466	330,763,121	3,540,655	321,009,383
Federal Sources	10,985,610	10,244,030	(741,580)	17,638,833
Total Revenues	469,951,162	471,099,076	1,147,914	466,888,962
District and School Administration				
Salaries and wages	10,672,821	10,658,046	14,775	10,440,658
Employee benefits	3,981,452	4,418,937	(437,485)	4,026,578
Purchased services	788,616	249,447	539,169	421,738
Supplies and materials	1,138,336	129,096	1,009,240	162,019
Capital expenditures	135,319	75,488	59,831	17,448
Lease principal	-	13,201	(13,201)	12,014
Lease interest	-	1,015	(1,015)	1,304
Other expenditures	171,930	106,375	65,555	126,486
	16,888,474	15,651,605	1,236,869	15,208,245
District Support Services				
Salaries and wages	7,892,188	7,775,302	116,886	7,395,365
Employee benefits	4,242,045	5,439,407	(1,197,362)	4,702,107
Purchased services	4,243,867	3,364,953	878,914	3,727,251
Supplies and materials	897,119	642,522	254,597	535,184
Capital expenditures	16,500	3,678,421	(3,661,921)	5,256,369
Lease principal	1,755,521	1,234,976	520,545	842,539
Lease interest	-	49,608	(49,608)	78,400
Other expenditures	(187,830)	(489,038)	301,208	(450,293)
	18,859,410	21,696,151	(2,836,741)	22,086,922
Regular Instruction				
Salaries and wages	154,735,999	153,871,965	864,034	149,503,965
Employee benefits	50,306,077	52,133,563	(1,827,486)	51,136,735
Purchased services	10,587,523	12,987,725	(2,400,202)	11,622,029
Supplies and materials	9,704,143	5,172,602	4,531,541	4,441,098
Capital expenditures	670,538	949,869	(279,331)	314,005
Lease principal	501,184	943,559	(442,375)	2,555,493
Lease interest	-	66,661	(66,661)	164,610
Other expenditures	438,384	25,745	412,639	2,944,483
	226,943,848	226,151,689	792,159	222,682,418

Rosemount-Apple Valley-Eagan ISD 196

General Fund - Operating Account

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Vocational Instruction				
Salaries and wages	4,298,440	4,291,603	6,837	4,161,926
Employee benefits	1,474,316	1,458,171	16,145	1,476,141
Purchased services	265,830	274,417	(8,587)	246,085
Supplies and materials	162,132	134,007	28,125	120,519
Capital expenditures	55,647	14,057	41,590	42,011
Lease Principal	-	5,282	(5,282)	-
Other expenditures	10,000	1,956	8,044	2,216
	<u>6,266,365</u>	<u>6,179,493</u>	<u>86,872</u>	<u>6,048,898</u>
Exceptional Instruction				
Salaries and wages	72,704,679	73,065,496	(360,817)	67,584,145
Employee benefits	28,509,969	27,620,920	889,049	26,184,252
Purchased services	2,585,143	1,935,834	649,309	1,766,055
Supplies and materials	1,716,174	881,270	834,904	834,746
Capital expenditures	1,731,993	2,126,710	(394,717)	787,030
Lease principal	158,500	148,470	10,030	318,218
Lease interest	-	12,768	(12,768)	5,999
Other expenditures	34,000	76,292	(42,292)	10,075
	<u>107,440,458</u>	<u>105,867,760</u>	<u>1,572,698</u>	<u>97,490,520</u>
Community education and service				
Employee benefits	-	14,789	(14,789)	13,790
Supplies and materials	2,268	2,100	168	-
	<u>2,268</u>	<u>16,889</u>	<u>(14,621)</u>	<u>13,790</u>
Instructional Support Services				
Salaries and wages	20,737,797	21,493,565	(755,768)	19,522,381
Employee benefits	7,997,570	8,157,040	(159,470)	7,314,588
Purchased services	1,779,339	1,277,166	502,173	1,000,569
Supplies and materials	8,702,691	7,189,316	1,513,375	885,551
Capital expenditures	2,500	287,619	(285,119)	2,744,948
Lease principal	-	322,175	(322,175)	45,656
Lease interest	-	3,715	(3,715)	14,381
Other expenditures	96,586	64,862	31,724	68,125
	<u>39,316,483</u>	<u>38,795,458</u>	<u>521,025</u>	<u>31,596,199</u>
Pupil Support Services				
Salaries and wages	11,065,825	10,914,392	151,433	10,588,452
Employee benefits	4,070,303	4,071,500	(1,197)	4,005,421
Purchased services	588,773	765,608	(176,835)	865,416
Supplies and materials	99,641	95,855	3,786	52,982
Capital expenditures	3,000	1,015	1,985	1,133
Lease principal	(500)	-	(500)	5,204
Other expenditures	12,500	3,091	9,409	1,661
	<u>15,839,542</u>	<u>15,851,461</u>	<u>(11,919)</u>	<u>15,520,269</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund - Operating Account

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Site Building and Equipment				
Salaries and wages	11,242,251	11,796,129	(553,878)	11,227,713
Employee benefits	5,387,171	5,059,999	327,172	4,761,883
Purchased services	7,817,116	9,246,392	(1,429,276)	13,221,125
Supplies and materials	1,769,872	2,340,013	(570,141)	2,821,110
Capital expenditures	11,153,663	8,400,899	2,752,764	7,160,608
Lease principal	-	771	(771)	752
Lease interest	-	59	(59)	78
Other expenditures	5,050	(268,034)	273,084	(253,326)
	<u>37,375,123</u>	<u>36,576,228</u>	<u>798,895</u>	<u>38,939,943</u>
Fiscal and Other Fixed Costs				
Purchased services	1,870,118	1,823,914	46,204	1,760,694
Total expenditures	<u>470,802,089</u>	<u>468,610,648</u>	<u>2,191,441</u>	<u>451,347,898</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(850,927)	2,488,428	(1,043,527)	15,541,064
Other Financing Sources (Uses)				
Transfer in	-	-	7,706,016	-
Transfer out	(189,859)	(152,468)	37,391	(146,105)
Sale of property	690,000	705,586	15,586	640,186
Insurance recovery	-	6	6	-
Subscription based IT arrangements	-	5,057,085	5,057,085	7,566,149
Leases	-	(1,443,638)	(1,443,638)	(2,394,029)
Total other financing sources (uses)	<u>500,141</u>	<u>4,166,571</u>	<u>11,372,446</u>	<u>5,666,201</u>
Net Change in Fund Balance	<u>\$ (350,786)</u>	<u>6,654,999</u>	<u>\$ 10,328,919</u>	<u>21,207,265</u>
Fund Balance, Beginning of Year		<u>106,981,959</u>		<u>85,774,694</u>
Fund Balance, End of Year		<u>\$ 113,636,958</u>		<u>\$ 106,981,959</u>

Rosemount-Apple Valley-Eagan ISD 196
 General Fund - Pupil Transportation Account
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2025
 (With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance with Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Local Sources				
Other	\$ 145,296	\$ 166,013	\$ 20,717	\$ 272,691
State Sources	<u>27,341,940</u>	<u>28,022,393</u>	<u>680,453</u>	<u>26,087,823</u>
Total Revenues	<u>27,487,236</u>	<u>28,188,406</u>	<u>701,170</u>	<u>26,360,514</u>
Expenditures				
Pupil Support Services				
Salaries and wages	10,919,483	11,338,558	(419,075)	11,459,609
Employee benefits	7,295,036	6,494,945	800,091	6,516,155
Purchased services	6,170,943	7,479,518	(1,308,575)	6,542,756
Supplies and materials	2,646,700	2,520,498	126,202	2,604,536
Capital expenditures	1,600,000	1,629,895	(29,895)	15,512
Lease principal	500	69,403	(68,903)	57,003
Lease Interest	-	3,893	(3,893)	-
Other expenditures	<u>4,200</u>	<u>3,692</u>	<u>508</u>	<u>6,838</u>
Total expenditures	<u>28,636,862</u>	<u>29,540,402</u>	<u>(903,540)</u>	<u>27,202,409</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,149,626)	(1,351,996)	1,604,710	(841,895)
Other Financing Sources				
Insurance recovery	<u>50,000</u>	<u>90,809</u>	<u>40,809</u>	<u>145,839</u>
Net Change in Fund Balance (Deficit)	<u>\$ (1,099,626)</u>	(1,261,187)	<u>\$ 1,645,519</u>	(696,056)
Fund Balance (Deficit), Beginning of Year		<u>(2,018,155)</u>		<u>(1,322,099)</u>
Fund Balance (Deficit), End of Year		<u>\$ (3,279,342)</u>		<u>\$ (2,018,155)</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund - Capital Expenditure Account

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance with Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Local Sources				
Property taxes	\$ 8,362,226	\$ 8,739,478	\$ 377,252	\$ 8,285,200
Other	-	245,369	245,369	-
State Sources	4,116,767	4,141,922	25,155	4,570,286
Total Revenues	12,478,993	13,126,769	647,776	12,855,486
Expenditures				
District and School Administration				
Supplies and materials	-	27,752	(27,752)	24,035
Capital expenditures	42,176	78,146	(35,970)	48,730
	42,176	105,898	(63,722)	72,765
District Support Services				
Supplies and materials	-	88,500	(88,500)	793
Capital expenditures	180,000	48,324	131,676	300,084
Lease principal	920,261	828,616	91,645	643,839
Lease interest	2,550	31,880	(29,330)	39,777
	1,102,811	997,320	105,491	984,493
Regular Instruction				
Supplies and materials	359,100	508,471	(149,371)	2,048,061
Capital expenditures	3,119,153	1,526,123	1,593,030	1,591,276
Lease principal	1,292,000	629,891	662,109	2,120,501
Lease interest	-	13,871	(13,871)	13,307
	4,770,253	2,678,356	2,091,897	5,773,145
Vocational Instruction				
Supplies and materials	-	-	-	39,849
Capital expenditures	-	-	-	30,650
Lease principal	56,000	58,331	(2,331)	-
Lease interest	-	3,364	(3,364)	-
	56,000	61,695	(5,695)	70,499

Rosemount-Apple Valley-Eagan ISD 196

General Fund - Capital Expenditure Account

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance with Final Budget	2024
	Final Budget	Actual		Actual
Instructional Support Services				
Supplies and materials	85,000	77,071	7,929	165,899
Capital expenditures	8,884	16,093	(7,209)	14,503
Lease principal	263,090	141,435	121,655	135,571
Lease interest	-	5,354	(5,354)	9,642
	<u>356,974</u>	<u>239,953</u>	<u>117,021</u>	<u>325,615</u>
Pupil support services				
Supplies and materials	472,300	23,153	449,147	-
Lease principal	175,781	36,719	139,062	35,373
Lease interest	2,860	999	1,861	1,539
	<u>650,941</u>	<u>60,871</u>	<u>590,070</u>	<u>36,912</u>
Site, building and equipment				
Purchased services	377,252	307,602	69,650	302,659
Capital expenditures	2,667,063	3,903,158	(1,236,095)	4,093,836
Lease principal	4,176,341	4,193,328	(16,987)	4,034,128
Lease interest	957,926	938,536	19,390	1,093,534
Other expenditures	-	-	-	9,594
	<u>8,178,582</u>	<u>9,342,624</u>	<u>(1,164,042)</u>	<u>9,533,751</u>
Total expenditures	<u>15,157,737</u>	<u>13,486,717</u>	<u>1,671,020</u>	<u>16,797,180</u>
Deficiency of Revenues under Expenditures	<u>(2,678,744)</u>	<u>(359,948)</u>	<u>(1,023,244)</u>	<u>(3,941,694)</u>
Other Financing Sources				
Sale of property	-	159,500	159,500	-
Leases	-	1,808,295	1,808,295	3,371,241
Total Other Financing Sources	<u>-</u>	<u>1,967,795</u>	<u>1,967,795</u>	<u>3,371,241</u>
Net Change in Fund Balance	<u>\$ (2,678,744)</u>	<u>1,607,847</u>	<u>\$ 944,551</u>	<u>(570,453)</u>
Fund Balance, Beginning of Year		<u>6,628,245</u>		<u>7,198,698</u>
Fund Balance, End of Year		<u>\$ 8,236,092</u>		<u>\$ 6,628,245</u>

Rosemount-Apple Valley-Eagan ISD 196

General Fund

Schedule of Special Education Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance with Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Other local and county sources	\$ 1,500,000	\$ 1,399,034	\$ (100,966)	\$ 1,606,972
State sources	62,514,252	68,525,534	6,011,282	61,194,478
Federal sources	7,105,469	7,037,514	(67,955)	7,082,767
Total revenues	<u>71,119,721</u>	<u>76,962,082</u>	<u>5,842,361</u>	<u>69,884,217</u>
Expenditures				
Current				
Special Education Instruction				
Salaries and wages	72,619,869	71,993,776	626,093	66,328,845
Employee benefits	28,499,659	27,445,284	1,054,375	25,954,612
Purchased services	2,536,499	1,916,304	620,195	1,699,271
Supplies and materials	1,358,840	605,430	753,410	828,893
Other expenditures	34,000	76,292	(42,292)	10,075
Debt Service				
Principal	5,500	4,114	1,386	3,960
Interest	-	214	(214)	267
Capital outlay	1,885,808	2,232,953	(347,145)	1,067,779
Total expenditures	<u>106,940,175</u>	<u>104,274,367</u>	<u>2,665,808</u>	<u>95,893,702</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(35,820,454)	(27,312,285)	8,508,169	(26,009,485)
Other Financing Sources				
Capital lease proceeds	-	6,575	6,575	-
Net Change in Fund Balance (Deficit)	<u>\$ (35,820,454)</u>	<u>(27,305,710)</u>	<u>\$ 8,514,744</u>	<u>(26,009,485)</u>
Fund Deficit, Beginning of Year		<u>(67,633,578)</u>		<u>(41,624,093)</u>
Fund Deficit, End of Year		<u>\$ (94,939,288)</u>		<u>\$ (67,633,578)</u>

Rosemount-Apple Valley-Eagan ISD 196

Food Service

Balance Sheet

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 9,096,788	\$ 6,558,015
Receivables		
Due from other governmental units	3,110,626	4,616,827
Inventories	<u>541,298</u>	<u>569,305</u>
Total assets	<u><u>\$ 12,748,712</u></u>	<u><u>\$ 11,744,147</u></u>
Liabilities		
Accounts payable	\$ 146,905	\$ 382,927
Due to other governmental units	4,274	-
Salaries and benefits payable	486,210	567,749
Unearned revenue	<u>571,777</u>	<u>621,698</u>
Total liabilities	<u>1,209,166</u>	<u>1,572,374</u>
Fund Balance		
Nonspendable	541,298	569,305
Restricted	<u>10,998,248</u>	<u>9,602,468</u>
Total fund balance	<u>11,539,546</u>	<u>10,171,773</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 12,748,712</u></u>	<u><u>\$ 11,744,147</u></u>

Rosemount-Apple Valley-Eagan ISD 196

Food Service

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance with Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Other local and county sources	\$ 350,000	\$ 393,662	\$ 43,662	\$ 394,611
State sources	11,826,795	11,348,434	(478,361)	10,801,772
Federal sources	10,200,628	9,074,664	(1,125,964)	10,110,809
Food sales	2,004,399	1,231,959	(772,440)	1,413,553
Total revenues	<u>24,381,822</u>	<u>22,048,719</u>	<u>(2,333,103)</u>	<u>22,720,745</u>
Expenditures				
Current				
Food Service				
Salaries and wages	5,015,111	5,445,740	(430,629)	5,215,419
Employee benefits	1,871,521	1,800,924	70,597	1,594,021
Purchased services	915,000	697,184	217,816	710,092
Supplies and materials	11,974,622	11,194,483	780,139	11,103,122
Other expenditures	670,450	481,532	188,918	468,629
Capital outlay	2,564,350	1,028,704	1,535,646	1,435,763
Debt Service				
Principal	-	32,379	(32,379)	40,217
Total expenditures	<u>23,011,054</u>	<u>20,680,946</u>	<u>2,330,108</u>	<u>20,567,263</u>
Excess (Deficiency) of Revenues over (under) Expenditures	1,370,768	1,367,773	(2,995)	2,153,482
Other Financing Sources				
Subscription based IT arrangements	-	-	-	153,004
Net Change in Fund Balance	<u>\$ 1,370,768</u>	1,367,773	<u>\$ (2,995)</u>	2,306,486
Fund Balance, Beginning of Year		<u>10,171,773</u>		<u>7,865,287</u>
Fund Balance, End of Year		<u>\$ 11,539,546</u>		<u>\$ 10,171,773</u>

Rosemount-Apple Valley-Eagan ISD 196

Community Service Fund

Balance Sheet

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 7,430,057	\$ 6,508,256
Receivables		
Current property taxes	964,143	957,972
Delinquent property taxes	10,347	6,764
Accounts	167,768	203,596
Due from other governmental units	530,042	572,742
Prepaid items	500	1,000
	<u>500</u>	<u>1,000</u>
Total assets	<u>\$ 9,102,857</u>	<u>\$ 8,250,330</u>
Liabilities		
Accounts payable	\$ 248,863	\$ 104,794
Due to other governmental units	2,263	5,406
Salaries payable	1,325,165	1,169,575
Unearned revenue	941,124	975,056
	<u>941,124</u>	<u>975,056</u>
Total liabilities	<u>2,517,415</u>	<u>2,254,831</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	10,347	6,764
Property taxes levied for subsequent year	1,783,536	1,809,585
	<u>1,783,536</u>	<u>1,809,585</u>
Total deferred inflows of resources	<u>1,793,883</u>	<u>1,816,349</u>
Fund Balance		
Nonspendable		
Prepaid items	500	1,000
Restricted		
Community education	1,416,654	860,097
Early childhood and family education	1,197,426	1,222,168
School readiness	1,556,493	1,575,156
Adult basic education	564,899	493,787
Other purposes	55,587	26,942
	<u>55,587</u>	<u>26,942</u>
Total fund balance	<u>4,791,559</u>	<u>4,179,150</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,102,857</u>	<u>\$ 8,250,330</u>

Rosemount-Apple Valley-Eagan ISD 196

Community Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Local property taxes	\$ 1,797,889	\$ 1,891,419	\$ 93,530	\$ 1,886,783
Other local and county sources	5,172,168	5,367,185	195,017	5,545,612
State sources	3,873,978	4,067,513	193,535	3,809,747
Federal source	101,772	109,325	7,553	159,818
Sales and other conversions of assets	1,750	1,425	(325)	2,714
Total revenues	10,947,557	11,436,867	489,310	11,404,674
Expenditures				
Current				
Community education and services				
Salaries and wages	7,720,106	7,906,038	(185,932)	7,706,423
Employee benefits	2,610,381	2,766,470	(156,089)	2,746,540
Purchased services	(399,126)	(416,857)	17,731	106,300
Supplies and materials	441,501	383,664	57,837	342,075
Other expenditures	307,598	310,657	(3,059)	279,152
Capital outlay	23,200	20,196	3,004	60,297
Debt Service				
Principal	5,091	6,371	(1,280)	6,238
Interest and fiscal charges	150	387	(237)	478
Total expenditures	10,708,901	10,976,926	(268,025)	11,247,503
Excess of Revenues over Expenditures	238,656	459,941	221,285	157,171
Other Financing Sources				
Transfer in	189,859	152,468	(37,391)	146,105
Leases	-	-	-	17,629
Total other financing sources	189,859	152,468	(37,391)	163,734
Net Change in Fund Balance	\$ 428,515	612,409	\$ 183,894	320,905
Fund Balance, Beginning of Year		4,179,150		3,858,245
Fund Balance, End of Year		\$ 4,791,559		\$ 4,179,150

Rosemount-Apple Valley-Eagan ISD 196

Building Construction Fund

Balance Sheet

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 235,910,760	\$ 308,483,764
Cash held with fiscal agent	710,258	238,796
Prepaid items	<u>2,492</u>	<u>-</u>
Total assets	<u><u>\$ 236,623,510</u></u>	<u><u>\$ 308,722,560</u></u>
Liabilities		
Accounts payable	\$ 1,325,543	\$ 5,069,976
Due to other governmental units	-	1,143
Salaries payable	-	1,708
Construction contracts payable	<u>19,522,447</u>	<u>1,718,864</u>
Total liabilities	<u>20,847,990</u>	<u>6,791,691</u>
Fund Balance		
Nonspendable	2,492	-
Restricted		
Capital Projects	<u>215,773,028</u>	<u>301,930,869</u>
Total fund balance	<u>215,775,520</u>	<u>301,930,869</u>
Total liabilities and fund balance	<u><u>\$ 236,623,510</u></u>	<u><u>\$ 308,722,560</u></u>

Rosemount-Apple Valley-Eagan ISD 196

Building Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Other local and county sources	\$ 361,133	\$ -	\$ (361,133)	\$ -
Investment earnings	14,000,000	14,709,956	709,956	11,050,290
Total revenues	14,361,133	14,709,956	348,823	11,050,290
Expenditures				
Current				
Fiscal and other fixed cost programs	-	-	-	670,058
Debt Service				
Principal	-	68,400	(68,400)	-
Capital outlay	82,189,994	100,796,905	(18,606,911)	19,561,118
Total expenditures	82,189,994	100,865,305	(18,675,311)	20,231,176
Deficiency of Revenues under Expenditures	(67,828,861)	(86,155,349)	(18,326,488)	(9,180,886)
Other Financing Sources				
Bond proceeds	-	-	-	299,225,000
Bond premium	-	-	-	11,948,501
Total other financing sources	-	-	-	311,173,501
Net Change in Fund Balance (Deficit)	\$ (67,828,861)	(86,155,349)	\$ (18,326,488)	301,992,615
Fund Balance (Deficit), Beginning of Year		301,930,869		(61,746)
Fund Balance, End of Year		\$ 215,775,520		\$ 301,930,869

Rosemount-Apple Valley-Eagan ISD 196

Debt Service Fund

Balance Sheet

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 25,249,168	\$ 24,469,209
Receivables		
Current property taxes	19,148,629	18,690,339
Delinquent property taxes	154,540	67,677
Due from other governmental units	<u>197,937</u>	<u>199,270</u>
Total assets	<u>\$ 44,750,274</u>	<u>\$ 43,426,495</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	\$ 154,540	\$ 67,677
Property taxes levied for subsequent year	<u>35,337,137</u>	<u>35,207,265</u>
Total deferred inflows of resources	<u>35,491,677</u>	<u>35,274,942</u>
Fund Balance		
Restricted	<u>9,258,597</u>	<u>8,151,553</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 44,750,274</u>	<u>\$ 43,426,495</u>

Rosemount-Apple Valley-Eagan ISD 196

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	2025		Variance With Final Budget	2024
	Final Budget	Actual		Actual
Revenues				
Local property tax levies	\$ 35,080,516	\$ 34,953,281	\$ (127,235)	\$ 17,364,477
Investment earnings	700,000	733,065	33,065	771,192
State sources	72,400	326,917	254,517	65,559
Total revenues	<u>35,852,916</u>	<u>36,013,263</u>	<u>160,347</u>	<u>18,201,228</u>
Expenditures				
Current				
Fiscal and other fixed cost programs	70,000	-	70,000	-
Debt Service				
Principal	13,395,000	13,595,000	(200,000)	12,955,000
Interest	21,311,219	21,311,219	-	3,645,900
Total expenditures	<u>34,776,219</u>	<u>34,906,219</u>	<u>(130,000)</u>	<u>16,600,900</u>
Excess of Revenues over Expenditures	1,076,697	1,107,044	30,347	1,600,328
Other Financing Uses				
Bond proceeds	-	-	-	775,000
Net Change in Fund Balance	<u>\$ 1,076,697</u>	<u>1,107,044</u>	<u>\$ 30,347</u>	<u>\$ 2,375,328</u>
Fund Balance, Beginning of Year		<u>8,151,553</u>		<u>5,776,225</u>
Fund Balance, End of Year		<u>\$ 9,258,597</u>		<u>\$ 8,151,553</u>

Rosemount-Apple Valley-Eagan ISD 196

Internal Service Funds

Combining Statement of Net Position

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals	
				2025	2024
Assets					
Cash and cash equivalents	\$ 11,987,964	\$ 391,165	\$ 23,555,506	\$ 35,934,635	\$ 39,100,398
Accounts receivable	-	-	1,199,395	1,199,395	-
Total assets	11,987,964	391,165	24,754,901	37,134,030	39,100,398
Liabilities					
Current					
Accounts payable	-	14,258	45,377	59,635	834,572
Claims incurred but not reported	-	9,871	5,502,805	5,512,676	4,904,740
Severance benefits payable	1,440,937	-	-	1,440,937	1,361,076
Unearned revenue	-	-	12,345,950	12,345,950	11,525,565
Total current liabilities	1,440,937	24,129	17,894,132	19,359,198	18,625,953
Long-Term Liabilities					
Severance benefits payable	7,734,284	-	-	7,734,284	9,748,263
Total liabilities	9,175,221	24,129	17,894,132	27,093,482	28,374,216
Net Position					
Unrestricted	\$ 2,812,743	\$ 367,036	\$ 6,860,769	\$ 10,040,548	\$ 10,726,182

Rosemount-Apple Valley-Eagan ISD 196
Internal Service Funds
Combining Schedule of Revenues, Expenditures and Change in Net Position
Year Ended June 30, 2025
(With Summarized Financial Information for Year Ended June 30, 2024)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals	
				2025	2024
Operating Revenues					
Contributions	\$ 856,149	\$ 488,926	\$ 77,346,486	\$ 78,691,561	\$ 70,591,772
Deductions					
Severance benefits	(1,077,970)	-	-	(1,077,970)	(701,697)
Self-insured benefits	-	480,661	81,450,064	81,930,725	73,418,089
Total operating expenses	(1,077,970)	480,661	81,450,064	80,852,755	72,716,392
Operating Income (Loss)	1,934,119	8,265	(4,103,578)	(2,161,194)	(2,124,620)
Nonoperating Revenue					
Investment income	1,100,584	12,196	362,780	1,475,560	341,929
Change in Net Position	3,034,703	20,461	(3,740,798)	(685,634)	(1,782,691)
Net Position (Deficit), Beginning of Year	(221,960)	346,575	10,601,567	10,726,182	12,508,873
Net Position, End of Year	\$ 2,812,743	\$ 367,036	\$ 6,860,769	\$ 10,040,548	\$ 10,726,182

Rosemount-Apple Valley-Eagan ISD 196

Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2025

(With Summarized Financial Information for Year Ended June 30, 2024)

	Severance Benefits	Self-Insured Dental Benefits	Self-Insured Health Benefits	Totals	
				2025	2024
Operating Activities					
Receipts from contributions	\$ 856,149	\$ 488,926	\$ 76,147,091	\$ 77,492,166	\$ 70,591,772
Payments for severance, OPEB, and self-insured claims	(856,148)	(486,894)	(80,790,447)	(82,133,489)	(75,860,421)
Net cash used for operating activities	<u>1</u>	<u>2,032</u>	<u>(4,643,356)</u>	<u>(4,641,323)</u>	<u>(5,268,649)</u>
Investing Activity					
Investment income	<u>1,100,584</u>	<u>12,196</u>	<u>362,780</u>	<u>1,475,560</u>	<u>341,929</u>
Net Change in Cash and Cash Equivalents	1,100,585	14,228	(4,280,576)	(3,165,763)	(4,926,720)
Cash and Cash Equivalents, July 1	<u>10,887,379</u>	<u>376,937</u>	<u>27,836,082</u>	<u>39,100,398</u>	<u>44,027,118</u>
Cash and Cash Equivalents, June 30	<u>\$ 11,987,964</u>	<u>\$ 391,165</u>	<u>\$ 23,555,506</u>	<u>\$ 35,934,635</u>	<u>\$ 39,100,398</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities					
Operating Activities					
Operating loss	\$ 1,934,119	\$ 8,265	\$ (4,103,578)	\$ (2,161,194)	(2,124,620)
Changes in assets and liabilities					
Accounts receivable	-	-	(1,199,395)	(1,199,395)	-
Accounts payable	-	(9,205)	(765,732)	(774,937)	(998,155)
Claims incurred but not reported	-	2,972	604,964	607,936	(1,312,819)
Severance benefits payable	(1,934,118)	-	-	(1,934,118)	(1,627,907)
Unearned revenue	-	-	820,385	820,385	794,852
Net cash used for operating activities	<u>\$ 1</u>	<u>\$ 2,032</u>	<u>\$ (4,643,356)</u>	<u>\$ (4,641,323)</u>	<u>\$ (5,268,649)</u>

Other Supplementary Information
June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



Rosemount-Apple Valley-Eagan ISD 196
Uniform Financial Accounting and Reporting Standards Compliance Table
Year Ended June 30, 2025

Fiscal Compliance Report - 6/30/2025 [Help](#) [Logoff](#)
District: ROSEMOUNT-APPLE VALLEY-E (196-1) [Back](#) [Print](#)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$512,414,251	<u>\$512,414,252</u>	(\$1)	Total Revenue	\$14,709,956	<u>\$14,709,956</u>	\$0
Total Expenditures	\$511,637,767	<u>\$511,637,764</u>	\$3	Total Expenditures	\$100,865,305	<u>\$100,865,306</u>	(\$1)
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$1,198,093	<u>\$1,198,093</u>	\$0	4.60 Non Spendable Fund Balance	\$2,492	<u>\$2,492</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$328,406	<u>\$328,406</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0	4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$20,742,791	<u>\$20,742,791</u>	\$0
4.07 Capital Projects Levy	\$7,069,601	<u>\$7,069,601</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$195,030,237	<u>\$195,030,236</u>	\$1
4.12 Literacy Incentive Aid	\$2,674,049	<u>\$2,674,049</u>	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	07 DEBT SERVICE			
4.20 American Indian Education Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$36,013,263	<u>\$36,013,261</u>	\$2
4.24 Operating Capital	\$6,988,044	<u>\$6,988,044</u>	\$0	Total Expenditures	\$34,906,219	<u>\$34,906,219</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.37 Q Comp	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.39 English Learner	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$9,258,597	<u>\$9,258,596</u>	\$1
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.43 School Library Aid	\$0	<u>\$0</u>	\$0				
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	08 TRUST			
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.56 READ Act - Literacy Aid	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.57 READ Act - Tchr Training Compensation	\$420,964	<u>\$420,964</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0				
4.67 LTFM	\$2,705,813	<u>\$2,705,813</u>	\$0	18 CUSTODIAL			
4.71 Student Support Personnel Aid	\$498,469	<u>\$498,469</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.72 Medical Assistance	\$1,097,164	<u>\$1,097,164</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>				<i>Restricted / Reserved:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0				
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	20 INTERNAL SERVICE			
<i>Assigned:</i>				Total Revenue	\$80,167,121	<u>\$80,167,120</u>	\$1
4.62 Assigned Fund Balance	\$19,374,130	<u>\$19,374,130</u>	\$0	Total Expenditures	\$80,852,755	<u>\$80,852,754</u>	\$1
<i>Unassigned:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$10,040,548	<u>\$10,040,548</u>	\$0
4.22 Unassigned Fund Balance	\$76,238,975	<u>\$76,238,977</u>	(\$2)				

Rosemount-Apple Valley-Eagan ISD 196
Uniform Financial Accounting and Reporting Standards Compliance Table
Year Ended June 30, 2025

02 FOOD SERVICES

Total Revenue	\$22,048,719	<u>\$22,048,718</u>	<u>\$1</u>
Total Expenditures	\$20,680,946	<u>\$20,680,949</u>	<u>(\$3)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$541,298	<u>\$541,298</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$10,998,248	<u>\$10,998,246</u>	<u>\$2</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$11,436,867	<u>\$11,436,868</u>	<u>(\$1)</u>
Total Expenditures	\$10,976,926	<u>\$10,976,926</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$500	<u>\$500</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$1,416,654	<u>\$1,416,654</u>	<u>\$0</u>
4.32 E.C.F.E	\$1,197,426	<u>\$1,197,426</u>	<u>\$0</u>
4.37 Q Comp	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$1,556,493	<u>\$1,556,493</u>	<u>\$0</u>
4.47 Adult Basic Education	\$564,899	<u>\$564,899</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.56 READ Act - Literacy Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.57 READ Act - Tchr Training Compensation	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$55,587	<u>\$55,586</u>	<u>\$1</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

25 OPEB REVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

45 OPEB IRREVOCABLE TRUST

Total Revenue	\$10,072,315	<u>\$10,072,315</u>	<u>\$0</u>
Total Expenditures	\$4,701,642	<u>\$4,701,642</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$65,529,246	<u>\$65,529,246</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

Statistical Section (Unaudited)

June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196



Statistical Section (Unaudited)

This section of Independent School District No. 196's annual comprehensive financial report 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.

Financial Trends - These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.

Revenue Capacity - These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.

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

Demographic and Economic Information - These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



Rosemount-Apple Valley-Eagan ISD 196
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 154,681,937	\$ 149,036,967	\$ 112,909,002	\$ 116,725,381	\$ 136,635,071	\$ 153,112,125	\$ 165,633,642	\$ 177,348,809	\$ 202,708,540	\$ 233,753,554
Restricted for:										
Capital Asset Acquisition	2,551,987	7,056,555	19,609,902	7,507,409	2,404,496	-	628,995	-	301,930,869	215,773,028
Debt Service	4,332,306	2,320,162	1,028,372	-	373,926	1,470,300	2,596,229	5,776,225	8,151,553	9,258,597
Other Postemployment Benefits	10,112	9,646,093	3,821,706	1,811,073	2,178,119	9,643,543	-	-	-	-
Other Purposes	3,083,262	7,378,316	14,634,189	17,760,294	17,614,349	20,360,402	27,931,708	23,083,240	27,719,899	31,017,019
Unrestricted	<u>(186,199,312)</u>	<u>(286,586,292)</u>	<u>(384,314,650)</u>	<u>(279,452,776)</u>	<u>(292,504,778)</u>	<u>(296,148,378)</u>	<u>(264,526,697)</u>	<u>(195,066,575)</u>	<u>(471,106,972)</u>	<u>(419,194,507)</u>
Total Governmental Activities Net Position	<u>\$ (21,539,708)</u>	<u>\$ (111,148,199)</u>	<u>\$ (232,311,479)</u>	<u>\$ (135,648,619)</u>	<u>\$ (133,298,817)</u>	<u>\$ (111,562,008)</u>	<u>\$ (67,736,123)</u>	<u>\$ 11,141,699</u>	<u>\$ 69,403,889</u>	<u>\$ 70,607,691</u>

Note
The District implemented GASB Statement No. 68 in 2015, which resulted in a \$222,722,907 reduction of beginning net position.
The District implemented GASB Statement No. 75 in 2018, which resulted in a \$24,200,608 reduction of beginning net position.
The District implemented GASB Statement No. 101 in 2025, which resulted in a \$46,088,914 reduction of beginning net position.
Prior year information has not been restated for the effects of these standards.

Rosemount-Apple Valley-Eagan ISD 196

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental Activities				
Administration	\$ 15,493,748	\$ 19,813,397	\$ 19,849,495	\$ 12,051,588
District Support Services	9,058,209	9,785,816	11,304,721	11,702,181
Regular Instruction	166,000,943	238,876,726	237,331,260	121,251,866
Vocational Instruction	5,237,887	7,252,774	6,971,224	3,561,099
Special Education Instruction	65,647,768	90,835,750	92,821,199	73,220,623
Instructional Support Services	19,753,852	27,432,668	27,761,713	16,663,894
Pupil Support Services	23,523,058	27,520,644	28,187,078	24,625,849
Sites and Buildings	27,849,964	30,156,308	44,032,340	34,429,780
Fiscal and Other Fixed Cost Programs	650,603	613,851	582,782	1,182,069
Food Service	12,302,155	12,468,780	11,440,841	12,227,206
Community Service	8,211,003	10,479,888	10,362,136	7,301,923
Unallocated Depreciation	10,580,519	10,454,449	10,559,793	10,310,511
Interest and Fiscal Charges on Debt	4,760,111	6,031,917	4,880,487	5,145,850
Total Expenses	\$ 369,069,820	\$ 491,722,968	\$ 506,085,069	\$ 333,674,439
Program Revenues				
Governmental Activities				
Charges for services				
Administration	\$ -	\$ 4,392	\$ 435,369	\$ 429,722
District Support Services	203,086	111,607	191,466	258,441
Elementary and Secondary Regular Instruction	6,205,284	3,440,568	3,866,135	3,810,261
Vocational Education Instruction	3,343	-	-	940
Special Education Instruction	961,972	1,044,883	796,072	1,082,057
Instructional Support Services	143,290	-	16,158	17,965
Pupil Support Services	231,078	148,992	267,920	242,342
Sites and Buildings	118,028	-	1,798	-
Food Service	6,390,305	6,663,041	6,479,339	7,049,877
Community Service	3,325,681	3,768,615	3,646,054	3,663,168
Operating grants and contributions	58,170,271	64,488,748	85,003,445	101,343,381
Capital grants and contributions	8,105	334,716	4,963,687	5,300,870
Total Program Revenues	75,760,443	80,005,562	105,667,443	123,199,024
Net Revenue (Expense)	(293,309,377)	(411,717,406)	(400,417,626)	(210,475,415)
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes	53,871,623	66,731,765	71,069,187	72,968,496
Property Taxes, Levied for Community Service	1,662,796	1,671,770	1,670,006	1,675,955
Property Taxes, Levied for Facility Improvements	8,535,237	-	-	-
Property Taxes, Levied for Debt Service	14,584,470	17,426,213	16,767,998	16,632,558
General Grants and Aids	215,880,510	229,657,806	208,324,498	212,253,653
Other General Revenues	563,633	258,267	465,747	3,014,218
Investment Earnings	412,078	6,363,094	5,159,316	362,703
Total General Revenues	295,510,347	322,108,915	303,456,752	306,907,583
Change in Net Position	\$ 2,200,970	\$ (89,608,491)	\$ (96,960,874)	\$ 96,432,168

Rosemount-Apple Valley-Eagan ISD 196
Changes in Net Position - continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 18,233,295	\$ 17,679,393	\$ 17,291,218	\$ 19,573,660	\$ 13,886,755	\$ 15,803,392
13,429,650	16,663,789	15,910,214	21,022,552	26,679,478	15,992,147
211,444,602	216,373,592	203,445,557	143,952,163	202,652,658	225,820,745
5,654,203	5,430,687	5,300,791	5,756,826	6,068,702	6,151,452
75,487,437	76,596,038	85,358,191	90,374,982	96,693,929	105,677,067
24,595,643	22,568,796	22,736,483	25,472,028	20,070,485	27,895,638
29,794,651	31,273,851	34,797,537	40,192,776	42,764,400	42,498,347
34,726,544	30,109,325	27,841,384	46,796,101	57,276,144	47,677,896
671,312	1,237,889	1,209,218	3,660,082	1,760,694	1,823,914
10,922,877	10,711,362	15,389,003	16,916,134	20,567,263	20,680,946
9,011,068	8,367,921	9,251,885	10,025,895	11,179,805	10,908,554
-	-	-	-	-	-
4,540,835	4,131,775	(669,166)	4,206,727	12,844,463	31,665,291
<u>\$ 438,512,117</u>	<u>\$ 441,144,418</u>	<u>\$ 437,862,315</u>	<u>\$ 427,949,926</u>	<u>\$ 512,444,776</u>	<u>\$ 552,595,389</u>
\$ 2,950	\$ 25	\$ 4,008	\$ 1,500	\$ 1,195	\$ 1,444
248,479	10,911	14,533	308,184	256,701	281,293
3,688,825	2,220,978	3,998,689	4,850,052	4,981,625	9,091,156
-	-	-	778	1,033	6,582
1,135,866	1,333,551	1,717,605	1,763,318	1,606,224	1,399,703
13,440	7,812	26,148	33,180	23,644	57,580
552,186	139,857	230,626	551,288	853,713	759,296
-	-	1,798	392,085	506,520	585,963
4,968,821	95,744	844,796	6,370,498	1,413,553	1,231,959
3,117,331	2,250,459	3,850,067	4,687,622	5,540,114	5,368,610
98,694,661	120,151,777	123,974,808	112,809,872	140,878,845	149,204,559
5,176,740	5,014,416	4,856,655	2,348,015	-	-
<u>117,599,299</u>	<u>131,225,530</u>	<u>139,519,733</u>	<u>134,116,392</u>	<u>156,063,167</u>	<u>167,988,145</u>
(320,912,818)	(309,918,888)	(298,342,582)	(293,833,534)	(356,381,609)	(384,607,244)
76,031,346	96,748,853	102,820,209	105,469,474	112,274,530	118,008,871
1,753,218	1,785,616	1,798,860	1,848,516	1,886,783	1,891,419
-	-	-	-	-	-
17,809,052	17,948,640	17,767,242	17,717,272	17,364,477	34,953,281
213,963,522	214,852,352	218,742,166	240,214,097	257,853,813	250,477,364
841,500	142,331	240,810	2,432,505	4,992,639	3,515,338
1,892,813	137,477	799,180	5,029,492	20,271,557	23,053,687
<u>312,291,451</u>	<u>331,615,269</u>	<u>342,168,467</u>	<u>372,711,356</u>	<u>414,643,799</u>	<u>431,899,960</u>
<u>\$ (8,621,367)</u>	<u>\$ 21,696,381</u>	<u>\$ 43,825,885</u>	<u>\$ 78,877,822</u>	<u>\$ 58,262,190</u>	<u>\$ 47,292,716</u>

Rosemount-Apple Valley-Eagan ISD 196
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 967,324	\$ 1,061,586	\$ 1,050,944	\$ 1,421,379
Restricted	2,454,724	5,838,313	9,318,698	10,840,842
Assigned	10,790,390	7,472,160	8,399,254	1,311,999
Unassigned	16,839,773	22,263,362	25,699,811	37,352,793
Total General Fund	\$ 31,052,211	\$ 36,635,421	\$ 44,468,707	\$ 50,927,013
All Other Governmental Funds				
Nonspendable	\$ 136,641	\$ 163,619	\$ 208,298	\$ 244,503
Restricted	138,407,574	104,910,947	45,393,559	14,947,727
Unassigned	-	-	-	(554,624)
Total All Other Governmental Funds	\$ 138,544,215	\$ 105,074,566	\$ 45,601,857	\$ 14,637,606

Rosemount-Apple Valley-Eagan ISD 196
Fund Balances, Governmental Funds - continued
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,282,831	\$ 647,657	\$ 3,932,377	\$ 1,814,179	\$ 1,176,877	\$ 1,198,093
10,072,358	13,093,480	16,883,660	13,538,337	15,459,447	21,782,510
1,271,880	7,128,748	13,744,165	19,458,897	26,396,719	19,374,130
45,737,258	63,988,692	59,534,594	56,839,880	68,559,006	76,238,975
<u>\$ 58,364,327</u>	<u>\$ 84,858,577</u>	<u>\$ 94,094,796</u>	<u>\$ 91,651,293</u>	<u>\$ 111,592,049</u>	<u>\$ 118,593,708</u>
\$ 497,327	\$ 473,170	\$ 445,313	\$ 404,986	\$ 570,305	\$ 544,290
19,169,103	19,061,145	15,879,212	17,094,771	323,863,040	240,820,932
-	-	-	(61,746)	-	-
<u>\$ 19,666,430</u>	<u>\$ 19,534,315</u>	<u>\$ 16,324,525</u>	<u>\$ 17,438,011</u>	<u>\$ 324,433,345</u>	<u>\$ 241,365,222</u>

Rosemount-Apple Valley-Eagan ISD 196
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local Sources				
Property Taxes	\$ 78,828,084	\$ 85,651,484	\$ 89,682,487	\$ 91,158,991
Investment Earnings	990,686	1,525,963	1,720,017	2,390,487
Other	20,303,840	21,655,777	21,241,570	21,450,041
State Sources	258,200,427	264,144,986	275,878,205	285,746,486
Federal Sources	13,700,319	14,628,580	15,834,368	16,232,102
Total revenues	<u>372,023,356</u>	<u>387,606,790</u>	<u>404,356,647</u>	<u>416,978,107</u>
Expenditures				
Current				
Administration	14,846,637	14,931,628	15,599,003	16,342,073
District Support Services	9,360,367	9,807,545	10,694,868	12,008,717
Elementary and Secondary				
Regular Instruction	165,181,027	169,848,898	173,672,800	177,357,744
Vocational Education Instruction	5,198,949	5,013,173	5,137,316	5,396,017
Special Education Instruction	65,226,216	68,020,953	71,133,191	72,650,167
Instructional Support Services	19,695,766	20,664,400	21,616,857	22,489,640
Pupil Support Services	23,694,661	24,615,829	25,550,001	26,181,738
Sites and Buildings	21,979,790	25,390,808	23,681,891	25,398,051
Fiscal and Other Fixed Cost Programs	650,603	613,851	582,782	1,182,069
Food Service	11,757,651	11,992,184	11,258,394	12,113,867
Community Service	8,044,250	8,822,111	8,751,046	8,933,712
Capital outlay	11,640,890	33,546,532	68,021,071	40,050,087
Debt service				
Principal	13,326,884	14,394,446	14,079,855	14,694,828
Interest and Fiscal charges	4,384,850	7,911,158	7,595,387	6,992,089
Total expenditures	<u>374,988,541</u>	<u>415,573,516</u>	<u>457,374,462</u>	<u>441,790,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,965,185)	(27,966,726)	(53,017,815)	(24,812,692)
Other Financing Sources (Uses)				
Transfers in	8,554,099	20,122	-	135,509
Transfers out	(8,554,099)	(20,122)	-	(135,509)
Refunding Debt Issued	-	-	-	-
Debt Issued	112,150,000	-	-	-
Premium on Debt Issued	20,355,238	-	-	-
Bond Refunding Payments	(12,125,000)	-	-	-
Long-Term Leases and Other Loans	480,000	-	1,043,209	-
Subscription based IT arrangements	-	-	-	-
Insurance Recovery	-	-	311,212	56,303
Judgements for the School District	-	-	-	369
Sale of Property	27,218	80,287	23,971	19,383
Total Other Financing Sources (Uses)	<u>120,887,456</u>	<u>80,287</u>	<u>1,378,392</u>	<u>76,055</u>
Net Change in Fund Balances	<u>\$ 117,922,271</u>	<u>\$ (27,886,439)</u>	<u>\$ (51,639,423)</u>	<u>\$ (24,736,637)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>4.9%</u>	<u>5.8%</u>	<u>5.6%</u>	<u>5.4%</u>

Rosemount-Apple Valley-Eagan ISD 196
 Changes in Fund Balances, Governmental Funds - continued
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 95,664,211	\$ 116,395,290	\$ 122,337,786	\$ 125,761,506	\$ 134,617,074	\$ 157,437,903
1,595,266	106,618	236,959	5,469,200	20,976,647	22,588,938
17,975,172	9,187,718	14,530,742	22,126,052	19,634,148	18,497,896
296,520,589	300,697,987	304,368,150	319,028,625	366,344,570	378,670,300
16,894,745	35,520,203	41,968,413	30,949,226	27,909,460	19,428,019
<u>428,649,983</u>	<u>461,907,816</u>	<u>483,442,050</u>	<u>503,334,609</u>	<u>569,481,899</u>	<u>596,623,056</u>
16,978,484	17,240,096	18,093,029	19,634,436	15,201,514	15,589,653
13,024,402	12,338,544	13,836,251	14,074,008	15,910,407	16,821,646
179,118,369	189,442,516	203,653,924	213,682,467	221,696,371	224,700,071
5,104,823	5,052,494	5,500,400	5,695,353	6,046,736	6,160,154
76,516,745	77,148,300	83,456,701	89,884,344	96,379,273	103,579,812
23,078,098	21,506,153	23,679,065	27,604,925	28,957,113	38,259,020
27,564,639	29,228,298	35,089,618	38,515,802	42,643,826	43,710,810
30,069,134	30,408,462	28,103,226	30,975,242	32,090,758	28,482,101
671,312	1,237,889	1,209,218	1,518,389	2,430,752	1,823,914
10,890,508	10,538,159	15,007,297	16,010,231	19,091,283	19,619,863
8,606,173	8,164,705	9,601,763	9,983,098	11,194,280	10,966,861
15,362,092	22,311,175	29,943,391	15,698,918	44,638,418	124,581,622
13,251,596	14,703,513	16,063,955	19,069,303	22,698,345	22,328,307
6,333,341	6,005,061	5,809,628	5,543,326	5,015,253	22,443,329
<u>426,569,716</u>	<u>445,325,365</u>	<u>489,047,466</u>	<u>507,889,842</u>	<u>563,994,329</u>	<u>679,067,163</u>
2,080,267	16,582,451	(5,605,416)	(4,555,233)	5,487,570	(82,444,107)
399,229	34,763	92,212	211,175	146,105	152,468
(399,229)	(34,763)	(92,212)	(211,175)	(146,105)	(152,468)
-	-	11,235,000	-	-	-
8,960,000	9,005,000	9,775,000	-	300,000,000	-
544,202	536,557	1,923,457	-	11,948,501	-
-	-	(12,110,000)	-	-	-
-	-	18,115	70,597	994,841	364,657
-	-	-	2,277,418	7,719,153	5,057,085
25,413	46,259	7,623	98,736	145,839	90,815
-	-	-	-	-	-
<u>856,256</u>	<u>191,868</u>	<u>782,650</u>	<u>778,465</u>	<u>640,186</u>	<u>865,086</u>
<u>10,385,871</u>	<u>9,779,684</u>	<u>11,631,845</u>	<u>3,225,216</u>	<u>321,448,520</u>	<u>6,377,643</u>
<u>\$ 12,466,138</u>	<u>\$ 26,362,135</u>	<u>\$ 6,026,429</u>	<u>\$ (1,330,017)</u>	<u>\$ 326,936,090</u>	<u>\$ (76,066,464)</u>
<u>4.8%</u>	<u>4.9%</u>	<u>4.8%</u>	<u>5.0%</u>	<u>5.3%</u>	<u>8.1%</u>



Rosemount-Apple Valley-Eagan ISD 196
General Governmental Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Capital Projects - Facility Improvement	Debt Service	
2025	\$ 120,593,203	\$ 1,891,419	\$ -	\$ 34,953,281	\$ 157,437,903
2024	115,365,814	1,886,783	-	17,364,477	125,761,506
2023	106,195,718	1,848,516	-	17,717,272	122,386,311
2022	102,820,209	1,798,860	-	17,767,242	116,483,109
2021	96,748,853	1,785,616	-	17,948,640	95,593,616
2020	76,033,997	1,752,848	-	17,806,771	286,898,104
2019	72,968,496	1,675,955	-	212,253,653	89,507,191
2018	71,069,187	1,670,006	-	16,767,998	85,829,748
2017	66,731,765	1,671,770	-	17,426,213	78,654,126
2016	53,871,623	1,662,796	8,535,237	14,584,470	79,066,937

Per ACFR Statement of Revenues, Expenditures, and Changes in Fund Balances

Rosemount-Apple Valley-Eagan ISD 196
Tax Capacity and Estimated Market Value of Property
Last Ten Fiscal Years
(Unaudited)

Tax Collection Calendar Year	Tax Capacity (1)			Tax Rate Determining Value Subtotal	
	Real and Personal Property	Fiscal Disparities Contributions	Tax Increment	Amount	Percent Increase (Decrease)
	2025	\$ 303,963,948	\$ (21,699,539)	\$ (5,714,312)	\$ 276,550,097
2024	298,450,144	(19,245,645)	(5,898,580)	273,305,919	6.8%
2023	279,459,418	(18,297,115)	(5,304,095)	255,858,208	17.8%
2022	240,575,365	(18,504,314)	(4,884,451)	217,186,600	5.0%
2021	228,617,628	(17,313,550)	(4,486,386)	206,817,692	6.0%
2020	215,880,510	(16,477,982)	(4,312,949)	195,089,579	7.3%
2019	201,428,701	(15,818,379)	(3,731,389)	181,878,933	8.4%
2018	186,318,358	(15,403,001)	(3,128,406)	167,786,951	7.8%
2017	173,554,906	(15,383,669)	(2,471,521)	155,699,716	4.1%
2016	166,440,791	(14,921,393)	(1,904,735)	149,614,663	5.9%

(1) Tax capacity is calculated by applying class rates (for specific property classifications such as residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Rosemount-Apple Valley-Eagan ISD 196
Tax Capacity and Estimated Market Value of Property - continued
Last Ten Fiscal Years
(Unaudited)

Tax Capacity (1)		Referendum Market Value	
Fiscal Disparities Distribution	Total Tax Capacity	Amount	Percent Increase (Decrease)
\$ 31,652,479	\$ 308,202,576	\$ 26,857,551,027	2.2%
28,479,925	301,785,844	26,277,844,354	5.8%
26,974,003	282,832,211	24,848,181,413	15.8%
27,109,969	244,296,569	21,456,033,389	5.4%
24,920,887	231,738,579	20,353,002,736	5.3%
23,476,576	218,566,155	19,320,498,352	7.0%
22,023,827	203,902,760	18,061,396,485	8.1%
20,713,134	188,500,085	16,705,743,318	7.1%
19,309,802	175,009,518	15,593,078,470	4.1%
17,855,260	167,469,923	14,984,685,831	5.2%

Rosemount-Apple Valley-Eagan ISD 196
Property Tax Rates -
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

		Mill Levy Rates									
		Independent School District No. 196				Overlapping Rates (1) - Municipalities, and Townships					
		Community Service Revenue Fund			Debt Service Fund						Inver Grove Heights
Levy Year	General Fund	Special Revenue Fund	Debt Service Fund	Total	Apple Valley	Burnsville	Coates	Eagan	Farmington	Inver Grove Heights	
Tax Capacity Rate	2025	10.959	0.577	11.432	22.968	41.810	45.806	12.566	36.177	47.908	50.753
Market Value Rate	2025	0.283	-	-	0.283	0.014	-	-	-	-	-
Tax Capacity Rate	2024	11.071	0.614	11.939	23.624	36.789	42.503	11.370	33.585	45.069	50.132
Market Value Rate	2024	0.301	-	-	0.301	0.014	-	-	-	-	-
Tax Capacity Rate	2023	11.164	0.633	6.107	17.904	35.273	42.374	12.739	33.566	42.933	48.814
Market Value Rate	2023	0.312	-	-	0.312	0.014	-	-	-	-	-
Tax Capacity Rate	2022	11.955	0.723	7.293	19.971	38.182	43.054	14.258	36.119	50.623	51.925
Market Value Rate	2022	0.329	-	-	0.329	0.016	-	-	-	-	-
Tax Capacity Rate	2021	11.619	0.746	7.681	20.046	38.192	42.853	13.838	36.333	49.251	50.590
Market Value Rate	2021	0.343	-	-	0.343	0.016	-	-	-	-	-
Tax Capacity Rate	2020	11.758	0.860	7.242	19.860	39.782	43.148	17.196	35.262	50.971	51.037
Market Value Rate	2020	0.344	-	-	0.344	0.016	-	-	0.012	-	-
Tax Capacity Rate	2019	12.511	0.860	7.242	20.613	39.603	43.595	15.688	35.227	54.372	53.537
Market Value Rate	2019	0.261	-	-	0.261	0.017	-	-	0.012	-	-
Tax Capacity Rate	2018	11.728	0.880	8.744	21.352	42.475	43.552	17.399	36.378	57.161	51.112
Market Value Rate	2018	0.267	-	-	0.267	0.018	-	-	0.013	-	-
Tax Capacity Rate	2017	13.000	0.915	9.421	23.336	44.473	46.557	17.490	37.385	58.760	51.644
Market Value Rate	2017	0.274	-	-	0.274	0.020	-	-	0.015	-	-
Tax Capacity Rate	2016	12.843	1.004	10.470	24.317	44.721	46.525	17.482	37.097	59.239	49.266
Market Value Rate	2016	0.27	-	-	0.270	0.020	-	-	0.015	-	-

- (1) Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all the District’s property owners (e.g., the rates for special districts apply only to the proportion of the District’s property owners whose property is located within the geographic boundaries of the special district).
- (2) The miscellaneous other levy includes the Metropolitan Council, Mosquito Abatement, Transit District, Dakota County CDA, and Light Rail. These miscellaneous levies are slightly between municipalities.

Source

Dakota County Department of Property and Public Records

Rosemount-Apple Valley-Eagan ISD 196
Property Tax Rates -
Direct and Overlapping Governments - continued
Last Ten Fiscal Years
(Unaudited)

Mill Levy Rates						Totals by School District		
Overlapping Rates (1) - Municipalities, and Townships								
Lakeville	Rosemount	Empire Township	Vermillion Township	Dakota County	Miscellaneous Other (2)	Apple Valley Resident	Eagan Resident	Rosemount Resident
32.731	35.265	26.441	15.060	19.948	3.053	87.779	82.146	81.234
-	-	-	-	-	-	0.297	0.283	0.283
30.213	33.360	25.491	13.991	18.323	2.994	81.730	78.526	78.301
-	-	-	-	-	-	0.315	0.301	0.301
29.676	32.345	24.073	14.204	18.816	2.914	74.907	73.200	71.979
-	-	-	-	-	-	0.326	0.312	0.312
32.846	36.949	27.623	16.031	21.630	3.381	83.164	81.101	81.931
-	-	-	-	-	-	0.345	0.329	0.329
34.351	36.954	27.250	14.070	22.716	3.432	84.386	82.527	83.148
-	-	-	-	-	-	0.359	0.343	0.343
34.615	38.580	29.131	14.728	24.133	4.030	87.805	83.285	86.603
-	-	-	-	-	-	0.360	0.356	0.344
35.607	39.355	25.386	15.723	25.386	-	85.602	81.226	85.354
-	-	-	-	-	-	0.278	0.273	0.261
36.419	40.961	29.892	16.282	26.580	4.458	94.865	88.768	93.351
-	-	-	-	-	-	0.285	0.280	0.267
37.510	41.832	29.642	16.279	28.004	4.458	100.271	93.183	97.630
-	-	-	-	-	-	0.294	0.289	0.274
38.669	43.149	29.445	16.724	28.570	5.063	102.671	95.047	101.099
-	-	-	-	-	-	0.290	0.285	0.270

Rosemount-Apple Valley-Eagan ISD 196
Property Tax Rates -
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2025			2016		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Flint Hills Resources Pine Bend LLC	\$ 78,403,774	1	0.3%	\$ 67,255,668	4	0.4%
Northern States Power Co	76,343,500	2	0.3%	-	N/A	N/A
Eagan Property Owner LLC	66,393,200	3	0.2%	-	N/A	N/A
Kingston Green Limited Partnership	66,127,000	4	0.2%	-	N/A	N/A
Neon Burnsville LLC	65,217,500	5	0.2%	-	N/A	N/A
RRE Woods Holdings LLC	62,500,000	6	0.2%	-	N/A	N/A
Continental 313 Fund LLC	61,823,100	7	0.2%	-	N/A	N/A
RRE Nicollet Ridge Holdings LLC	59,369,400	8	0.2%	-	N/A	N/A
Eagan Promenade Inc.	53,177,200	9	0.2%	34,073,100	8	0.2%
SP MIM Rosemount LLC	51,209,000	10	0.2%	-	N/A	N/A
West Publishing Company	-	N/A	N/A	74,193,500	2	0.5%
Nighthawks Properties LLC	-	N/A	N/A	39,167,300	7	0.3%
Burnsville Center SPE LLC	-	N/A	N/A	107,500,000	1	0.7%
Xcel Energy	-	N/A	N/A	68,161,800	3	0.5%
Dakota Electric Association	-	N/A	N/A	46,384,600	5	0.3%
Individual	-	N/A	N/A	41,784,700	6	0.3%
Apple Valley Leased Housing Association III	-	N/A	N/A	32,118,700	9	0.2%
WRPV XI Woods Burnsville LLC	-	N/A	N/A	29,951,800	10	0.2%
Total paid by principal property taxpayers	640,563,674		2.4%	540,591,168		3.6%
All others	26,216,987,353		97.6%	14,444,094,663		96.4%
Total	\$ 26,857,551,027		100.0%	\$ 14,984,685,831		100.0%

Source

Dakota County Department of Property Tax and Public Records

Rosemount-Apple Valley-Eagan ISD 196
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy Year Collectible December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025 (1)	\$ 156,041,548	\$ 71,645,548	45.91%	N/A	\$ 71,645,548	45.91%
2024	156,934,270	154,528,966	98.47%	1,202,652	155,731,618	99.23%
2023	133,519,390	132,748,332	99.42%	285,113	133,033,445	99.64%
2022	124,766,022	123,642,772	99.10%	406,514	124,049,286	99.43%
2021	121,465,415	120,634,751	99.32%	255,453	120,890,204	99.53%
2020	116,077,302	115,130,636	99.18%	438,006	115,568,642	99.56%
2019	95,260,090	94,911,727	99.63%	314,713	95,226,440	99.96%
2018	90,961,693	90,579,847	99.58%	366,428	90,946,275	99.98%
2017	89,051,368	88,689,493	99.59%	292,485	88,981,978	99.92%
2016	85,688,567	85,298,846	99.55%	389,721	85,688,567	100.00%

(1) Only a portion of the calendar year 2025 taxes are collected by June 30, 2025.

Rosemount-Apple Valley-Eagan ISD 196
 Ratios and Outstanding Debt by Type
 Last Ten Fiscal Years
 (Unaudited)

Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Refunding Bonds	Long-Term Leases	Subscription Liabilities	Financed Purchases	Certificates of Participation			
2025	\$ 373,443,148	\$ -	\$ 995,629	\$ 6,528,871	\$ 2,415,889	\$ 24,206,669	\$ 407,590,206	N/A	\$ 2,431
2024	384,507,670	4,153,521	978,777	8,839,263	3,232,106	28,486,717	430,198,054	N/A	2,566
2023	83,570,205	8,122,041	285,892	6,707,873	4,009,000	31,976,346	134,671,357	0.40%	813
2022	94,102,419	12,235,562	325,334	6,805,412	4,763,307	35,075,627	153,307,661	0.49%	935
2021	107,589,699	17,038,465	563,075	-	5,711,406	27,305,728	158,208,373	0.53%	965
2020	117,208,645	20,998,759	-	-	6,149,919	19,614,507	163,971,830	0.59%	1,029
2019	126,537,591	24,776,622	-	-	7,046,515	11,140,000	169,500,728	0.64%	1,063
2018	139,238,317	26,310,000	-	-	8,286,343	12,125,000	185,959,660	0.72%	1,181
2017	128,940,000	29,530,000	-	-	8,477,989	13,085,000	180,032,989	0.74%	1,164
2016	138,270,000	32,660,000	-	-	9,467,435	14,030,000	194,427,435	0.85%	1,269

Rosemount-Apple Valley-Eagan ISD 196
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 (Unaudited)

Year	General Obligation Bonds and Capital Notes	Less Amounts Available in Debt Service Fund	Total	Percentage of Market Value of Property (1)	Per Capita (2)
2025	\$ 373,443,148	\$ 9,258,597	\$ 364,184,551	1.36%	\$ 2,172
2024	388,661,191	8,151,553	380,509,638	1.45%	2,270
2023	91,692,246	5,776,225	85,916,021	0.35%	519
2022	106,337,981	4,543,912	101,794,069	0.47%	621
2021	124,628,164	3,636,775	120,991,389	0.59%	738
2020	138,207,404	2,669,765	135,537,639	0.70%	850
2019	151,314,213	1,699,991	149,614,222	0.83%	939
2018	165,548,317	3,592,701	161,955,616	0.97%	1,028
2017	158,470,000	5,338,811	153,131,189	0.98%	990
2016	170,930,000	7,362,951	163,567,049	1.09%	1,068

Note

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Tax Capacity and Estimated Market Value of Property for information on the market value of the District's property.
- (2) See the Schedule of Demographic and Economic Statistics for the District's population data.



Rosemount-Apple Valley-Eagan ISD 196
 Direct and Overlapping Debt
 June 30, 2025
 (Unaudited)

Taxing Entity	2024-2025 Taxable Net Tax Capacity (1)	General Obligation Bonded Debt (2)	Percent Overlapping to ISD No. 196	Total Direct and Overlapping Debt
Direct Debt ISD No. 196	\$ 276,550,097	\$ 358,710,000	100.00%	\$ 358,710,000
Overlapping Debt				
Dakota County	761,460,633	-	36.32%	-
Cities				
Apple Valley	81,847,725	54,985,829	99.19%	54,540,444
Burnsville	102,552,658	60,887,000	23.63%	14,387,598
Eagan	135,356,711	52,985,000	64.18%	34,005,773
Farmington	30,962,345	11,085,000	0.02%	2,217
Inver Grove Heights	60,499,273	32,160,000	24.43%	7,856,688
Lakeville	137,245,174	155,450,000	17.10%	26,581,950
Rosemount	46,930,713	111,365,000	93.33%	103,936,955
Town of Empire	5,592,914	1,475,000	14.01%	206,648
Others				
Metropolitan Council	6,567,474,000	<u>200,314,000</u>	4.21%	<u>8,433,219</u>
Subtotal overlapping debt		<u>680,706,829</u>		<u>249,951,492</u>
Total Direct and Overlapping Debt		<u>\$ 1,039,416,829</u>		<u>\$ 608,661,492</u>

Rosemount-Apple Valley-Eagan ISD 196
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 2,247,702,875	\$ 2,338,961,771	\$ 2,505,861,498	\$ 2,709,209,473	\$ 2,898,074,753
Total Net Debt Applicable to Limit	<u>163,567,049</u>	<u>153,131,189</u>	<u>142,992,299</u>	<u>149,614,222</u>	<u>135,537,639</u>
Legal Debt Margin	<u>\$ 2,084,135,826</u>	<u>\$ 2,185,830,582</u>	<u>\$ 2,362,869,199</u>	<u>\$ 2,559,595,251</u>	<u>\$ 2,762,537,114</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.28%	6.55%	5.71%	5.52%	4.68%

Rosemount-Apple Valley-Eagan ISD 196
 Legal Debt Margin Information - continued
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year				
2021	2022	2023	2024	2025
\$ 3,052,950,410	\$ 3,277,138,487	\$ 3,727,227,212	\$ 3,941,676,653	\$ 4,028,632,654
<u>120,991,389</u>	<u>131,556,996</u>	<u>73,707,550</u>	<u>380,509,638</u>	<u>364,184,551</u>
<u>\$ 2,931,959,021</u>	<u>\$ 3,145,581,491</u>	<u>\$ 3,653,519,662</u>	<u>\$ 3,561,167,015</u>	<u>\$ 3,664,448,103</u>
3.96%	4.01%	1.98%	9.65%	9.04%

Legal Debt Margin Calculation for 2025

Estimated Market Value - 2024	\$ 26,857,551,027
Debt Limit (15% of Market Value)	\$ 4,028,632,654
Debt Applicable to Limit	
General Obligation Bonds	\$ 373,443,148
Less Amount Set Aside for Repayment of General Obligation Debt	<u>(9,258,597)</u>
Total Net Debt Applicable to Limit	<u>364,184,551</u>
Legal Debt Margin	<u>\$ 3,664,448,103</u>

Rosemount-Apple Valley-Eagan ISD 196
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	ISD No. 196 Population (1)	Dakota County						
		Population (2)	Personal Income (Thousands) (2)	Per Capita Personal Income (2)	Education Level in Years of Formal Schooling (3)	Median Age (2)	School Enrollment (4)	Unemployment Rate (2)
2024	167,659	453,156	N/A	N/A	95.0%	39.3	29,049	2.9%
2023	165,608	447,440	33,566,347	75,019	95.0%	39.1	28,961	2.7%
2022	163,960	443,692	31,026,692	69,984	96.0%	38.5	29,047	2.0%
2021	163,960	442,038	30,026,160	67,927	95.0%	39.0	29,086	3.4%
2020	159,390	431,807	27,958,762	64,748	N/A	38.0	28,709	5.9%
2019	159,390	429,021	26,562,417	61,914	96.0%	38.3	29,019	2.9%
2018	157,475	425,423	25,802,276	60,651	95.2%	38.2	29,196	2.5%
2017	154,620	421,751	24,308,945	57,638	94.0%	38.0	28,644	2.5%
2016	153,174	417,486	22,951,451	54,975	94.0%	37.6	28,182	3.4%
2015	153,051	414,686	22,272,614	53,710	95.0%	37.3	27,790	3.3%

N/A - Not Available

Data Sources

- (1) District population is based upon an annual school district census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) 2024 Annual Comprehensive Financial Report for Dakota County, Minnesota
- (3) Dakota County Demographics Report
- (4) Actual number of students enrolled in the District on October 1 of each school year, based on the District's official October 1 enrollment reports.

Rosemount-Apple Valley-Eagan ISD 196
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2024 (1)			2015		
	Employees (1)	Rank	Percentage of Total County Employment	Employees (2)	Rank	Percentage of Total County Employment
Thomson West	6,700	1	4.38%	6,000	1	3.92%
ISD No. 196	4,367	2	2.85%	3,693	2	2.41%
Blue Cross Blue Shield	3,000	3	1.96%	N/A	N/A	N/A
Burnsville Center	3,000	3	1.96%	1,500	4	0.98%
U.S. Postal Service	2,704	5	1.77%	816	7	0.53%
CHS Inc.	2,300	6	1.50%	N/A	N/A	N/A
Dakota County	2,052	7	1.34%	N/A	N/A	N/A
UTC Aerospace	1,900	8	1.24%	N/A	N/A	N/A
ISD No. 191	1,355	9	0.89%	N/A	N/A	N/A
ISD No. 194	1,334	10	0.87%	N/A	N/A	N/A
Fairview Ridges Hospital	N/A	N/A	N/A	1,050	5	0.69%
United Parcel Service	N/A	N/A	N/A	1,729	3	1.13%
Cub Foods	N/A	N/A	N/A	894	6	0.58%
YMCA	N/A	N/A	N/A	749	8	0.49%
City of Eagan	N/A	N/A	N/A	583	9	0.38%
Target	N/A	N/A	N/A	510	10	0.33%
All Others	<u>124,339</u>		81.24%	<u>135,527</u>		88.55%
Total District Population	<u>153,051</u>			<u>153,051</u>		

(1) Calendar Year

Source

2024 Dakota County Annual Comprehensive Financial Report

Rosemount-Apple Valley-Eagan ISD 196
 Employees by Classification
 Last Ten Fiscal Years
 (Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Administrators/Principals (1)	117	117	136	140	138	136	134	138	141	151
Supervisors/Special Staff	69	68	81	85	82	84	84	86	88	85
Teachers/Nurses	2812	2815	2624	2356	2378	2479	2436	2443	2450	2485
Clerical	1096	1087	930	939	863	885	945	924	971	1015
Building Chiefs and Custodians	201	203	206	215	185	185	194	182	190	191
Food Service	196	202	193	199	172	184	169	171	179	197
Truck Drivers/Mechanics/Bus Drivers	245	256	253	312	292	290	279	277	278	272
Nonlicensed Specialists	56	53	62	62	48	37	38	40	48	64
Total	<u>4,792</u>	<u>4,801</u>	<u>4,485</u>	<u>4,308</u>	<u>4,158</u>	<u>4,280</u>	<u>4,279</u>	<u>4,261</u>	<u>4,345</u>	<u>4,460</u>

(1) District office cabinet, principals, secondary school building assistant principals, and principals on special assignment.

Note

This schedule is a headcount based on assignment – employees with multiple assignments are reflected multiple times.

Rosemount-Apple Valley-Eagan ISD 196
 Operating Indicators -
 Standardized Testing and Graduation Rates
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Standardized tests										
MCA Reading (1)										
Grade 3	59%	65%	64%	61%	N/A	0.54	53%	55%	53%	5200%
Grade 4	65	62	66	60	N/A	52	56	55	54	54
Grade 5	73	72	70	73	N/A	63	65	66	64	65
Grade 6	66	69	69	66	N/A	60	60	58	62	62
Grade 7	65	64	63	62	N/A	56	52	53	52	52
Grade 8	66	69	66	63	N/A	57	55	53	54	51
Grade 10	74	73	73	73	N/A	73	59	63	63	61
MCA Math (1)										
Grade 3	74	75	73	71	N/A	65	65	65	68	59
Grade 4	73	73	74	70	N/A	56	66	67	66	64
Grade 5	65	64	62	62	N/A	47	54	57	56	50
Grade 6	66	65	64	59	N/A	42	44	46	50	49
Grade 7	63	62	61	59	N/A	43	45	48	47	50
Grade 8	66	66	66	65	N/A	42	46	49	49	51
Grade 11	64	68	64	62	N/A	60	44	50	51	52
MCA Science (1)										
Grade 5	70	68	67	66	N/A	54	56	55	52	31
Grade 8	63	61	59	55	N/A	38	41	38	42	22
High school	73	74	70	74	N/A	59	56	55	62	53
MAP (Measures of Academic Progress) (2)										
Reading										
Grade 2-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	56.8	N/A	N/A
Grade 6-7	56.6	55.3	56.4	54.5	49.6	57.9	40.6	53.4	48.7	N/A
Math										
Grade 2-5	55	54.6	51.2	48.3	51.7	N/A	N/A	58.6	N/A	N/A
Grade 6-7	58.4	60.4	60.8	58.8	56.4	42.5	40.7	63.7	53	N/A
ACT										
Average composite score	23.0	23.1	23.1	23.0	22.7	22.9	21.5	21.3	21.4	20.9
National Merit Scholars										
Commended	32	47	47	26	56	49	41	33	22	17
Finalists and semifinalists	15	15	7	16	12	17	13	12	11	11

Rosemount-Apple Valley-Eagan ISD 196
 Operating Indicators
 Standardized Testing and Graduation Rates - continued
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Attendance percentages										
Kindergarten	95.80	95.90	96.00	95.70	95.80	97.00	92.80	98.90	94.00	94.80
1st grade	95.80	95.90	96.00	96.00	95.80	96.90	93.00	98.70	94.00	94.90
2nd grade	96.10	95.80	96.20	96.00	96.10	97.10	93.30	98.80	94.40	95.00
3rd grade	96.00	96.10	96.10	96.10	95.90	97.20	93.30	98.80	94.40	94.90
4th grade	96.00	95.70	96.10	95.90	96.00	96.90	93.50	98.80	94.50	94.90
5th grade	95.90	95.80	95.80	96.00	95.90	96.80	93.20	98.90	94.30	94.90
6th grade	95.70	95.40	95.20	95.50	96.00	94.60	92.70	98.90	94.40	94.20
7th grade	95.40	95.30	94.90	95.50	95.60	94.10	92.90	98.80	93.70	94.20
8th grade	95.20	95.00	94.80	95.40	95.30	93.20	92.50	98.70	93.30	93.50
9th grade	95.70	95.20	95.20	96.30	97.00	96.20	93.00	98.90	93.70	94.20
10th grade	95.00	94.20	93.80	95.30	96.10	95.90	92.20	98.60	92.50	92.70
11th grade	93.20	93.10	92.30	95.10	95.30	94.60	91.10	98.40	91.00	91.60
12th grade	90.20	89.40	89.40	92.00	93.30	92.40	88.50	98.40	87.60	97.50
All grades	94.60%	94.40%	94.30%	95.00%	95.30%	95.00%	92.00%	92.00%	93.22%	93.10%
Graduation data (3)										
District graduation rates	92.0%	90.0%	91.0%	91.2%	88.8%	88.5%	88.5%	88.7%	88.1%	N/A
State graduation rate	82.0%	83.0%	83.0%	83.7%	83.8%	83.3%	83.6%	83.3%	84.2%	N/A

N/A - Not Available

- (1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessments (MCA).
- (2) Percent of students who met or exceeded their mean growth projection.
- (3) Percent of students graduating from high school within four years after enrolling in Grade 9.

Source

Standardized testing results for the District are from the “Annual Report on Curriculum, Instruction, and Student Achievement,” prepared by the District’s Teaching and Learning Department.

Rosemount-Apple Valley-Eagan ISD 196
Capital Assets Statistics by Program and Classification
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program										
Administration	\$ 249,608	\$ 249,608	\$ 249,608	\$ 249,608	\$ 249,608	\$ 249,608	\$ 249,608	\$ 320,843	\$ 734,500	\$ 661,390
District Support Services	1,209,990	1,313,895	1,417,800	1,497,800	1,434,713	1,431,913	1,431,913	7,495,394	8,767,916	\$12,548,487
Elementary and Secondary										
Regular Instruction	9,498,719	10,298,063	10,356,373	10,413,270	10,541,161	10,628,195	18,085,409	12,920,822	28,245,996	29,735,423
Vocational Education	153,059	156,601	164,106	164,106	164,106	153,841	153,841	148,239	148,239	429,424
Special Education	387,351	392,500	392,500	392,500	385,920	385,920	385,920	574,536	1,436,656	1,356,894
Community Education	36,225	36,225	36,225	36,225	36,225	36,225	33,625	40,291	78,420	54,645
Instructional Support	159,917	159,917	159,917	159,917	159,917	159,917	159,917	1,134,074	1,134,074	955,632
Transportation	15,966,253	16,873,062	18,213,195	18,517,122	20,733,236	20,996,459	21,388,599	21,955,488	22,099,112	23,658,455
Food Service	2,486,240	2,662,531	2,746,826	2,982,509	3,161,792	3,185,003	3,211,607	4,062,182	5,448,282	6,459,205
Sites and Buildings	6,418,617	6,666,365	6,993,094	10,600,927	11,966,353	11,966,353	557,098,917	11,966,353	11,966,353	19,698,160
Sites and Buildings – Unallocated	412,984,267	442,192,955	486,431,295	509,995,795	520,991,650	532,833,261	11,966,353	560,377,497	576,732,010	674,422,486
Total program	\$ 449,550,246	\$ 481,001,722	\$ 527,160,939	\$ 555,009,779	\$ 569,824,681	\$ 582,024,095	\$ 614,165,709	\$ 620,995,719	\$ 656,791,558	\$ 769,980,201
Classification										
Land	\$ 8,870,712	\$ 8,870,712	\$ 8,870,712	\$ 11,966,353	\$ 11,966,353	\$ 11,966,353	\$ 11,966,353	\$ 11,966,353	\$ 11,966,353	\$ 19,625,832
Land Improvements	12,976,413	12,976,413	12,976,413	14,812,196	15,808,864	16,545,781	17,590,399	18,721,699	20,949,724	23,002,527
Building	357,940,976	362,591,261	374,845,921	376,147,361	437,802,664	463,331,698	498,256,495	509,302,876	514,188,125	523,377,988
Equipment	32,852,222	36,720,661	37,117,841	38,409,410	37,086,444	37,084,708	36,233,516	36,299,878	46,555,792	56,728,626
Eligible Pupil Transportation Vehicle	14,480,477	15,334,693	17,925,049	18,517,122	18,587,679	19,110,481	20,726,576	20,918,636	21,062,260	22,675,348
Food Service Equipment	2,450,498	2,626,789	2,711,084	2,982,509	3,601,327	3,624,538	3,651,142	4,044,857	4,650,070	5,499,696
Property and Equipment under Leases	17,336,653	14,315,371	15,358,580	13,745,317	13,745,317	14,327,063	578,987	561,267	1,553,517	1,643,538
Property and Equipment under Subscription IT Agreements	-	-	-	-	-	-	6,805,412	9,082,831	16,544,761	15,897,242
Total classification	446,907,951	453,435,900	469,805,600	476,580,268	538,598,648	565,990,622	595,808,880	610,898,397	637,470,602	668,450,797
Construction in Progress	2,642,295	27,565,822	57,355,339	78,429,511	31,226,033	16,033,473	18,356,829	10,097,322	19,320,956	101,529,404
Total classification and construction in progress	\$ 449,550,246	\$ 481,001,722	\$ 527,160,939	\$ 555,009,779	\$ 569,824,681	\$ 582,024,095	\$ 614,165,709	\$ 620,995,719	\$ 656,791,558	\$ 769,980,201

Source
The District's Finance Department

Rosemount-Apple Valley-Eagan ISD 196
Expenditures Per Student (Average Daily Membership)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration	\$ 539	\$ 537	\$ 553	\$ 575	\$ 589	\$ 604	\$ 634	\$ 685	\$533	\$ 546
District Support Services	340	353	379	423	464	2,564	502	549	558	589
Elementary and Secondary Regular Instruction	6,001	6,110	6,177	6,241	6,250	6,621	7,136	7,509	7,775	7,874
Vocational Education Instruction	189	180	182	190	180	178	192	200	212	216
Special Education Instruction	2,370	2,447	2,516	2,556	2,663	805	2,956	3,143	3,380	3,630
Instructional Support Services	716	743	767	791	806	753	824	969	1,016	1,341
Pupil Support Services	861	886	905	921	1,010	1,081	1,278	1,385	1,496	1,532
Sites and Buildings	799	913	839	894	1,301	1,313	1,349	1,550	1,125	998
Fiscal and Other Fixed Cost Program	24	22	21	42	37	45	45	60	85	64
Food Service	427	431	400	426	384	379	537	588	670	688
Community Service	292	317	310	314	292	286	335	349	393	384
Capital Outlay	423	1,207	263	1,409	218	372	664	14	1,565	4,366
Debt Service	643	802	767	763	592	597	1,016	588	972	1,569
Total Expenditures	\$ 13,624	\$ 14,948	\$ 14,079	\$ 15,545	\$ 14,786	\$ 15,598	\$ 17,468	\$ 17,589	\$ 19,780	\$ 23,797
Average Daily Membership	27,513	27,911	28,178	28,418	28,870	28,544	28,679	28,756	28,514	28,536

Rosemount-Apple Valley-Eagan ISD 196
Food Service School Lunch Program Data
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2025	27,109	3,367,125	171	19,691	72.6	880,409	26.1	192,253	5.7
2024	27,089	3,408,394	171	19,932	73.6	925,777	27.2	200,882	5.9
2023	27,245	2,896,231	171	16,937	62.2	821,255	28.4	206,988	7
2022	23,415	3,034,816	175	17,342	74.1	2,954,034	97.3	-	-
2021	27,117	1,538,375	102	15,082	55.6	1,538,375	100.0	-	-
2020	28,870	1,924,112	116	16,587	57.5	438,784	22.8	171,961	8.9
2019	28,418	2,603,191	165	15,777	55.5	622,877	23.9	238,377	9.2
2018	25,296	2,598,724	165	15,750	62.3	671,874	25.9	227,855	8.8
2017	26,416	2,585,768	169	15,300	57.9	667,303	25.8	227,423	8.8
2016	25,198	2,561,285	169	15,156	60.1	694,018	27.1	207,102	8.1

(1) Attendance is deemed to be 95 percent of enrollment.

Source

ISD No. 196 Summary Food Service Statistics Reports

Rosemount-Apple Valley-Eagan ISD 196
School Facilities
As of June 30, 2025
(Unaudited)

Facility	Use	Constructed	Acres	Classrooms (1)	Square Footage	Capacity	Enrollment (2)
Elementary Schools							
Cedar Park	School	1977	16.64	29	79,178	595	723
Deerwood	School	1987	(3a)	35	80,741	595	523
Diamond Path	School	1970	40.00	39	83,780	725	684
East Lake	School	2017	22.40	38	84,600	750	841
Echo Park	School	1979	16.29	45	94,876	790	716
Glacier Hills	School	1993	15.01	39	85,167	680	706
Greenleaf	School	1975	30.40	50	88,130	835	749
Highland	School	1986	(3b)	43	85,497	725	664
Northview	School	1960	39.50	37	67,743	705	396
Oak Ridge	School	1991	9.95	45	86,896	680	545
Parkview	School	1970	13.00	39	95,430	680	677
Pinewood	School	1990	17.31	44	85,328	815	516
Red Pine	School	1995	13.09	47	88,784	815	752
Rosemount	School	1960	(3c)	38	76,251	660	829
Shannon Park	School	1990	13.50	47	83,936	770	509
Southview	School	1967	(3d)	46	75,391	790	575
Thomas Lake	School	1979	15.00	34	69,912	595	577
Westview	School	1964	18.00	41	71,678	725	497
Woodland	School	1988	18.43	37	83,724	680	721
Middle Schools							
Black Hawk	School	1994	38.81	71	198,534	1,200	887
Dakota Hills	School	1989	(3e)	64	223,560	1,300	1,174
Falcon Ridge	School	1996	32.46	73	197,014	1,200	1,082
Rosemount	School	1918	(3c)	61	173,796	1,055	1,145
Scott Highlands	School	1979	40.00	60	165,735	1,030	1,228
Valley	School	1972	32.74	60	192,198	1,165	1,087
High Schools							
Apple Valley	School	1976	80.00	83	370,234	1,990	1,922
Eagan	School	1990	94.00	87	382,970	2,040	2,181
Eastview	School	1997	54.00	97	338,242	2,015	2,188
Rosemount	School	1963	120.13	91	414,998	2,015	2,284
School of Environmental Studies	School	1995	12.25	53	71,171	400	314
Area Learning Center and Transition Plus							
Dakota Ridge	School	1997	(3f)	26	50,338	160	105
Cedar Valley Learning Center	School	1993	1.59	6	13,730	309	39
Dakota Valley Learning Center	Special/Early Child/ Adult Education	2014	(3f)	22	54,000	529	294
Silver Bell Learning Center	Special/Early Child/ Adult Education	2017	7.25	13	48,332	N/A	63
District Office							
District Office	Office	2006	2.10	N/A	25,900	368	-
District Service Center	Office	1972	40.00	N/A	23,937	N/A	-
Facilities	Office/Maintenance/Warehouse	1972	(3f)	N/A	28,964	N/A	-
District Office East	Office	1984	9.50	N/A	18,677	N/A	-

N/A – Not Available

(1) All rooms dedicated for instructional purposes, including regular classrooms, portable classrooms, computer labs, art rooms, band/choir/music rooms, special services rooms, science rooms, F.A.C.S. rooms, and industrial technology rooms.

(2) Enrollment is defined as the adjusted ADMs served excluding resident students tuitioned out to other Minnesota school districts. Students served by the school of environmental studies are included in the students' home high school.

(3) Joint sites

(a) with Black Hawk Middle School

(d) with Valley Middle School

(b) with Scott Highlands Middle School

(e) with Eagan High School

(c) with Rosemount High School

(f) with District Service Center/Facilities/Dakota Ridge/Dakota Valley Learning Center

Rosemount-Apple Valley-Eagan ISD 196

Building Permits Issued by Major Cities

Last Ten Fiscal Years

(Unaudited)

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Rosemount				
2024	5,842	\$ 432,000,000	513	\$ 133,568,728
2023	5,582	304,000,000	1,127	232,413,338
2022	4,925	155,000,000	228	59,930,418
2021	6,921	146,000,000	340	80,900,970
2020	4,426	105,548,812	389	67,676,504
2019	3,997	90,278,793	274	65,796,011
2018	3,503	87,287,106	256	57,601,704
2017	3,136	74,717,882	135	37,709,343
2016	3,033	82,205,630	136	38,723,900
2015	2,677	63,330,428	173	39,739,000
City of Apple Valley				
2024	6,400	\$ 93,592,957	40	\$ 12,476,703
2023	8,964	125,231,221	17	7,332,200
2022	16,003	191,634,488	46	9,731,000
2021	9,353	117,619,214	63	14,402,000
2020	6,006	44,873,377	5	1,368,000
2019	6,534	81,344,499	29	9,899,000
2018	5,698	141,378,881	125	33,552,000
2017	6,932	202,481,522	177	42,973,000
2016	6,573	92,352,609	140	42,385,000
2015	5,755	90,870,178	120	34,525,000
City of Eagan				
2024	2,382	\$ 199,591,452	6	\$ 2,678,284
2023	2,840	89,771,200	13	4,562,119
2022	2,853	165,895,634	53	13,421,372
2021	3,687	150,278,988	33	11,379,098
2020	3,351	212,030,440	15	6,025,197
2019	2,555	245,770,779	35	14,486,797
2018	2,641	139,726,902	40	14,790,119
2017	3,145	428,078,165	72	26,208,327
2016	2,426	152,547,456	84	29,123,360
2015	2,470	101,187,211	49	17,047,341

(1) Includes single family homes, duplexes, quad homes, townhomes, multi-unit, and condominiums.

Note

The District includes portions of nine municipalities. The above table includes the three main municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year.

Source

City of Rosemount, City of Apple Valley, and City of Eagan.

Rosemount-Apple Valley-Eagan ISD 196
 Students - Average Daily Membership
 Last Ten Fiscal Years
 (Unaudited)

Year Ended June 30,	ADM (for Students Served or Tuition Paid)							
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Elementary	Secondary	Total		Total Pupil Units	
					Number	Percent Increase (Decrease)	Number	Percent Increase (Decrease)
2025	360.52	1,856.29	12,523.86	13,795.00	28,535.67	(0.1)	31,294.68	(0.1)
2024	343.01	1,867.68	12,551.23	13,752.51	28,514.43	0.8	31,264.92	0.8
2023	605.64	1,606.54	12,668.34	13,875.03	28,755.55	(0.3)	31,530.82	(0.3)
2022	594.42	1,768.96	12,597.24	13,718.14	28,678.76	(0.5)	31,422.20	(0.5)
2021	516.21	1,598.46	12,754.60	13,674.79	28,544.06	1.1	31,279.02	0.6
2020	611.78	1,875.46	12,953.75	13,428.55	28,869.54	(1.6)	31,452.21	(1.3)
2019	598.22	1,827.47	12,859.96	13,132.63	28,418.28	(0.9)	31,045.11	(0.9)
2018	570.62	1,826.07	12,831.89	12,949.34	28,177.92	(1.0)	30,766.98	(1.4)
2017	536.81	1,745.10	12,728.02	12,901.49	27,911.42	(1.4)	30,347.56	(0.9)
2016	500.75	1,721.13	12,421.88	12,869.63	27,513.39	1.1	30,087.31	(4.8)

Note 1 – Enrollment numbers are estimated for the most recent fiscal year.

Note 2 – ADM is weighted as follows in computing pupil units.

Note 3 – Beginning in the 23-24 fiscal year, handicap kindergarten ADMs were transitioned to be reported as kindergarten ADMs.

Compliance Section

June 30, 2025

Rosemount-Apple Valley-Eagan ISD 196





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

To the School Board of
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rosemount-Apple Valley-Eagan ISD 196 (“the District”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Mankato, Minnesota

November 5, 2025



Independent Auditor's Report on *Minnesota Legal Compliance*

To the School Board of
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rosemount-Apple Valley-Eagan ISD 196 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2025.

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Mankato, Minnesota
November 5, 2025



Section I – Financial Statement Findings

None noted

Section II – MN Legal Compliance Findings

None noted

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

Independent School District No. 196
Rosemount, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation School Building and Refunding Bonds, Series 2026A
 Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota
 Dakota County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the District), of the obligations described above, dated, as originally issued, as of April [___], 2026 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the District, enforceable in accordance with their terms.
2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the District, but if necessary for payment thereof, additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.
3. The resolution authorizing the issuance of the Bonds obligates the District to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of such law against the State of Minnesota in the absence of legally appropriated and available funds to pay the obligations of the State thereunder.
4. Interest on the Bonds (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.
5. Interest on the Bonds (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 1, 2, and 3 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 4 and 5 above are subject to the compliance by the District with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may 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.

In providing this opinion, we have relied upon representations of the District and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion 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 and which may be retroactive.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express no opinion with respect thereto.

Dated this [__] day of April, 2026.

Very truly yours,

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.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM AWARD RESOLUTION)**

(See following pages)

FORM OF CONTINUING DISCLOSURE COVENANTS

Excerpt from Resolution

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2026, the following financial information and operating data in respect of the District (the Disclosure Information):
 - (A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such

generally accepted accounting principles for reasons beyond the reasonable control of the District, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “VALUATIONS – Current Property Valuations;” “DEBT – Direct Debt;” “TAX LEVIES, COLLECTION AND RATES – Tax Levies and Collections;” “THE ISSUER – Student Body;” and “GENERAL INFORMATION – Employment/Unemployment Data;” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;

- (F) 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 Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) 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;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) 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; “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and
- (P) 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.

As used herein, for those events that must be reported if material, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, 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.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a 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) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
 - (C) the termination of the obligations of the District under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

- (1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of

Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule. If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.
- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

TERMS OF PROPOSAL

**\$145,830,000* GENERAL OBLIGATION SCHOOL BUILDING AND REFUNDING BONDS,
SERIES 2026A
INDEPENDENT SCHOOL DISTRICT NO. 196
(ROSEMOUNT-APPLE VALLEY-EAGAN), MINNESOTA**

Proposals for the purchase of \$145,830,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds") of Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the District, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on March 9, 2026, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Minnesota Statutes, Section 475.67, as amended, and a special election held May 9, 2023, by the District, for the purposes of financing the acquisition and betterment of school sites and facilities in the District and to effect a current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated April 2, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$17,915,000	2034	\$1,600,000	2041	\$4,855,000
2028	13,380,000	2035	4,525,000	2042	5,200,000
2029	11,805,000	2036	4,670,000	2043	5,680,000
2030	12,730,000	2037	5,090,000	2044	6,280,000
2031	1,250,000	2038	4,430,000	2045	17,150,000
2032	1,350,000	2039	4,405,000	2046	17,295,000
2033	1,450,000	2040	4,770,000		

ADJUSTMENT OPTION

The District reserves the right to increase or decrease the principal amount of the Bonds 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 Bonds 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 February 1 and August 1 of each year, commencing August 1, 2026, to the registered owners of the Bonds 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 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds 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 Bonds 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 Bonds, 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 Bonds. So long as Cede & Co. is the registered owner of the Bonds, 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 Bonds.

PAYING AGENT/ESCROW AGENT

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds maturing on and after February 1, 2035 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The District is required to cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

DELIVERY

On or about April 2, 2026, the Bonds 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 Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds 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 \$145,830,000 plus accrued interest on the principal sum of \$145,830,000 from date of original issue of the Bonds 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 10:30 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 facsimile submission.

A good faith deposit ("Deposit") in the amount of \$2,916,600 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 Bonds 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 Bonds 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 Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds 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 Bonds shall not be "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, in the resolution awarding the Bonds, the District will agree to provide certain information and notices of the occurrences of certain events to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) System. 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 Bonds 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 Bonds 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 Bonds 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, Bonds 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 Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, 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 Bonds 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 Bonds 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 Bonds, and Bonds 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 Bonds 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 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 196
(Rosemount-Apple Valley-Eagan), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota (the "District")

March 9, 2026

RE: \$145,830,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds")
DATED: April 2, 2026

For all or none of the above Bonds, 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 \$145,830,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038	_____ % due	2045
_____ % due	2032	_____ % due	2039	_____ % due	2046
_____ % due	2033	_____ % due	2040		

The District reserves the right to increase or decrease the principal amount of the Bonds 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 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds 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 \$2,916,600 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 Bonds 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 Bonds 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 Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about April 2, 2026.

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 Bonds.

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 Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds 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 Bonds.

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 April 2, 2026 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 196 (Rosemount-Apple Valley-Eagan), Minnesota, on March 9, 2026.

By: _____ By: _____
Title: _____ Title: _____