

# Annual Organizational Meeting

Monday, January 6, 2025 6:00 PM

Board Assembly Room, 1250 West Broadway Avenue, Minneapolis, Minnesota 55411

1) **Call to Order and Roll Call**

2) **Adoption of the Agenda**

3) **Election of 2025 Officers**

4) **Recess**

5) **Annual Organizational Items**

5)a. Approving 2025 Committee Assignments and Appointments (2025-0014)

5)b. Resolution Approving the 2025 School Board Regular Meeting Schedule (2025-0003)

5)c. Resolution Approving 2025 Organizational Matters (2025-0004)

5)d. Financial Authorizations

5)d.1. Resolution Delegating Contracting, Purchasing, and Grant-Seeking Authority to the Superintendent (2025-0005)

5)d.2. Resolution Appointing the Deputy Treasurer and Assistant Deputy Treasurer (2025-0006)

5)d.3. Resolution Authorizing Facsimile Signatures (2025-0007)

5)d.4. Resolution Authorizing Electronic Funds Transfers (2025-0008)

5)d.5. Resolution Designating Depositories (2025-0009)

5)d.6. Resolution Regarding Banking Authority for Wells Fargo Bank N.A. (2025-0010)

5)d.7. Resolution Regarding Banking Authority for US Bank National Association (2025-0011)

5)d.8. Resolution Regarding Banking Authority for Minnesota School District Liquid Asset Fund (2025-0012)

6) **Other Business**

6)a. Fiscal Year 2023-2024 Financial Audit

6)b. Resolution Acknowledging Receipt of the Fiscal Year 2023-2024 Financial Audit (2025-0013)

7) **Adjournment**

# MEMO

To: MPS School Board

Cc: Dr. Lisa Sayles-Adams, Superintendent

From: Ryan Strack, Assistant to the Superintendent and Board

Date: 12/26/2024

Re: 1/6/2025 Annual Organizational Meeting Agenda

Pursuant to [Minnesota Statutes section 123B.14, subdivision 1](#), *“On the first Monday of January of each year, or as soon thereafter as practicable, the board must meet and organize by selecting a chair, clerk, and a treasurer, who shall hold their offices for one year and until their successors are selected and qualify”*. Most school boards, including the MPS School Board, generally conduct additional organizational and other business during this meeting.

The purpose of this memo is to provide background information on the proposed agenda for the January 6, 2025, annual organizational meeting.

Please let me know if there are any questions about the meeting or the proposed agenda or the accompanying materials.

### **Election of 2025 Officers**

The first order of business is to determine the 2025 board officer positions (chair, vice-chair, clerk, and treasurer), following the process established in [Policy 8140 \(Board Officers\)](#).

### **Recess**

A brief recess following the election of officers is built into the agenda in the case that a different chair is elected and seats need to be exchanged.

### **Approving 2025 Committee Assignments and Appointments**

The next agenda item will determine internal board committee membership and to appoint board members to various external committees and positions. Board members have identified their interest in advance, which has been published with the meeting agenda. Any contested positions will be determined by vote between those interested, if necessary, and then a vote will be taken on the overall slate of committee assignments and appointments.

### **Resolution Approving the 2025 School Board Regular Meeting Schedule (2025-0003)**

The next item will be to set the board's regular meeting schedule for the year. While special meetings may be added in accordance with applicable notice requirements, the meetings noted on this resolution shall be the regular meetings of the Board and as such will be posted in the district office as required. The proposed 2025 regular meeting schedule would shift to the meeting cadence from the current schedule to the following (except when a conflict exists as noted in the resolution):

- No regular meetings would be scheduled on the first Tuesday of the month, but board members are asked to hold the evening for potential retreats, special meetings, ad hoc committee meetings, or additional or rescheduled standing committee meetings.

- Closed executive session meetings and regular business meetings would be held at 4:00pm and 5:30pm respectively on the second Tuesday of each month.
- Committee of the whole meetings would be held on the third Tuesday of the month from 6:00pm to 8:00pm.
- Policy committee meetings would be held on the fourth Tuesday of the month from 4:30pm to 5:30pm.
- Finance committee meetings would be held on the fourth Tuesday of the month from 5:45pm to 6:45pm.

### **Resolution Approving 2025 Organizational Matters (2025-0004)**

Resolution 2025-0005 covers some of the annual organizational matters that do not fall within a financial authorization resolution or elsewhere. It also serves as a place to affirm required annual practices and designations.

- **Resolved Item 1: Official Newspaper**

School boards and other local government entities must declare an official newspaper for posting requirements including but not limited to certain public hearings and bids. Finance & Commerce is also the official newspaper for the City of Minneapolis and several other local government entities.

- **Resolved Item 2: Fix Board Compensation**

Board member stipend is set at \$20,000 annually with the chair and vice-chair each receiving an additional \$2,000. The student board representative stipend rate is \$5,000 per student for the one-year term.

- **Resolved Item 3: Designate Legal Counsel and Delegate Authorization to Accept Service of Process**

This item designates the District's legal counsel and stipulates that any engagement with external attorneys must be coordinated through the

Office of General Counsel. This item also delegates authority to attorneys in the Office of General Counsel and the staff in the position of Assistant to the Superintendent and Board to accept service of process paperwork on behalf of the District and School Board.

- **Resolved Item 4: Identified Official with Authority for Education Identity Access Management**

This item designates Superintendent Dr. Sayles-Adams to serve as the Minnesota Department of Education’s (MDE) Identified Official with Authority for Education Identity Access Management, for the purposes of assigning respective staff to file reports and other business with MDE.

- **Resolved Item 5: Minnesota Government Data Practices Act Responsible Authority**

This item designates Superintendent Dr. Sayles-Adams as the responsible authority as provided in the Minnesota Government Data Practices Act.

- **Resolved Item 6: Proposed Revision to the World’s Best Workforce Advisory Committee**

This item directs the Superintendent to develop recommendations to revise the Board’s charter for the World’s Best Workforce Advisory (WBWF) Committee that aligns with Minnesota law and the needs of the District. Minimally, the name should be changed to align with the updated reference in MN statute to “Comprehensive Achievement and Civic Readiness”, rather than “World’s Best Workforce”.

### **Financial Authorizations (Resolutions 2025-0005 to 2025-0012)**

The final action item of the organizational portion of the meeting will be to approve a slate of financial authorizations, explained below.

- **Resolution Delegating Contracting, Purchasing, and Grant-Seeking Authority to the Superintendent (2025-0005)**

This resolution delegates purchasing, contracting, and grant-seeking authority to the Superintendent of schools within the parameters of board-approved budget and any requirements within board policy, law, or regulation.

- **Resolution Appointing the Deputy Treasurer and Assistant Deputy Treasurer (2025-0006)**

This resolution appoints the staff in the positions of Senior Finance Officer and the Director of Finance positions as Deputy Treasurer and Assistant Deputy Treasurer for the district so they can execute financial processes.

- **Resolution Authorizing Facsimile Signatures (2025-0007)**

This resolution authorizes the use of facsimile signatures for the checks and other orders related to banking.

- **Resolution Authorizing Electronic Funds Transfers (2025-0008)**

This resolution allows the use of electronic funds transfers for the purposes of payment of an investment, payment of bond principal and interest, payment of anticipation certificates, contributions to pension or retirement funds, imprest payroll, or vendor payments.

- **Resolution Designating Depositories (2025-0009)**

This resolution designates the financial institutions to be used as depositories for payroll and general accounts.

- **Resolutions Regarding Banking Authority (2025-0010 to 2025-0012)**

These three resolutions establish banking authority at the financial institutions used by the school district: Wells Fargo Bank, N.A. (2025-0010), US Bank National Association (2025-0011), and Minnesota School District Liquid Asset Fund (2025-0012).

## **Other Business**

As a special meeting, additional topics are allowed on the agenda provided they are noticed in advance. The following two items are included on the proposed agenda.

- **Fiscal Year 2023–2024 Financial Audit**

The fiscal year 2023–2024 financial audit, which is conducted by an external audit firm, will be presented to the Board.

- **Resolution Acknowledging Receipt of the Fiscal Year 2023–2024 Financial Audit (2025–0013)**

Following the presentation of the fiscal year 2023–2024 financial audit by the external auditors, this resolution acknowledges the audit was conducted and the results were shared with the Board.

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0014

January 6, 2025

**Resolution Designating 2025 Committee Assignments and Appointments**

**BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby designates the following committee assignments and appointments:

Policy Committee

- Norvell
- Beachy
- El-Amin
- Cerrillo
- Ellison

Finance Committee

- Abdi
- Skjefte
- Emerick
- Callahan
- Beachy

Superintendent Evaluation Committee

- Abdi
- Norvell
- Emerick
- El-Amin
- Beachy

Achieve Twin Cities Alternate

- Abdi

Council of Great City Schools (CGCS) Representative

- El-Amin

CGCS Alternate

- Norvell

City of Minneapolis Planning Commission

- Skjefte

Metropolitan Urban Indian Directors (MUID)/Phillips Indian Educators (PIE) Representative

- Skjefte

MUID/PIE Alternate

- Ellison

Association of Metropolitan School Districts (AMSD) Representative

- Cerrillo

City of Minneapolis Neighborhood Revitalization Program (NRP) Policy Board

- Callahan

Youth Coordinating Board (YCB)

- Callahan
- Emerick

Minnesota School Board Association (MSBA) Delegates

- Ellison
- Abdi
- Cerrillo
- Norvell
- Callahan

MSBA District 8 Board Director

- Beachy

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0014)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0003  
January 6, 2025

**Resolution Approving the 2025 School Board Regular Meeting Schedule**

**WHEREAS**, regular business meetings will typically be held on the second Tuesday of each month from 5:30 p.m. until adjournment, and will take place in the Board Room at the Davis Center (1250 West Broadway Avenue, Minneapolis, MN 55411) per the schedule below unless otherwise duly noticed;

- January 21, 2025 (3rd Tuesday due to Special Election Primary)
- February 11, 2025
- March 11, 2025
- April 15, 2025 (3rd Tuesday due to local caucuses)
- May 13, 2025
- June 10, 2025
- August 5, 2025 (1st Tuesday due to Primary Election Day)
- September 9, 2025
- October 14, 2025
- November 11, 2025
- December 9, 2025 (starts at 6:00 p.m. and includes Truth-in-Taxation meeting); and

**WHEREAS**, regular committee of the whole (discussion) meetings will typically be held on the third Tuesday of each month except in June, July, and December from 6:00 p.m. until 8:00 p.m., on topics determined by the Board Chair in consultation with the Superintendent, and will take place in the Board Room at the Davis Center (1250 West Broadway Avenue, Minneapolis, MN 55411) per the schedule below unless otherwise duly noticed;

- February 18, 2025
- March 18, 2025
- April 22, 2025 (4th Tuesday to accommodate regular business meeting change)
- May 20, 2025
- August 19, 2025
- September 16, 2025
- October 21, 2025
- November 18, 2025; and

**WHEREAS**, regular executive session meetings, which are closed to the public in accordance with applicable laws, will typically be held on the second Tuesday of each month from 4:00 p.m. until adjournment and will take place at the at the Davis Center (1250 West Broadway Avenue, Minneapolis, MN 55411) per the schedule below unless otherwise duly noticed;

- January 21, 2025 (3rd Tuesday due to Special Election Primary)
- February 11, 2025
- March 11, 2025
- April 15, 2025 (3rd Tuesday due to local caucuses)
- May 13, 2025
- June 10, 2025
- August 5, 2025 (1st Tuesday due to Primary Election Day)
- September 9, 2025
- October 14, 2025
- November 11, 2025
- December 9, 2025

**WHEREAS**, standing policy committee regular meetings will typically be held on the fourth Tuesday of each month except in June, July, and December from 4:30 p.m. until 5:30 p.m. and will take place in the Board Room at the Davis Center (1250 West Broadway Avenue, Minneapolis, MN 55411) per the schedule below unless otherwise duly noticed;

- February 4, 2025 (January meeting rescheduled due to Special Election)
- February 25, 2025
- March 25, 2025
- April 29, 2025 (5th Tuesday to accommodate committee of the whole meeting change)
- May 27, 2025
- August 26, 2025
- September 30, 2025 (5th Tuesday due to non-school day)
- October 28, 2025
- November 25, 2025

**WHEREAS**, standing finance committee regular meetings will typically be held on the fourth Tuesday of each month except in June, July, and December from 5:45 p.m. until 6:45 p.m. and will take place in the Board Room at the Davis Center (1250 West Broadway Avenue, Minneapolis, MN 55411) per the schedule below unless otherwise duly noticed;

- February 4, 2025 (January meeting rescheduled due to Special Election)
- February 25, 2025

- March 25, 2025
- April 29, 2025 (5th Tuesday to accommodate committee of the whole meeting change)
- May 27, 2025
- August 26, 2025
- September 30, 2025 (5th Tuesday due to non-school day)
- October 28, 2025
- November 25, 2025

**WHEREAS**, additional special meetings, committee meetings, retreats, emergency meetings, and meetings closed to the public may be separately posted and duly noticed in accordance with applicable policies and laws.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby adopts the abovementioned 2025 schedule of regular board meetings.

**FURTHER BE IT RESOLVED**, that the Board Chair, in consultation with the Superintendent and in accordance with all applicable meeting noticing and publishing requirements, may modify dates and times as needed to adjust for unforeseen circumstances.

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0003)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0004  
January 6, 2025

**Resolution Approving 2025 Organizational Matters**

**WHEREAS**, in accordance with Minnesota Statutes Section 123B.14, school boards must hold an annual organizational meeting to organize for the year.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby enacts and authorizes the following, effective for the 2025 calendar year:

1. Designate Finance & Commerce as the District’s official newspaper for statutorily required notices and postings.
2. Fix the compensation of board members at the continued annual rate of \$20,000 for directors and \$22,000 for chair and vice-chair, and the board student representative stipend at the continued rate of \$5,000 per student for a one-year term.
3. Designate the General Counsel, Jamie Jonassen, as the District’s chief legal officer and lead counsel. Prohibit District staff from contacting or engaging with outside legal representation regarding official District matters except after consultation with the Office of General Counsel. Authorize attorneys in the Office of General Counsel and the Assistant to the Superintendent and Board, Ryan Strack, in the absence of an attorney representing the District, to accept process service on behalf of the District and School Board.
4. Designate Superintendent Dr. Lisa Sayles-Adams as MPS’s Identified Official with Authority for Education Identity Access Management for Minnesota Department of Education and authorize the board chair to execute required documentation.
5. Designate Superintendent Dr. Lisa Sayles-Adams as MPS’s Responsible Authority pursuant to the Minnesota Government Data Practices Act.
6. Direct the Superintendent to propose revisions to the World’s Best Workforce Advisory Committee and its charter that align with Minnesota law and the needs of the District.

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

Resolution 2025-0004

Page 1 of 2

<b>RECORD OF BOARD VOTE (2025-0004)</b>						
<b>DIRECTOR</b>	<b>MOVE</b>	<b>SECOND</b>	<b>AYE</b>	<b>NAY</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0005

January 6, 2025

**Resolution Delegating Contracting, Purchasing, and Grant-Seeking Authority to the  
Superintendent**

**WHEREAS**, in accordance with Minnesota law and Board Policy 2100, a superintendent is responsible for the academic and business administration, coordination, and supervision of the school district; and

**WHEREAS**, Minnesota law allows school boards to grant superintendents authorization to lease, purchase, and contract for goods and services within the budget as approved by the board; and

**WHEREAS**, the current statutory limit on the delegated contracting authority under Minnesota law is \$175,000; and

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby delegates to the superintendent of schools, or a designated alternative qualified representative acting in the superintendent's absence, all applicable authority granted in district policy, law and rules, and in the superintendent employment contract; and

**FURTHER BE IT RESOLVED** that the Board authorizes the superintendent, in accordance with all applicable laws, policies, and regulations, to lease, purchase, contract for goods and services, and execute agreements not to exceed \$100,000.00 that are within the budget the Board has approved; and

**FURTHER BE IT RESOLVED** that the Board authorizes the superintendent to delegate authority to their staff up to the superintendent's delegated authority; and

**FINALLY BE IT RESOLVED** that the Board authorizes the superintendent, in accordance with all applicable laws, policies, and regulations, to apply for, accept, and administer public and private grants.

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0005)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0006  
January 6, 2025

**Resolution Appointing the Deputy Treasurer and Assistant Deputy Treasurer**

**WHEREAS**, at its annual meeting each year, the Minneapolis Public Schools Board of Education Annual Meeting, makes a recommendation on the appointment of Deputy Treasurer and Assistant Deputy Treasurer; and

**WHEREAS**, the Superintendent of Schools supports the recommendation of such appointments.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby appoints Ibrahima Diop (Senior Finance Officer) as Deputy Treasurer and Aaron Gilbert (Director, Finance-Controller) as Assistant Deputy to the Board of Education of Special School District No. 1 for the 2025 calendar year.

ADOPTED this 6th day of January 2025.

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Chair

\_\_\_\_\_  
Clerk

<b>RECORD OF BOARD VOTE (2025-0006)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0007  
January 6, 2025

**Resolution Authorizing Facsimile Signatures**

**WHEREAS**, Minnesota Statutes Section 47.41 permits the depositories approved at the annual meeting of the Board of Education be authorized to accept facsimile signatures of the Chair, Clerk, and Treasurer for checks and other orders on funds on deposit; and

**WHEREAS**, the Senior Finance Officer recommends the authorization.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby adopt the attached “Corporate Resolutions for Facsimile Signatures” for each institution designated as a depositor at this meeting of the Board of Education.

ADOPTED this 6th day of January 2025.

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Chair

\_\_\_\_\_  
Clerk

<b>RECORD OF BOARD VOTE (2025-0007)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

CORPORATE RESOLUTION  
for  
FACSIMILE SIGNATURES

This is to certify: That at a meeting of the Board of Education of the Special School District No. 1, Minneapolis, MN duly called and held January 6, 2025, the following resolution was adopted:

RESOLVED, That US Bank National Association, as a designated depository of this Corporation, be and it is hereby requested, authorized and directed to honor all checks, drafts, or other orders for the payment of money drawn in this corporation's name, including those drawn to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any three of the following:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Treasurer

and said bank shall be entitled to honor and to charge this Corporation for all such checks, drafts or other orders without liability to determine whether the person or persons affixing the facsimile signature or signatures thereon have or had authority to do so and regardless of by whom or by what means the facsimile signature or signatures resemble the facsimile specimens from time to time furnished to or filed with said bank by the Secretary or any other officer of this Corporation.

BE IT FURTHER RESOLVED, That any and all resolutions heretofore adopted by the Board of Education of this Corporation and certified to said bank as governing the operation of this Corporation's account(s) with it, be and are hereby continued in full force and effect, except as the same may be supplemented or modified by the foregoing part of this resolution.

In Witness Whereof, I have hereunto affixed my name as Clerk and have caused the corporate seal of said Corporation to be hereto affixed this 6th day of January 2025.

\_\_\_\_\_  
Clerk

CORPORATE RESOLUTION  
for  
FACSIMILE SIGNATURES

This is to certify: That at a meeting of the Board of Education of the Special School District No. 1, Minneapolis, MN duly called and held January 6, 2025, the following resolution was adopted:

RESOLVED, That Minnesota School District Liquid Asset Fund, as a designated depository of this Corporation, be and it is hereby requested, authorized and directed to honor all checks, drafts, or other orders for the payment of money drawn in this corporation's name, including those drawn to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any three of the following:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Treasurer

and said bank shall be entitled to honor and to charge this Corporation for all such checks, drafts or other orders without liability to determine whether the person or persons affixing the facsimile signature or signatures thereon have or had authority to do so and regardless of by whom or by what means the facsimile signature or signatures resemble the facsimile specimens from time to time furnished to or filed with said bank by the Secretary or any other officer of this Corporation.

BE IT FURTHER RESOLVED, That any and all resolutions heretofore adopted by the Board of Education of this Corporation and certified to said bank as governing the operation of this Corporation's account(s) with it, be and are hereby continued in full force and effect, except as the same may be supplemented or modified by the foregoing part of this resolution.

In Witness Whereof, I have hereunto affixed my name as Clerk and have caused the corporate seal of said Corporation to be hereto affixed this 6th day of January 2025.

\_\_\_\_\_  
Clerk

CORPORATE RESOLUTION  
for  
FACSIMILE SIGNATURES

This is to certify: That at a meeting of the Board of Education of the Special School District No. 1, Minneapolis, MN duly called and held January 6, 2025, the following resolution was adopted:

RESOLVED, That Wells Fargo Bank, N.A., as a designated depository of this Corporation, be and it is hereby requested, authorized and directed to honor all checks, drafts, or other orders for the payment of money drawn in this corporation's name, including those drawn to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any three of the following:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Treasurer

and said bank shall be entitled to honor and to charge this Corporation for all such checks, drafts or other orders without liability to determine whether the person or persons affixing the facsimile signature or signatures thereon have or had authority to do so and regardless of by whom or by what means the facsimile signature or signatures resemble the facsimile specimens from time to time furnished to or filed with said bank by the Secretary or any other officer of this Corporation.

BE IT FURTHER RESOLVED, That any and all resolutions heretofore adopted by the Board of Education of this Corporation and certified to said bank as governing the operation of this Corporation's account(s) with it, be and are hereby continued in full force and effect, except as the same may be supplemented or modified by the foregoing part of this resolution.

In Witness Whereof, I have hereunto affixed my name as Clerk and have caused the corporate seal of said Corporation to be hereto affixed this 6th day of January 2025.

\_\_\_\_\_  
Clerk

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0008  
January 6, 2025

**Resolution Authorizing Electronic Funds Transfers**

**WHEREAS**, Electronic Funds transfer is the banking process of value exchange by mechanical means without the use of checks, drafts, or similar negotiable instruments; and

**WHEREAS**, a school district may make an electronic funds transfer from its bank account for the payment of an investment, payment of bond principal and interest, payment of anticipation certificates, contributions to pension or retirement funds, imprest payroll, or vendor payments; and

**WHEREAS**, a written confirmation is made a day after the transaction and is used in lieu of a check, draft, or warrant to support the transaction; and

**WHEREAS**, Minnesota Statutes Section 471.38 subd. 3(a) requires that the school board annually delegate the authority to make electronic funds transfers to designated business representatives and that the disbursing bank keep on file a certified copy of the delegation of authority; and

**WHEREAS**, the Senior Finance Officer recommends that the Board designate certain Finance Department staff members as representatives to make electronic funds transfers with the disbursing banks.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby authorizes Aaron Gilbert and Jon Clinton as designated representatives to make electronic funds transfers for the district and the execution of appropriate resolutions and documents with US Bank, Minnesota School District Liquid Asset Fund, and Wells Fargo Bank, N.A.

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0008)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0009  
January 6, 2025

**Resolution Designating Depositories**

**WHEREAS**, Minnesota Statutes Section 118A.02 requires the designation of depositories at the annual meeting of the Board of Education. It is recommended that the following institutions be appointed as depositories for 2025; and

**WHEREAS**, the Senior Finance Officer recommends the designation of depositories.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby designates the following as official depositories for funds of Special School District No. 1 for 2025:

*Payroll Accounts:*

US Bank National Association  
Minnesota School District Liquid Asset Fund

*General Accounts:*

Wells Fargo Bank, N.A.  
US Bank National Association  
Minnesota School District Liquid Asset Fund

ADOPTED this 6th day of January 2025.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Clerk

<b>RECORD OF BOARD VOTE (2025-0009)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0010

January 6, 2025

**Resolution Regarding Banking Authority for Wells Fargo Bank, N.A.**

**BE IT RESOLVED**, that Wells Fargo Bank, N.A. (herein called the “Bank”) be and is hereby designated as a depository of Special School District No. 1, Minneapolis, Minnesota (Federal Tax Identification Number 41-0851980) (Herein called the “District”) with authority to accept or receive at any time for the credit of the District deposits by whomsoever made of funds and other property in whatever form or manner transferred or endorsed, whether made as demand deposits, savings deposits, or time deposits; and

**FURTHER BE IT RESOLVED**, that the person or persons from time to time holding the following offices of the District be designated “Authorized Signer(s)”:

- Senior Finance Officer
- Executive Director of Finance
- Assistant Deputy Treasurer (Director of Finance-Controller)

**FURTHER BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby authorizes that checks, drafts or other orders for the payment, transfer or withdrawal of any of the funds or property of the District on deposit with the Bank shall be binding on the District when signed, manually, or by use of a facsimile or mechanical signature or signatures may have been placed thereon, or otherwise authorized, by any ONE (1) Authorized Signer, or, any person or person designated, on an account by account basis, as “Additional Signer(s)” in a written certificate signed by any Authorized Signer, which certificate may further specify the number of Additional Signers which may be required. In particular, and not in limitation of the foregoing, Additional Signer(s) may authorize payment, transfer or withdrawal by written, telephonic, electronic, or oral instructions to the Bank complying with such rules and regulations relating to such authorization as the Bank may communicate to the District from time to time, of funds of the District on deposit with the Bank, by wire or otherwise, without any written order for the payment of money being issued with respect to such transfer, and, for and on behalf of the District, an Authorized Signer may enter into such agreements with the Bank with respect to any such transfer(s) as such Authorized Signer deems advisable. If any such payment, transfer or withdrawal authorization requires communication to the Bank by the Requester of a code, and such code is communicated, any such payment, transfer or withdrawal so effected shall be binding on the District regardless of who communicates the request.

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0010)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0011

January 6, 2025

**Resolution Regarding Banking Authority for US Bank National Association**

**BE IT RESOLVED**, that US Bank National Association (herein called the “Bank”) be and is hereby designated as a depository of Special School District No. 1, Minneapolis, Minnesota (Federal Tax Identification Number 41-0851980) (Herein called the “District”) with authority to accept or receive at any time for the credit of the District deposits by whomsoever made of funds and other property in whatever form or manner transferred or endorsed, whether made as demand deposits, savings deposits, or time deposits; and

**FURTHER BE IT RESOLVED**, that the person or persons from time to time holding the following offices of the District be designated “Authorized Signer(s)”:

- Senior Finance Officer
- Executive Director of Finance
- Assistant Deputy Treasurer (Director of Finance-Controller)

**FURTHER BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby authorizes that checks, drafts or other orders for the payment, transfer or withdrawal of any of the funds or property of the District on deposit with the Bank shall be binding on the District when signed, manually, or by use of a facsimile or mechanical signature or signatures may have been placed thereon, or otherwise authorized, by any ONE (1) Authorized Signer, or, any person or person designated, on an account by account basis, as “Additional Signer(s)” in a written certificate signed by any Authorized Signer, which certificate may further specify the number of Additional Signers which may be required. In particular, and not in limitation of the foregoing, Additional Signer(s) may authorize payment, transfer or withdrawal by written, telephonic, electronic, or oral instructions to the Bank complying with such rules and regulations relating to such authorization as the Bank may communicate to the District from time to time, of funds of the District on deposit with the Bank, by wire or otherwise, without any written order for the payment of money being issued with respect to such transfer, and, for and on behalf of the District, an Authorized Signer may enter into such agreements with the Bank with respect to any such transfer(s) as such Authorized Signer deems advisable. If any such payment, transfer or withdrawal authorization requires communication to the Bank by the Requester of a code, and such code is communicated, any such payment, transfer or withdrawal so effected shall be binding on the District regardless of who communicates the request.

Resolution 2025-0011

Page 1 of 2

ADOPTED this 6th day of January 2025.

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Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0011)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0012  
January 6, 2025

**Resolution Regarding Banking Authority for Minnesota School District Liquid Asset Fund**

**BE IT RESOLVED**, that Minnesota School District Liquid Asset Fund (herein called the “Bank”) be and is hereby designated as a depository of Special School District No. 1, Minneapolis, Minnesota (Federal Tax Identification Number 41-0851980) (Herein called the “District”) with authority to accept or receive at any time for the credit of the District deposits by whomsoever made of funds and other property in whatever form or manner transferred or endorsed, whether made as demand deposits, savings deposits, or time deposits; and

**FURTHER BE IT RESOLVED**, that the person or persons from time to time holding the following offices of the District be designated “Authorized Signer(s)”:

- Senior Finance Officer
- Executive Director of Finance
- Assistant Deputy Treasurer (Director of Finance-Controller)

**FURTHER BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby authorizes that checks, drafts or other orders for the payment, transfer or withdrawal of any of the funds or property of the District on deposit with the Bank shall be binding on the District when signed, manually, or by use of a facsimile or mechanical signature or signatures may have been placed thereon, or otherwise authorized, by any ONE (1) Authorized Signer, or, any person or person designated, on an account by account basis, as “Additional Signer(s)” in a written certificate signed by any Authorized Signer, which certificate may further specify the number of Additional Signers which may be required. In particular, and not in limitation of the foregoing, Additional Signer(s) may authorize payment, transfer or withdrawal by written, telephonic, electronic, or oral instructions to the Bank complying with such rules and regulations relating to such authorization as the Bank may communicate to the District from time to time, of funds of the District on deposit with the Bank, by wire or otherwise, without any written order for the payment of money being issued with respect to such transfer, and, for and on behalf of the District, an Authorized Signer may enter into such agreements with the Bank with respect to any such transfer(s) as such Authorized Signer deems advisable. If any such payment, transfer or withdrawal authorization requires communication to the Bank by the Requester of a code, and such code is communicated, any such payment, transfer or withdrawal so effected shall be binding on the District regardless of who communicates the request.

ADOPTED this 6th day of January 2025.

---

Chair

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Clerk

<b>RECORD OF BOARD VOTE (2025-0012)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						

# Minneapolis Public Schools

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Final Audit Presentation



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# The Audit

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# Components of the Audit

- ◆ Independent Auditor's Report - Unmodified Opinion on the District's Financial Statements for the year ended June 30 ,2024
- ◆ Report on the result of an audit performed in accordance with *Government Auditing Standards*
  - ❖ Material Weaknesses: Segregation of Accounting Duties, Prior Period and Material Audit Adjustments
  - ❖ Significant Deficiency: Budget Reporting Process
- ◆ Unmodified Opinion on Compliance over Major Federal Programs in accordance with Uniform Guidance - No compliance or internal control findings reported
- ◆ Report on Minnesota Legal Compliance - Finding related to Prompt Payment of Local Government Bills and UFARS Compliance

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# Financial Communications

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# General Fund – Budget to Actual

## Budget:

- ◆ General Fund Revenue budgeted at \$ 694.7 million
- ◆ General Fund Expenditures budgeted at \$ 691.5 million
- ◆ General Fund Transfers out at \$4.3 million
- ◆ \$ 1.1 million decrease in fund balance budgeted

## Actual:

- ◆ General Fund Revenues actually \$ 701.2 million; \$ 6.5 million over budget (0.9%) - Main factor is revenue from state sources and investment income
- ◆ General Fund Expenditures actually \$ 700.3 million; \$ 8.8 million over budget (1.3%) - Main factor was transportation and financed capital purchases offset by vacant positions
- ◆ Fund Balance increased \$ 8.9 million to \$ 152.2 million
- ◆ Unassigned Fund Balance increased \$ 2.4 million to \$ 62.4 million

# General Education Aid – Formula Allowance

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%
2024	7,138	4.0%
2025	7,281	2.0%

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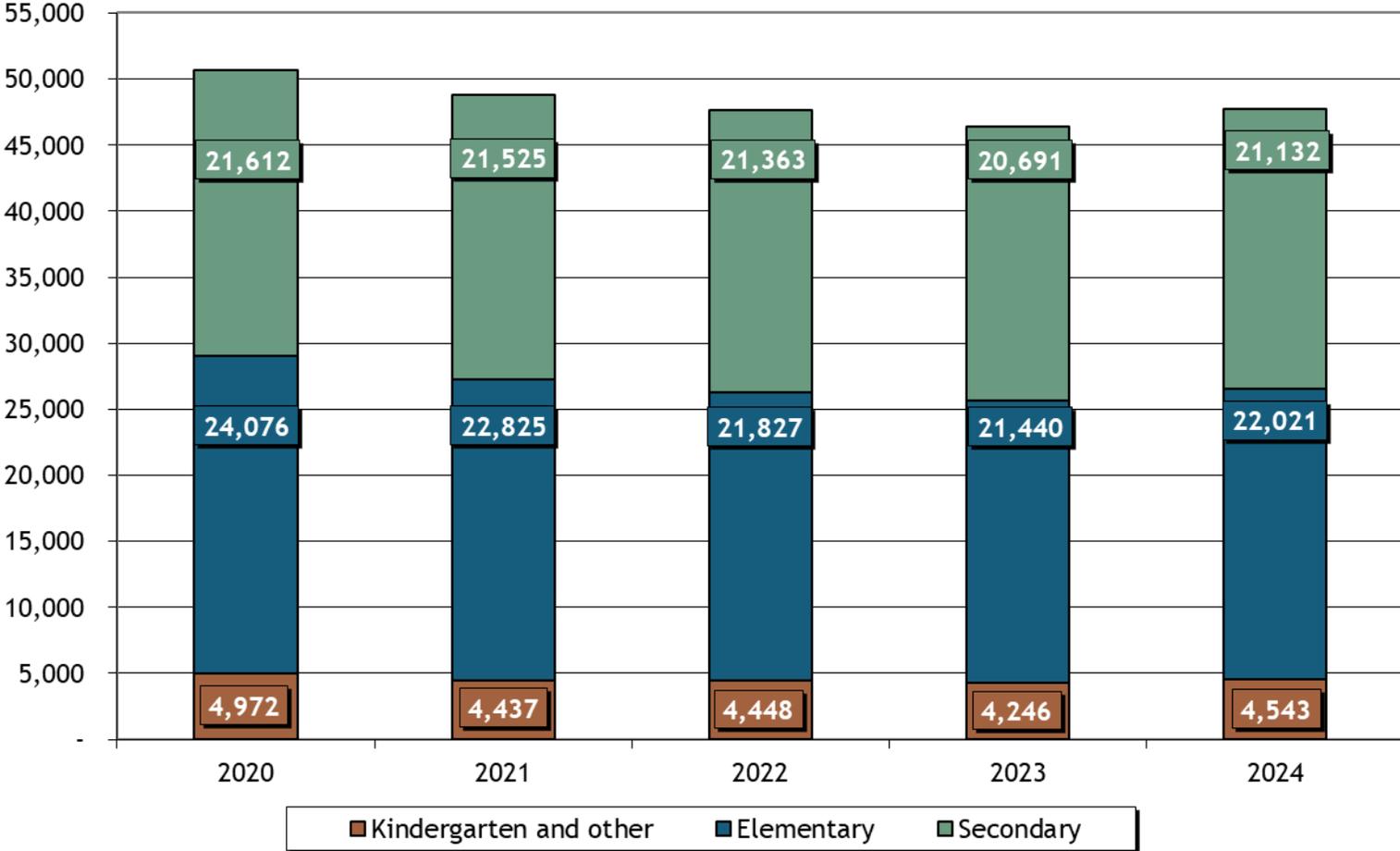
\* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

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# Average Daily Membership and Pupil Units - Resident ADM

Students (Resident ADM)	2020	2021	2022	2023	2024
Kindergarten and other	4,972	4,437	4,448	4,246	4,543
Elementary	24,076	22,825	21,827	21,440	22,021
Secondary	21,612	21,525	21,363	20,691	21,132
<b>Total Students (Resident ADM)</b>	<b>50,660</b>	<b>48,788</b>	<b>47,638</b>	<b>46,376</b>	<b>47,696</b>

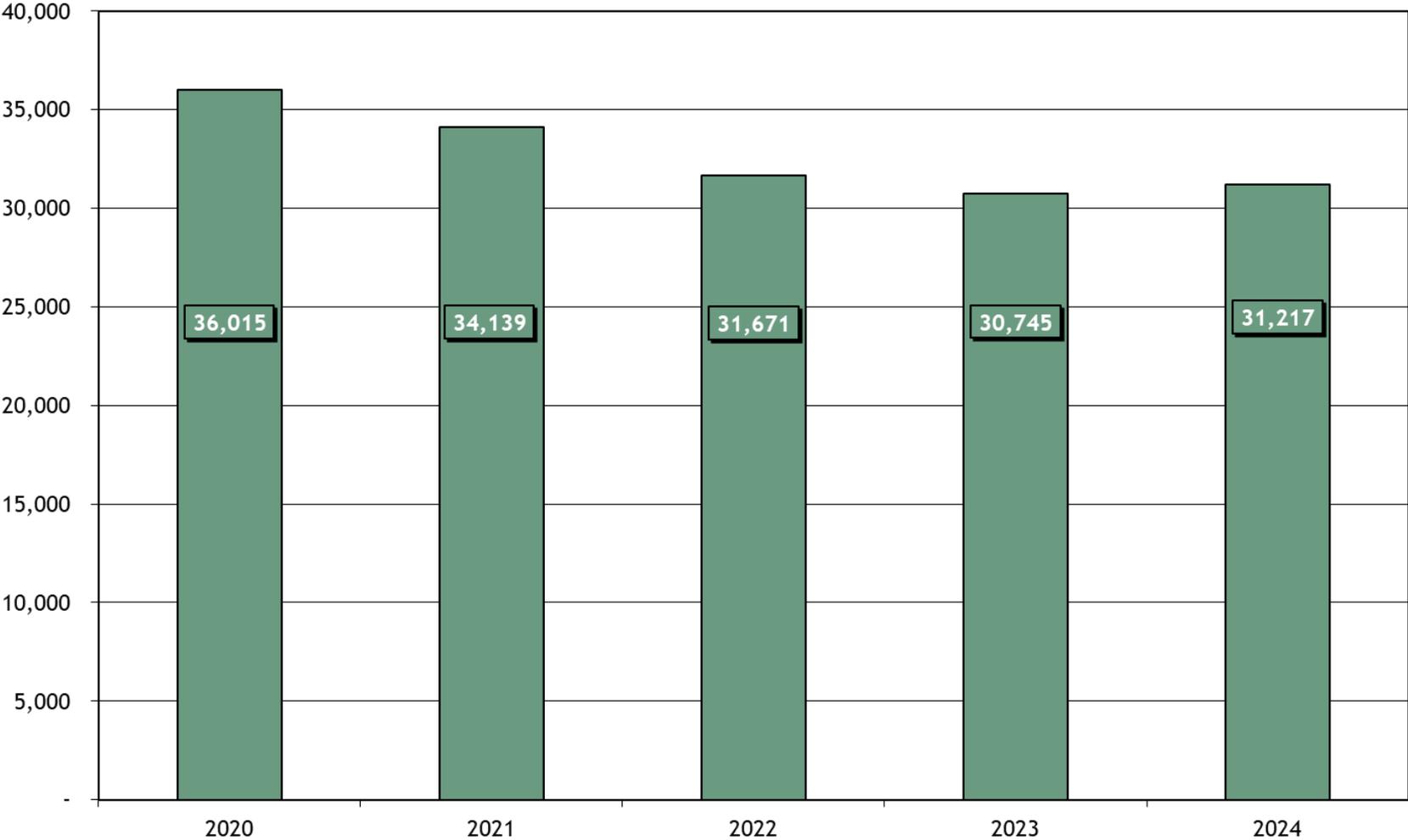
# Average Daily Membership and Pupil Units - Resident ADM



# Average Daily Membership and Pupil Units - Weighting & Adjusted PUN

	Pre-Kindergarten and Kindergarten	Grades 1-3	Grades 4-6	Secondary	
Year 2020-2024	1.000	1.000	1.000	1.200	
Adjusted PUN	2020	2021	2022	2023	2024
Residents	54,982	53,092	51,910	50,514	51,921
PUN gain	1,417	1,871	815	1,382	845
PUN loss	(20,383)	(20,825)	(21,054)	(21,150)	(21,548)
<b>Total Adjusted PUN</b>	<b>36,015</b>	<b>34,139</b>	<b>31,671</b>	<b>30,745</b>	<b>31,217</b>

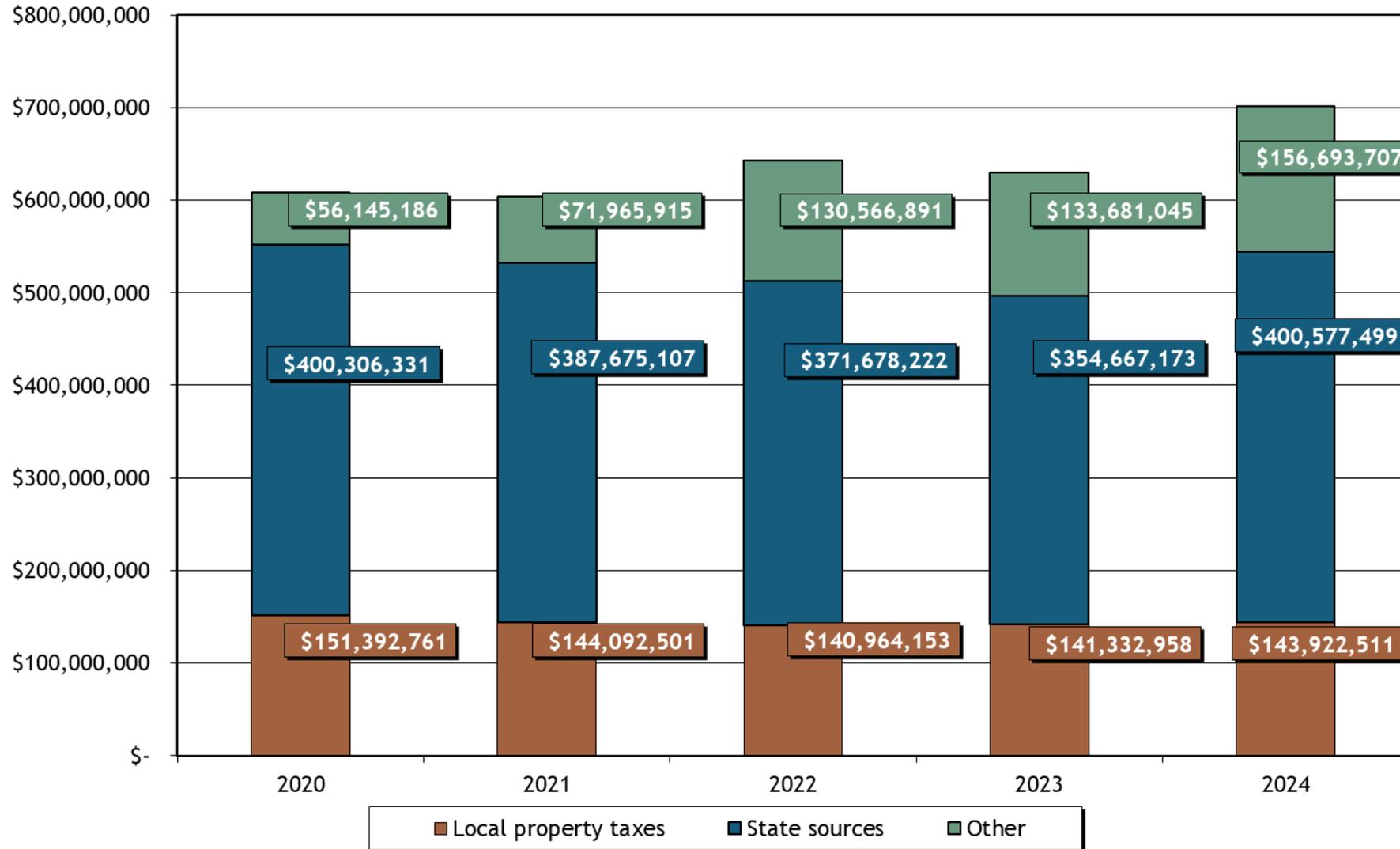
# Average Daily Membership and Pupil Units - Adjusted PUN



# General Fund - Sources of Revenue

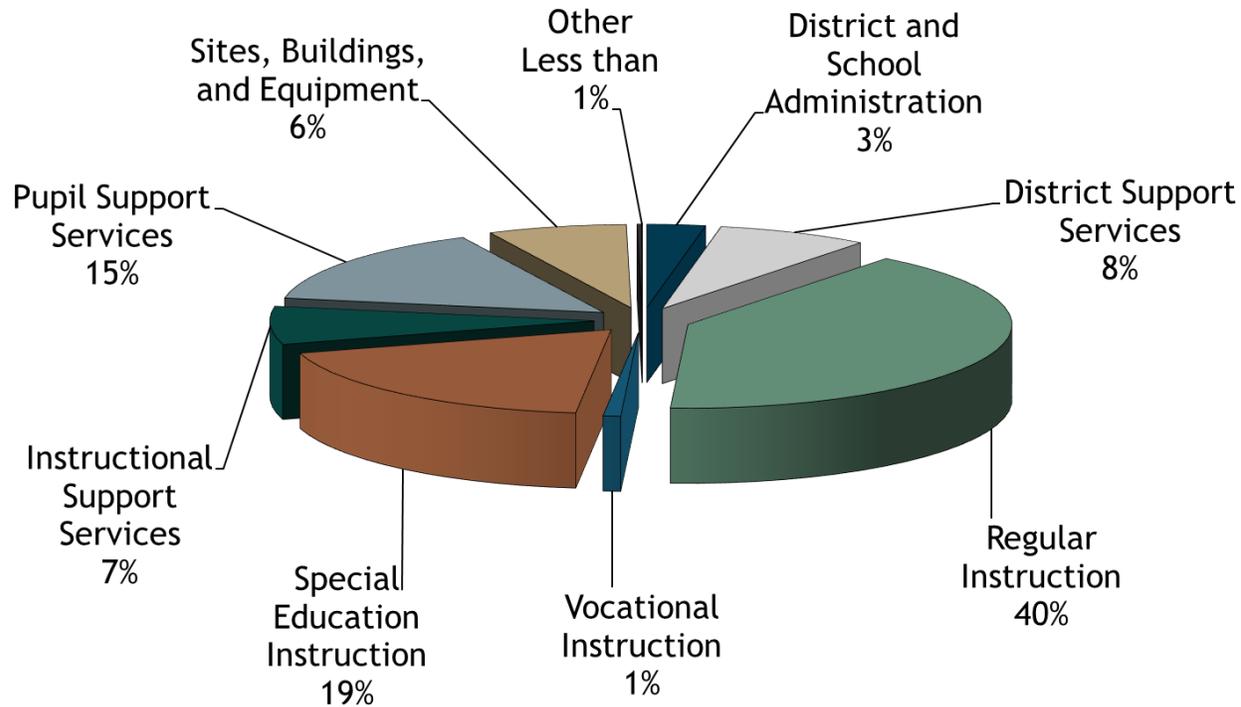
For the Year Ended June 30,	2020	2021	2022	2023	2024
Local property taxes	\$ 151,392,761	\$ 144,092,501	\$ 140,964,153	\$ 141,332,958	\$ 143,922,511
State sources	400,306,331	387,675,107	371,678,222	354,667,173	400,577,499
Other	56,145,186	71,965,915	130,566,891	133,681,045	156,693,707
<b>Total</b>	<b>\$ 607,844,278</b>	<b>\$ 603,733,523</b>	<b>\$ 643,209,266</b>	<b>\$ 629,681,176</b>	<b>\$ 701,193,717</b>

# General Fund - Sources of Revenue

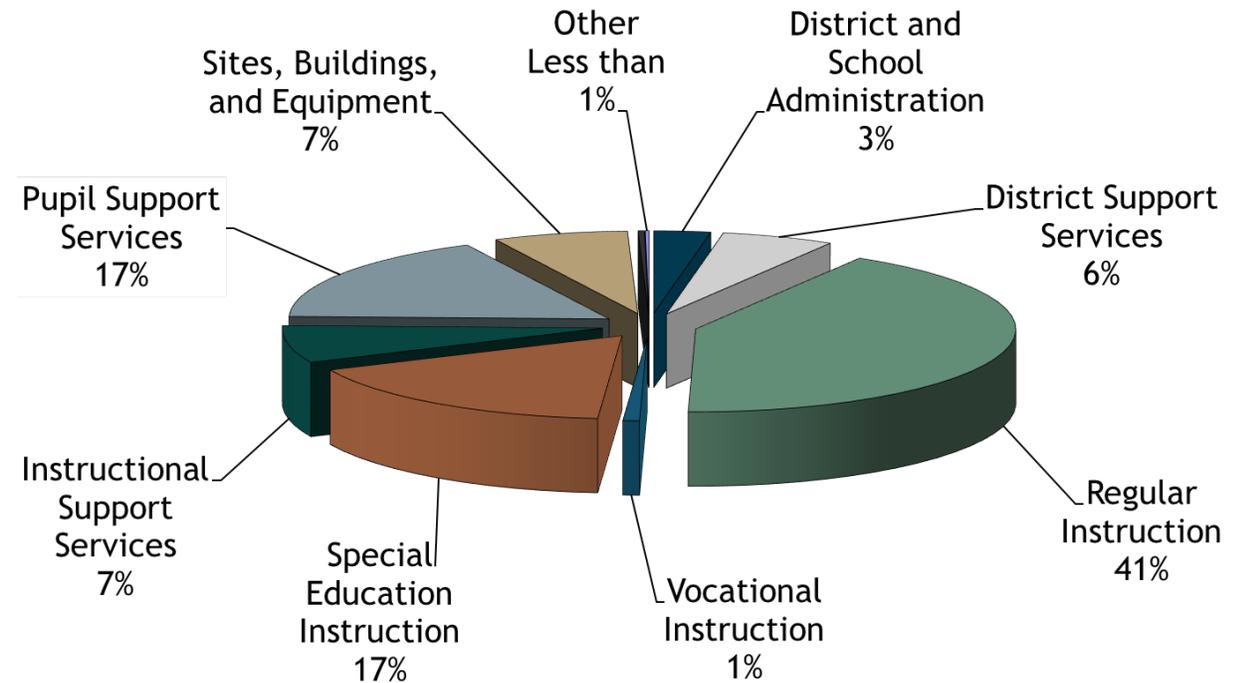


# General Fund – Expenditures

**2023 General Fund Expenditures**  
**\$640,898,978**

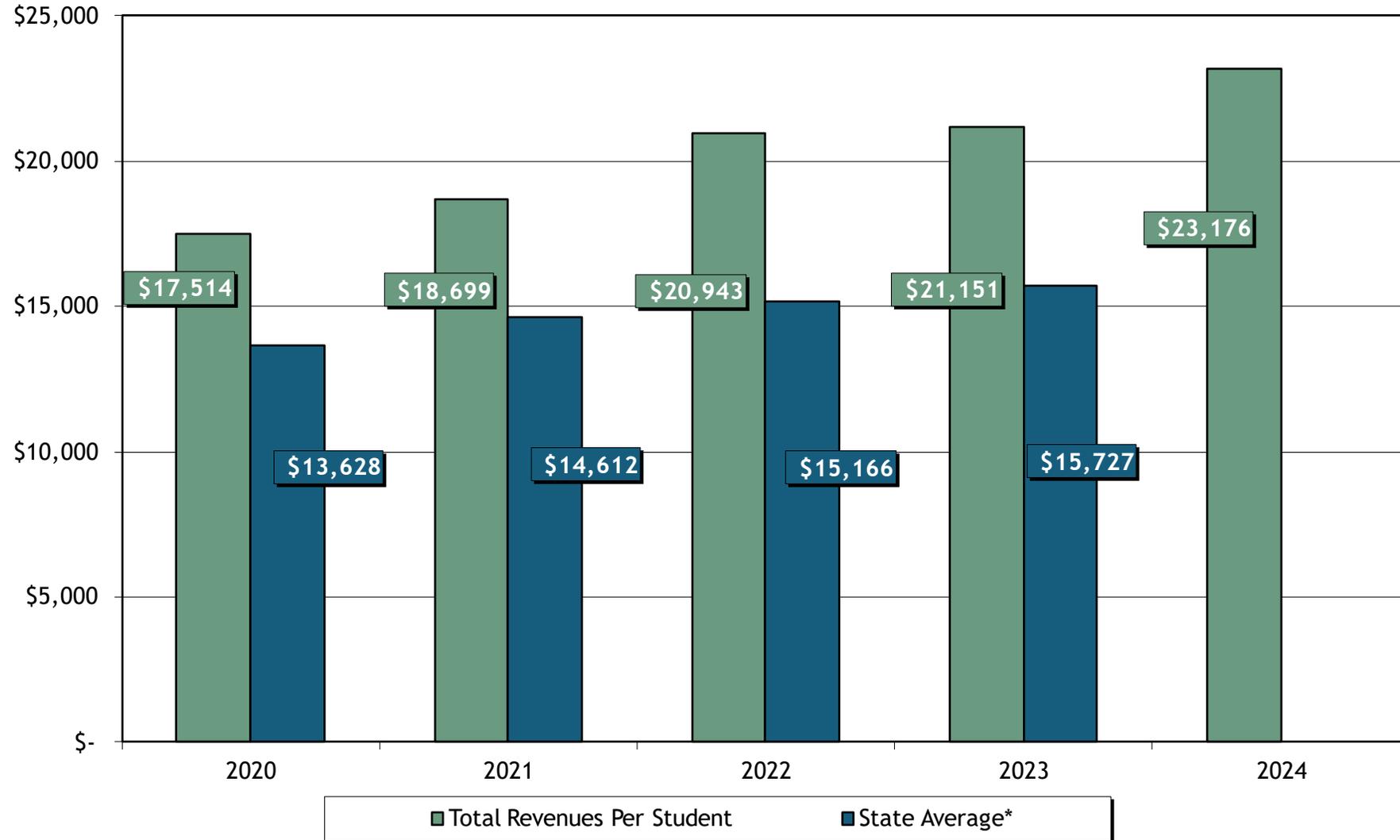


**2024 General Fund Expenditures**  
**\$700,266,962**



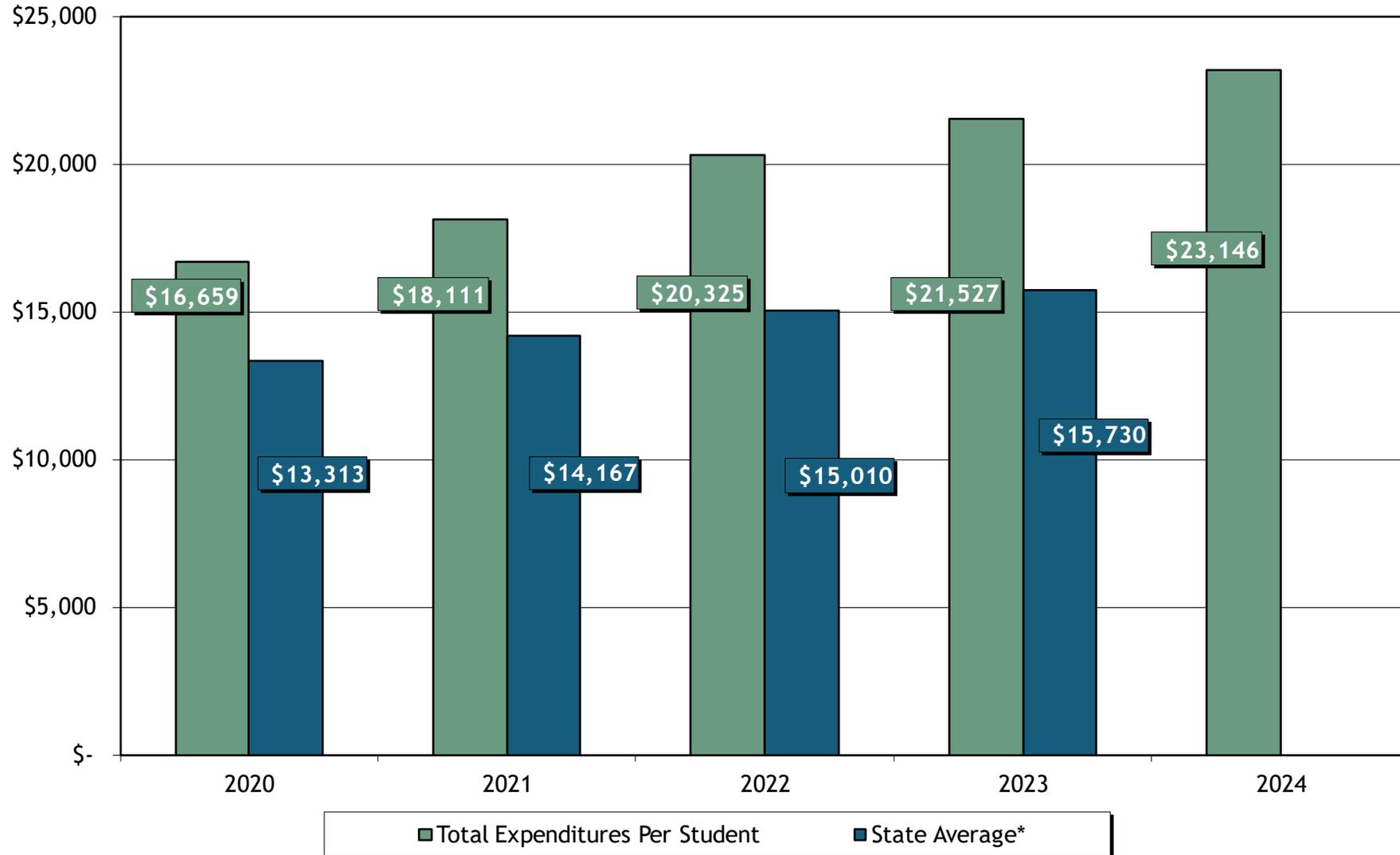
# General Fund

## - Revenues Per Student ADM Served

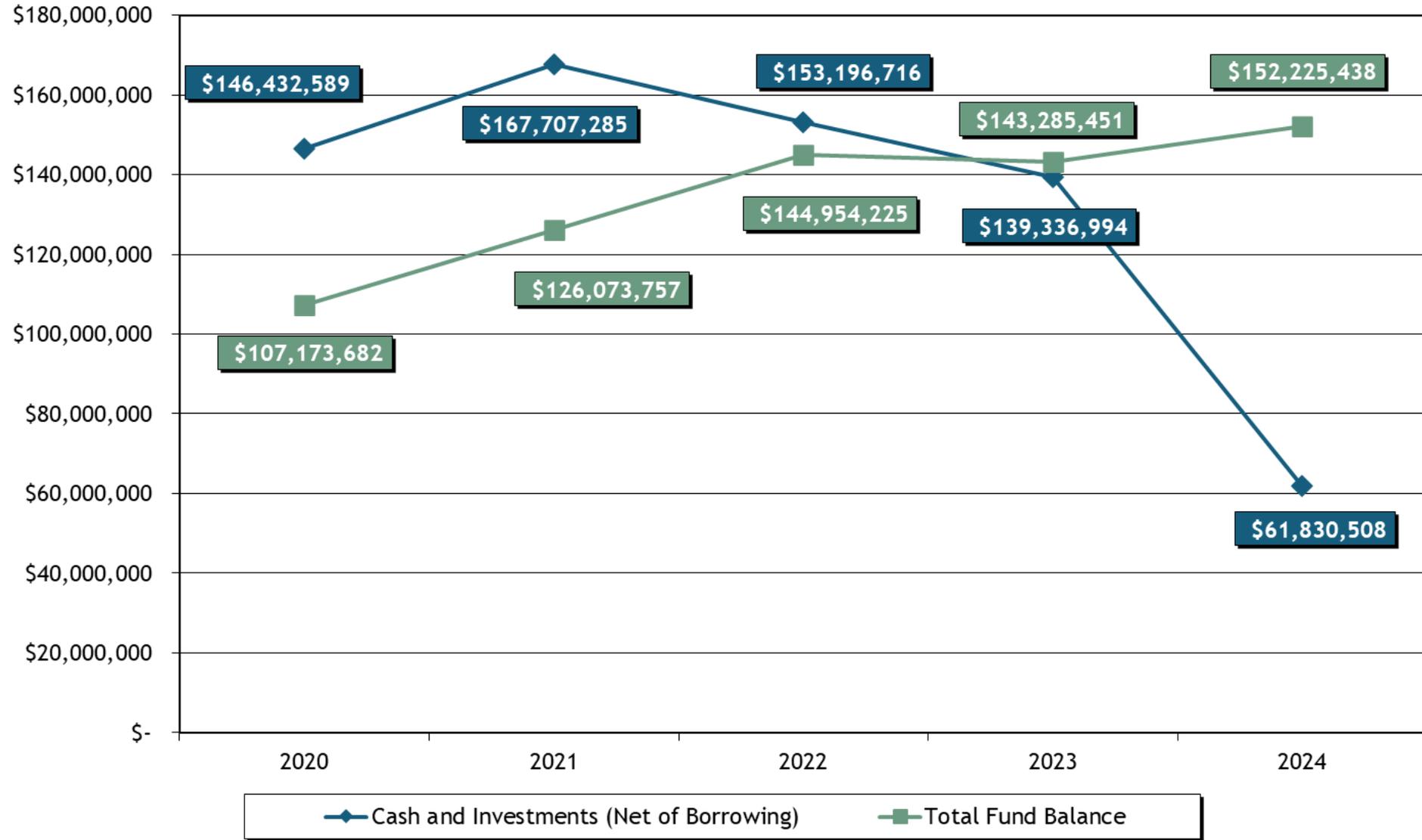


# General Fund

## - Expenditures Per Student ADM Served



# General Fund – Financial Position



# General Fund – Operations

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 607,844,278	\$ 603,733,523	\$ 643,209,266	\$ 629,681,176	\$ 701,193,717
Expenditures	(577,344,220)	(584,833,448)	(648,092,852)	(640,898,978)	(692,825,191)
Excess of revenues over (under) expenditures	30,500,058	18,900,075	(4,883,586)	(11,217,802)	8,368,526
Proceeds from sale of equipment	18,765	-	-	32,105	-
Bond proceeds	1,100,000	-	-	-	-
Lease proceeds	-	-	23,707,892	8,928,669	3,364,606
Insurance recovery	-	-	56,162	86,338	512,046
Notes from direct borrowing	-	-	-	6,983,121	-
Transfer out	-	-	-	(6,481,205)	(3,305,191)
Fund balance, July 1	74,858,956	106,477,779	126,073,757	144,954,225	143,285,451
Change in accounting principle	-	695,903	-	-	-
<b>Fund Balance, June 30</b>	<b>\$ 106,477,779</b>	<b>\$ 126,073,757</b>	<b>\$ 144,954,225</b>	<b>\$ 143,285,451</b>	<b>\$ 152,225,438</b>

# General Fund – Fund Balances

Components of Fund Balance						
For the Year Ended June 30,	2020	2021	2022	2023	2024	
Nonspendable	\$ 1,269,376	\$ 1,414,679	\$ 5,294,596	\$ 5,957,921	\$ 5,040,225	
Restricted for						
Area learning center	1,421,247	-	-	-	4,992,182	
Student activities	725,174	572,832	570,515	543,356	483,807	
Achievement and integration	2,927,601	-	-	-	-	
Literacy incentive aid	-	-	-	-	102,634	
American indian education aid	-	-	-	-	174,460	
Basic skills program	-	495,016	-	-	-	
Community education programs	-	65,178	-	-	-	
Operating capital	-	5,501,542	8,783,209	12,572,197	16,695,350	
Contracted alternative programs	-	-	1,164,265	966,181	887,820	
School library aid	-	-	-	-	273,168	
Gifted and talented	466,385	579,035	483,254	439,264	-	
Student support personnel aid	-	-	-	-	364,743	
Medical assistance	-	-	-	-	1,657,365	
Basic skills extended time	2,792,710	4,610,186	6,306,894	7,631,978	-	
Long-term facilities maintenance	160,765	156,383	156,383	-	-	
Other	1,100,000	234,359	234,359	233,781	456,137	
Assigned	43,737,399	57,295,506	68,347,003	54,915,232	58,679,417	
Unassigned	52,573,025	55,149,041	53,613,747	60,025,541	62,418,130	
<b>Fund Balance, June 30</b>	<b>\$ 107,173,682</b>	<b>\$ 126,073,757</b>	<b>\$ 144,954,225</b>	<b>\$ 143,285,451</b>	<b>\$ 152,225,438</b>	

# Food Service Fund

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 23,694,428	\$ 21,349,575	\$ 21,168,074	\$ 18,009,094	\$ 21,977,738
Expenditures	(22,955,476)	(19,211,722)	(25,223,498)	(23,904,788)	(25,516,568)
Excess of revenues over (under) expenditures	738,952	2,137,853	(4,055,424)	(5,895,694)	(3,538,830)
Transfer in	-	-	-	6,481,205	3,305,191
Fund balance, July 1	2,563,875	3,302,827	5,440,680	1,385,256	1,970,767
<b>Fund Balance, June 30</b>	<b>\$ 3,302,827</b>	<b>\$ 5,440,680</b>	<b>\$ 1,385,256</b>	<b>\$ 1,970,767</b>	<b>\$ 1,737,128</b>
Nonspendable	\$ 1,615,465	\$ 1,732,388	\$ 1,505,951	\$ 1,970,767	\$ 1,737,128
Restricted for other purposes	1,687,362	3,708,292	(120,695)	-	-
<b>Total Fund Balance, June 30</b>	<b>\$ 3,302,827</b>	<b>\$ 5,440,680</b>	<b>\$ 1,385,256</b>	<b>\$ 1,970,767</b>	<b>\$ 1,737,128</b>

# Community Service Fund

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 28,471,098	\$ 27,022,352	\$ 29,701,512	\$ 35,606,486	\$ 36,848,342
Expenditures	(31,232,002)	(27,155,640)	(29,589,555)	(33,152,664)	(33,059,208)
Excess of revenues over (under) expenditures	(2,760,904)	(133,288)	111,957	2,453,822	3,789,134
Fund balance, July 1	7,954,601	5,193,697	5,060,409	5,172,366	7,626,188
<b>Fund Balance, June 30</b>	<b>\$ 5,193,697</b>	<b>\$ 5,060,409</b>	<b>\$ 5,172,366</b>	<b>\$ 7,626,188</b>	<b>\$ 11,415,322</b>
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 750
Restricted for					
School readiness	1,793,073	2,024,215	961,509	1,241,654	1,521,933
Adult basic education	702,422	879,610	1,340,717	1,364,412	1,674,794
Community education programs	1,949,764	1,120,064	7,786	1,814,399	5,688,702
ECFE	353,624	119,623	159,453	664,466	1,565,336
Other programs	394,814	916,897	2,702,901	2,541,257	963,807
<b>Total Fund Balance, June 30</b>	<b>\$ 5,193,697</b>	<b>\$ 5,060,409</b>	<b>\$ 5,172,366</b>	<b>\$ 7,626,188</b>	<b>\$ 11,415,322</b>

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# Auditor

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# Andy Grice

AUDIT SHAREHOLDER

952-563-6862

ANDY.GRICE@CREATIVEPLANNING.COM

**Thank You**

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This commentary is provided for general information purposes only, should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship. Past performance of any market results is no assurance of future performance. The information contained herein has been obtained from sources deemed reliable but is not guaranteed.



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

**Communications Letter**

**June 30, 2024**

**Minneapolis Public Schools  
Special District No. 1  
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Material Weaknesses	3
Significant Deficiencies	4
Required Communication	5
Financial Analysis	10
Legislative Summary	22
Emerging Issues	25



## Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

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

In planning and performing our audit of the financial statements of Minneapolis Public Schools Special District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies below that we consider to be a material weaknesses and a significant deficiency.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable.* The future event or events are likely to occur.

The material weaknesses identified are stated within this letter.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated December 30, 2024, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the use of management, the School Board and others within the District, and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
December 30, 2024

**Minneapolis Public Schools  
Special District No. 1  
Material Weaknesses**

**Lack of Segregation of Accounting Duties**

The District had a lack of segregation of accounting duties. The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation.

Segregation of Accounting Duties Relates to Four Key Areas - initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ *Financial Closing Process* - Certain employees record transactions and reconcile balances at the end of the year without evidence of reconciliations being performed timely with review by another employee. There were also instances noted where bank reconciliations didn't properly reconcile.
- ◆ *SAP User Rights* - A number of employees have excessive access to Accounts Payable functions, Purchasing functions, and the general ledger. Also, there were instances identified where individuals have excessive access to perform many responsibilities within a process (e.g., create a vendor, enter an invoice for payment, and cut a check). There are also some employees who have the ability to make journal entries without review as a result of SAP user rights allocated to them. We recommend that the District review all user roles and the permissions granted to each role for appropriateness, taking into consideration adequate segregation of duties. The District should also validate that adequate compensating controls are implemented to review and detect irregular or fraudulent activity performed by users with elevated permissions. Additionally, individuals in a position of authority should have limited transactional ability within the SAP application to further prevent management override controls.
- ◆ *Credit Cards* - During our testing it was noted that certain credit card transactions lacked evidence of approval. The District should review the approval process of expenditures related to credit cards. We also noted an instance where the invoice did not agree to credit card claim.

**Prior Period and Material Audit Adjustments**

During our audit, prior period and material audit adjustments were identified to ensure accurate financial reporting for capital assets, cash, receivables, state and federal revenues, and property taxes. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements. Complete and accurate reconciliations of capital assets, cash, receivables, state and federal revenues, and property tax balances were not performed timely.

**Minneapolis Public Schools  
Special District No. 1  
Significant Deficiency**

**Budget Reporting Process**

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

**Minneapolis Public Schools  
Special District No. 1  
Required Communication**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024. Professional standards require that we advise you of the following matters related to our audit.

**Our Responsibility in Relation to the Basic Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Minneapolis Public Schools  
Special District No. 1  
Required Communication**

**Our Responsibility in Relation to *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the District's compliance with those requirements.

In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

**Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- ◆ Management Override of Controls - Overall Financial Statements - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ Improper Revenue Recognition - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ Misappropriation of Assets - If duties cannot be appropriately segregated, there is a risk of unauthorized transactions being made by the District.
- ◆ State Aid Valuation - Revenue and receivable amounts related to General Education Aid and Special Education Aid are generally material to the financial statements and involve significant estimates.
- ◆ Pension Valuation - Net pension liability, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions are generally material to the financial statements and involve significant estimates.
- ◆ Other Post Employment Benefits (OPEB) Valuation - Net OPEB liability, deferred outflows of resources related to OPEB, and deferred inflows of resources related to OPEB are generally material to the financial statements and involve significant estimates.
- ◆ Lease and Subscription Liability Valuation - These balances are based on estimates and judgments determined by the District related to the discount rate and term.

**Minneapolis Public Schools  
Special District No. 1  
Required Communication**

**Qualitative Aspects of the District's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

General Education and Special Education Aid - General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadlines, this Aid is an estimate. Special Education Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.

Net Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB - These balances are based on an actuarial study using the estimates of future obligations of the District for post-employment benefits.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

Lease Liability and Right-to-Use Lease Assets - These balances are based on estimates and judgments determined by the District related to the discount rate, lease term, and lease payments.

Subscription Liability and Right-to-Use Subscription Assets - These balances are based on estimates and judgments determined by the District related to the discount rate, subscription term, and subscription payments.

**Minneapolis Public Schools  
Special District No. 1  
Required Communication**

*Significant Accounting Estimates and Related Disclosures (Continued)*

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

*Financial Statement Disclosures*

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures were brought to the attention of and corrected by management.

- ◆ Misstatements were corrected related to cash, receivables, state and federal revenues, debt related activity, and property taxes.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Minneapolis Public Schools  
Special District No. 1  
Required Communication**

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating, and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditor.

**Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

The following pages provide graphic representation of select data pertaining to the financial position and operations of the District for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this letter. The last section of this report contains a summary of legislative changes affecting school districts from the most recent session. The following provides some state-wide funding and financial trend information.

**Average Daily Membership and Pupil Units**

The largest single funding source for Minnesota school districts is basic General Education Aid. Each year, the State Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to ADM. Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2015*	5,831	1.5%
2016	5,948	1.9%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%
2024	7,138	4.0%
2025	7,281	2.0%

\* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustment changes, and other restructuring.

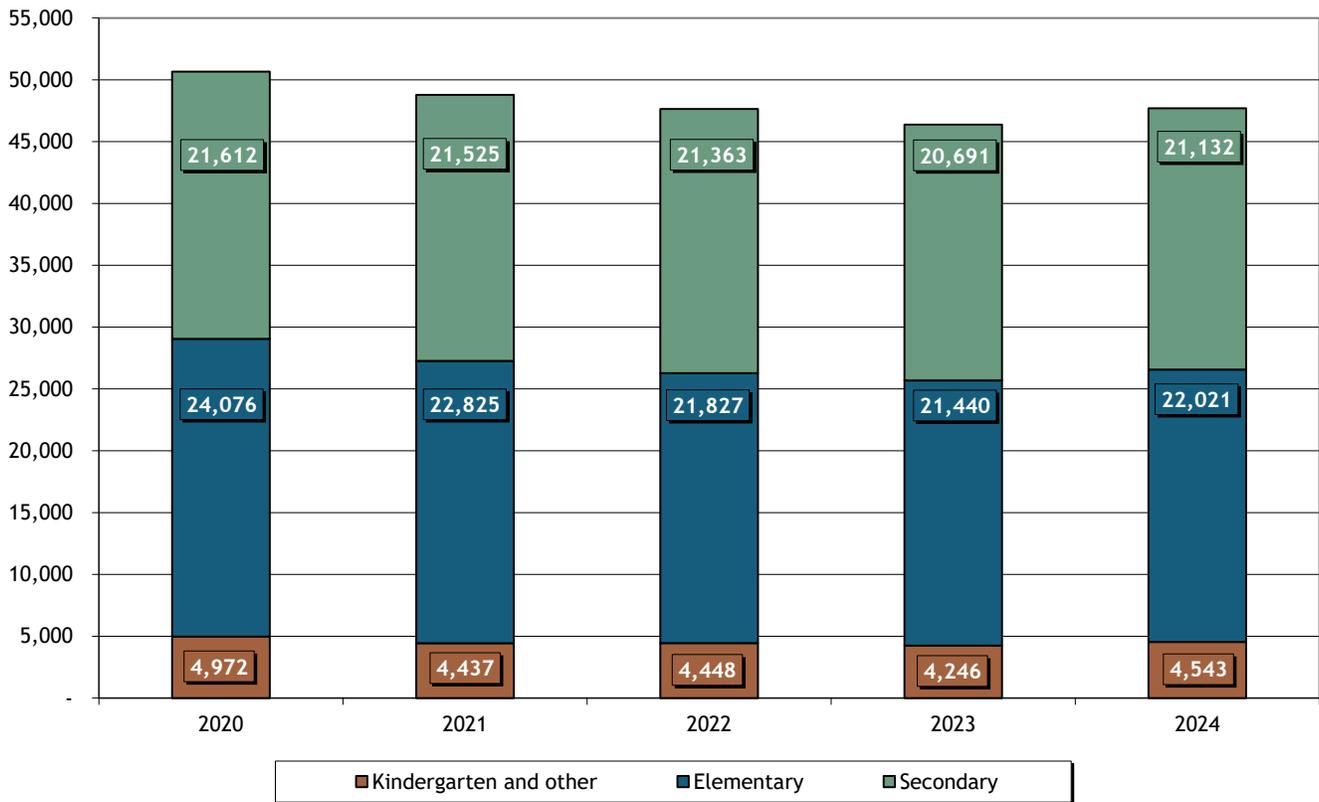
**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**Average Daily Membership and Pupil Units Served**

Approximately 57% of the District's General Fund revenue is from the state. A majority of this funding is based on student counts, so an understanding of the District's population trends is critical to overall budgeting plans. The following summarizes resident ADM of the District over the past five years ended June 30:

Students (Resident ADM)	2020	2021	2022	2023	2024
Kindergarten and other	4,972	4,437	4,448	4,246	4,543
Elementary	24,076	22,825	21,827	21,440	22,021
Secondary	21,612	21,525	21,363	20,691	21,132
<b>Total Students (Resident ADM)</b>	<b>50,660</b>	<b>48,788</b>	<b>47,638</b>	<b>46,376</b>	<b>47,696</b>

**Resident ADM**



\* Estimate as of December 2, 2024

In 2024, total resident ADM increased by 1,319 from the prior year, an incline of 2.8%.

To calculate a majority of the District's education aids, the ADM amounts are converted into pupil units by weighting, based on the student's grade level. These weighting factors are presented in the table on the following page.

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

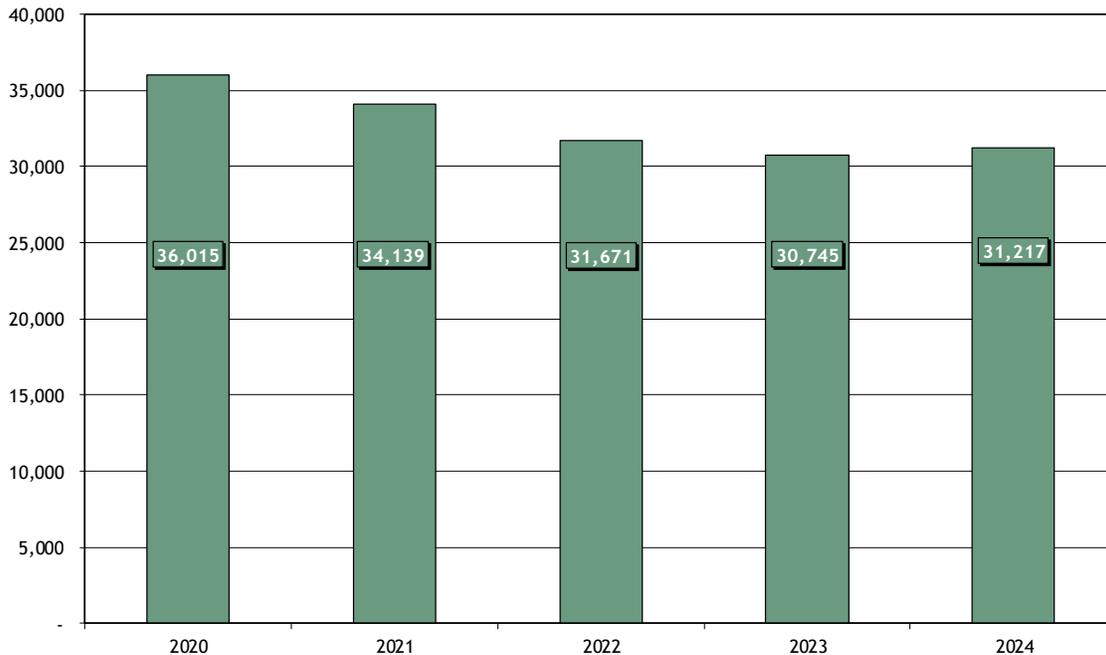
**Average Daily Membership and Adjusted Pupil Units**

	Pre-Kindergarten and Kindergarten	Grades 1-3	Grades 4-6	Secondary
Year 2020-2024	1.000	1.000	1.000	1.200

The following chart and graph convert the ADM into adjusted pupil units (PUN) for the same five-year period, as noted on the previous page.

Adjusted PUN	2020	2021	2022	2023	2024
Residents	54,982	53,092	51,910	50,514	51,921
PUN gain	1,417	1,871	815	1,382	845
PUN loss	(20,383)	(20,825)	(21,054)	(21,150)	(21,548)
<b>Total Adjusted PUN</b>	<b>36,015</b>	<b>34,139</b>	<b>31,671</b>	<b>30,745</b>	<b>31,217</b>

**PUN Served**



\* Estimate as of December 2, 2024

PUN loss is the resident students who chose open enrollment and decided to enroll at another district or charter school. PUN gain is the resident students from another school district choosing to enroll with Minneapolis Public Schools.

In 2024, total PUN served increased by 472 from the prior year, an increase of 1.5%. This was a result of an increase in resident PUN of 1,407, a decrease in PUN gain of 537, and an increase in PUN loss of 398 to other districts.

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

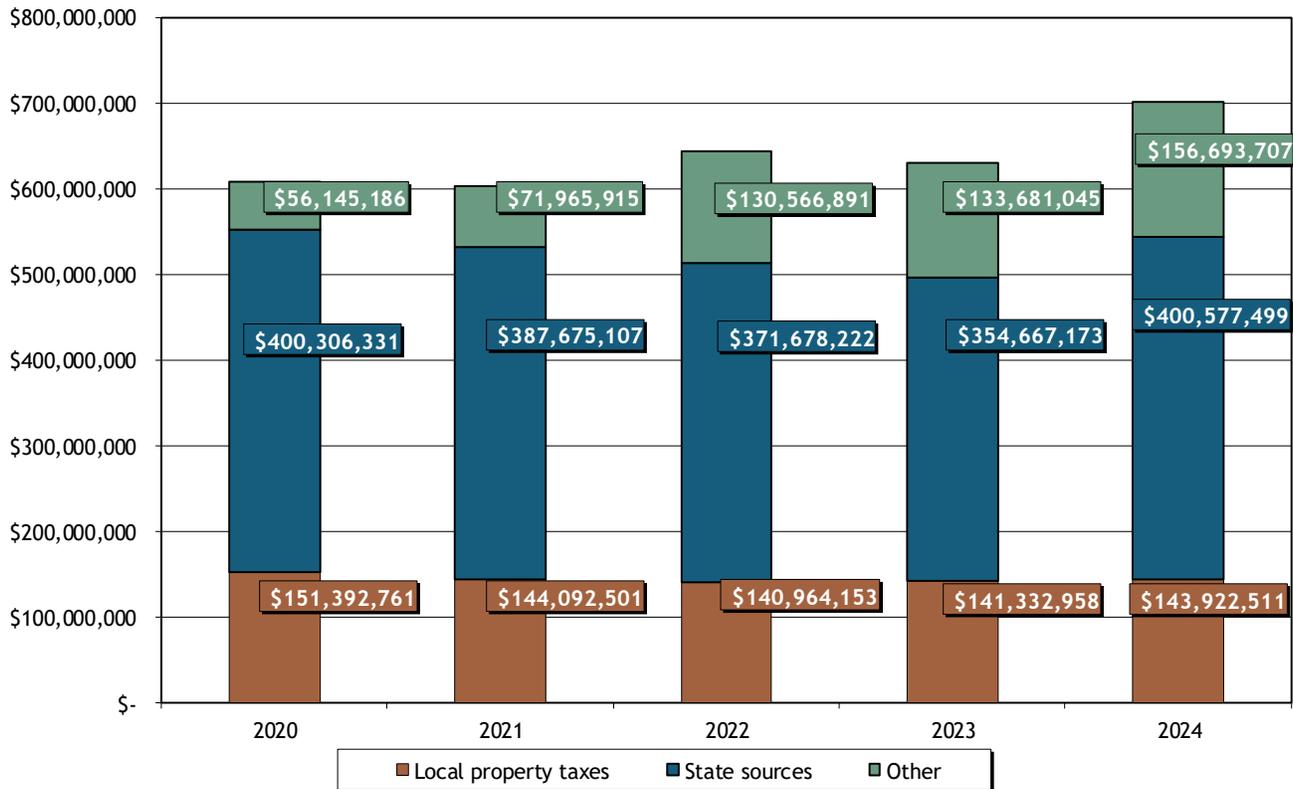
**General Fund Sources of Revenue**

General Fund sources of revenue are summarized as follows:

For the Year Ended June 30,	2020	2021	2022	2023	2024
Local property taxes	\$ 151,392,761	\$ 144,092,501	\$ 140,964,153	\$ 141,332,958	\$ 143,922,511
State sources	400,306,331	387,675,107	371,678,222	354,667,173	400,577,499
Other	56,145,186	71,965,915	130,566,891	133,681,045	156,693,707
<b>Total</b>	<b>\$ 607,844,278</b>	<b>\$ 603,733,523</b>	<b>\$ 643,209,266</b>	<b>\$ 629,681,176</b>	<b>\$ 701,193,717</b>

Revenue increased from the prior year by \$71,512,541, or 11.4%, mainly due to an increase in revenue from state sources. General Fund revenues over the past five years are portrayed in the following graph.

**General Fund Sources of Revenue**

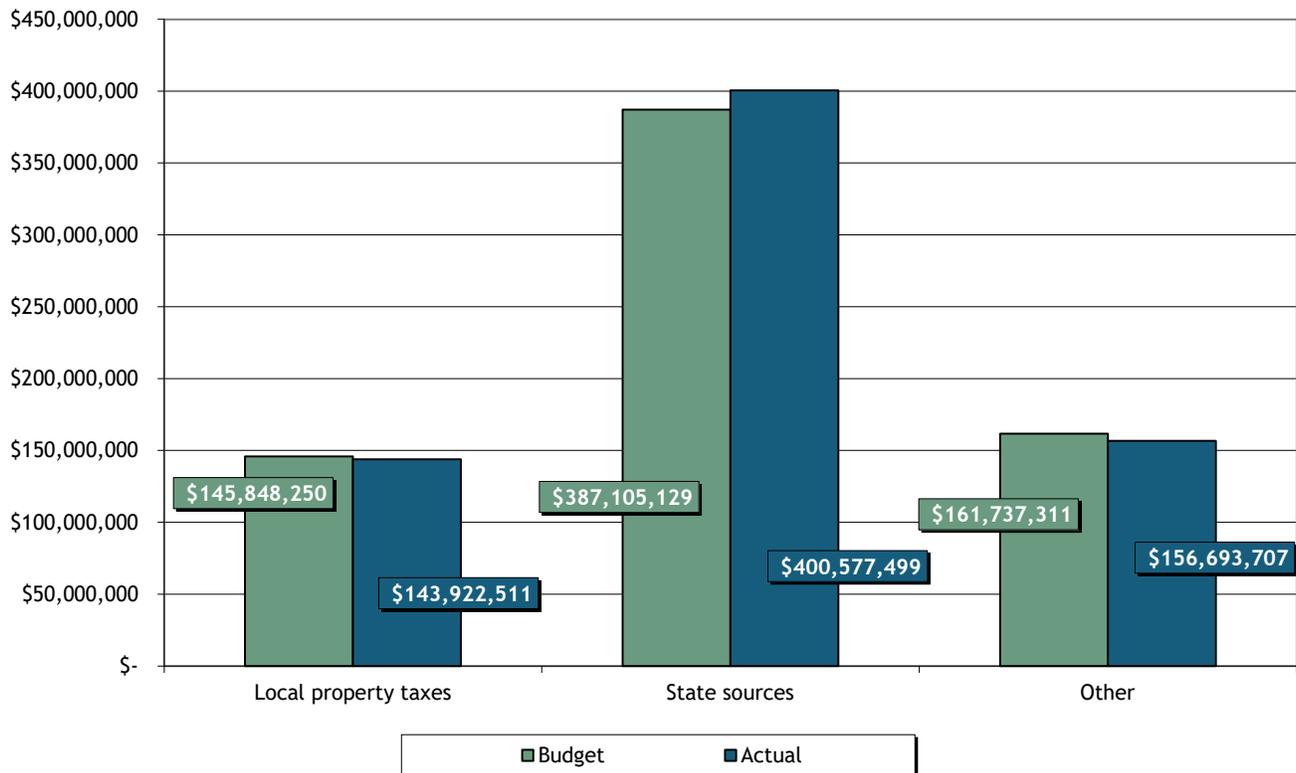


**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**General Fund Revenues - Budget and Actual**

The District approved a revenue budget of \$694,690,690. Actual revenues of \$701,193,717 were \$6,503,027, or 0.9%, over budget.

**2024 General Fund Revenues  
Budget and Actual**



Revenues from State sources were over budget \$13,472,370 as a result of conservative budgeting. Revenue from other sources were \$5,043,604 under budget. This was a result of budgeting high for federal funding. Revenues from local property taxes were under budget \$1,925,739 due to delinquent taxes.

**General Fund Expenditures**

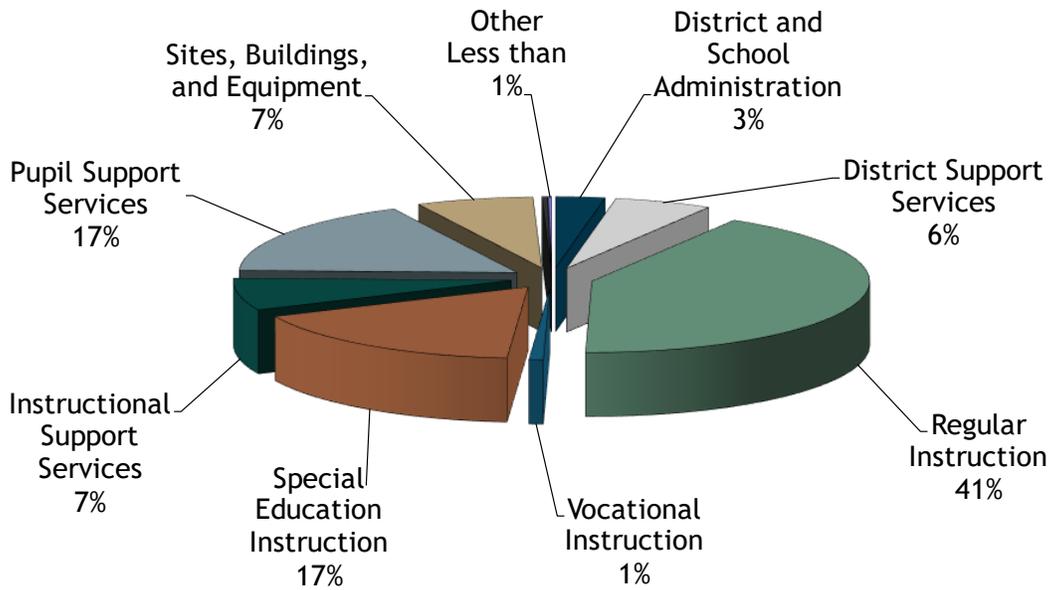
On the following page is the allocation of expenditures by program for the past two years. Overall, expenditures in the General Fund increased \$59,367,984 or 9.3%, from 2023 to 2024. Regular instruction increased by \$35,010,045 primarily due to less vacant positions and more contract settlements. Pupil support services increased \$24,392,645 due to higher transportation costs in fiscal year 2024 as well as increased spending of federal funds. District support services decreased \$8,367,422 as a result of less technology lease issuances during the year. Instructional support services increased \$4,113,908 due to additional services needed in fiscal year 2024. Sites, buildings and equipment increased \$3,431,561 as a result of financed capital purchases in 2024.

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

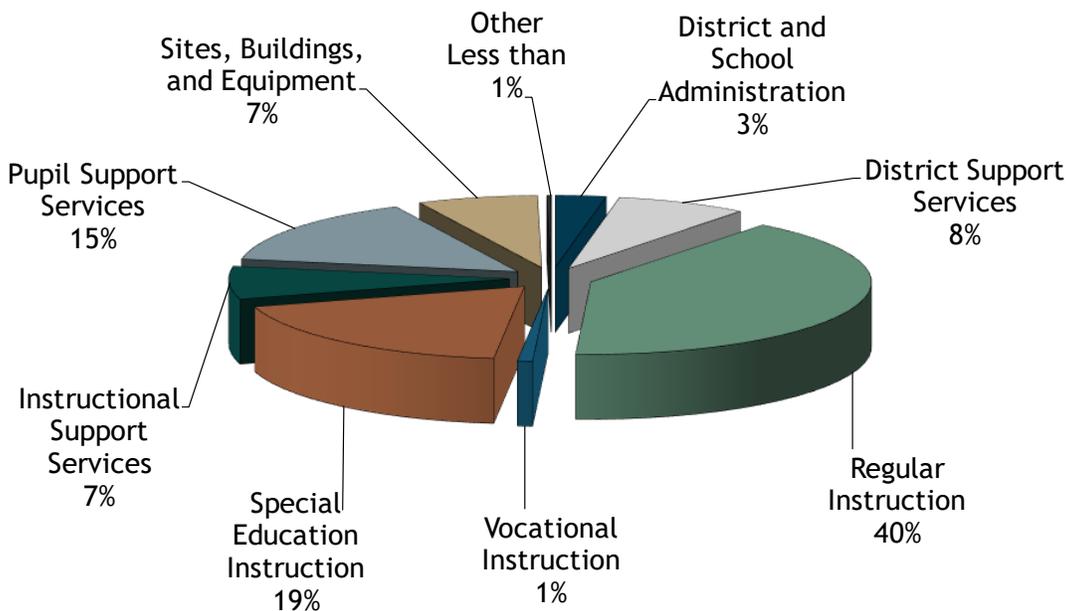
**General Fund Expenditures (Continued)**

The three instruction categories, regular, vocational, and special education comprise 60% of the total District expenditures for 2024 compared to 59% in 2023.

**2024 General Fund Expenditures  
\$700,266,962**



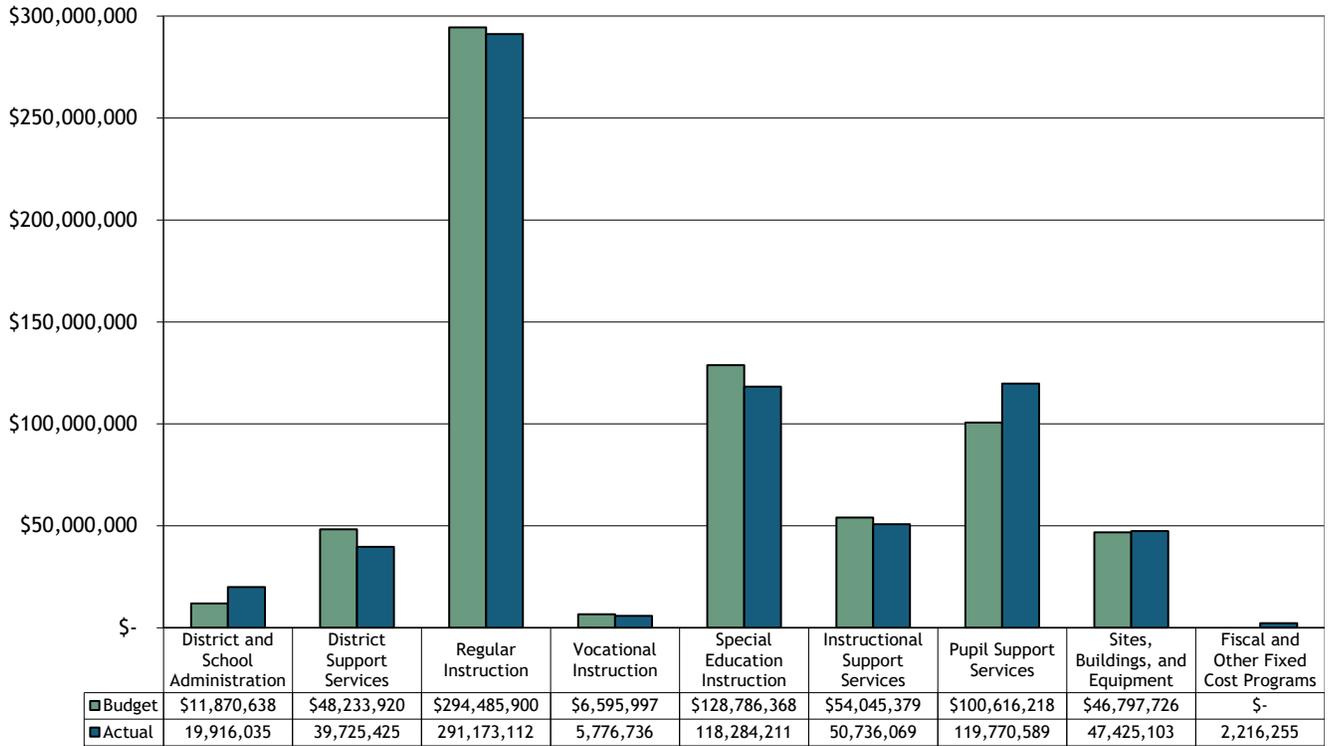
**2023 General Fund Expenditures  
\$640,898,978**



**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**General Fund Expenditures - Budget and Actual**

**2024 General Fund Expenditures  
Budget and Actual**



Overall, General Fund expenditures of \$700,266,962 were \$8,773,759, or 1.3%, over budget.

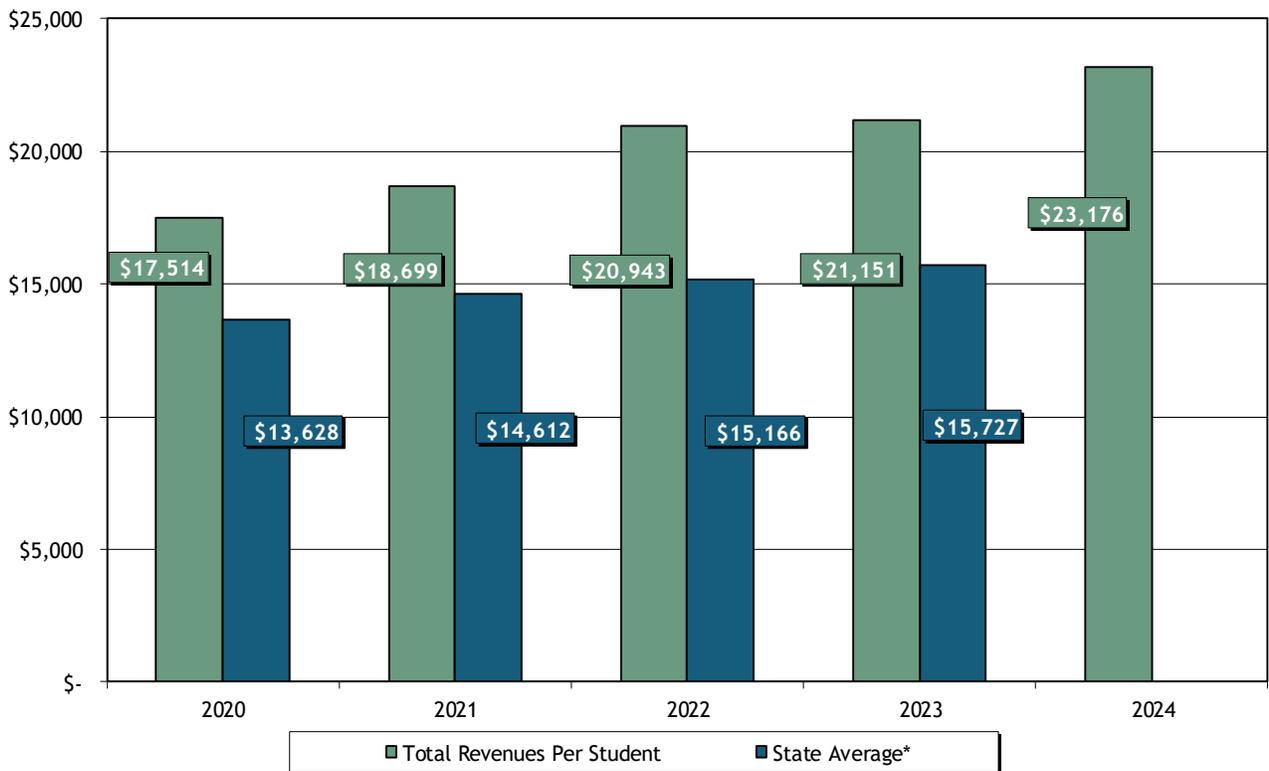
**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**Revenues Per ADM Served**

Special District No. 1	2020	2021	2022	2023	2024
General Fund	\$ 17,514	\$ 18,699	\$ 20,943	\$ 21,151	\$ 23,176
Food Service Fund	684	665	692	605	726
Community Service Fund	822	841	972	1,196	1,218
Building Construction Fund	104	7	20	363	422
Debt Service Fund	2,690	2,903	2,919	3,448	3,483
Post Employment Debt Service Fund	68	74	76	-	-
<b>Total Revenues Per Student</b>	<b>\$ 21,882</b>	<b>\$ 23,189</b>	<b>\$ 25,622</b>	<b>\$ 26,763</b>	<b>\$ 29,025</b>

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,628	\$ 14,612	\$ 15,166	15,727	N/A
Food Service Fund	548	569	791	667	N/A
Community Service Fund	595	571	685	745	N/A
Building Construction Fund	134	82	35	104	N/A
Debt Service Fund	1,229	1,398	1,393	1,456	N/A
<b>Total Revenues Per Student</b>	<b>\$ 16,134</b>	<b>\$ 17,232</b>	<b>\$ 18,070</b>	<b>\$ 18,699</b>	<b>N/A</b>

**General Fund Revenues Per ADM Served**



\* Source: *School District Profiles*; year 2024 is not yet available.

\*\* Estimate as of December 2, 2024

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

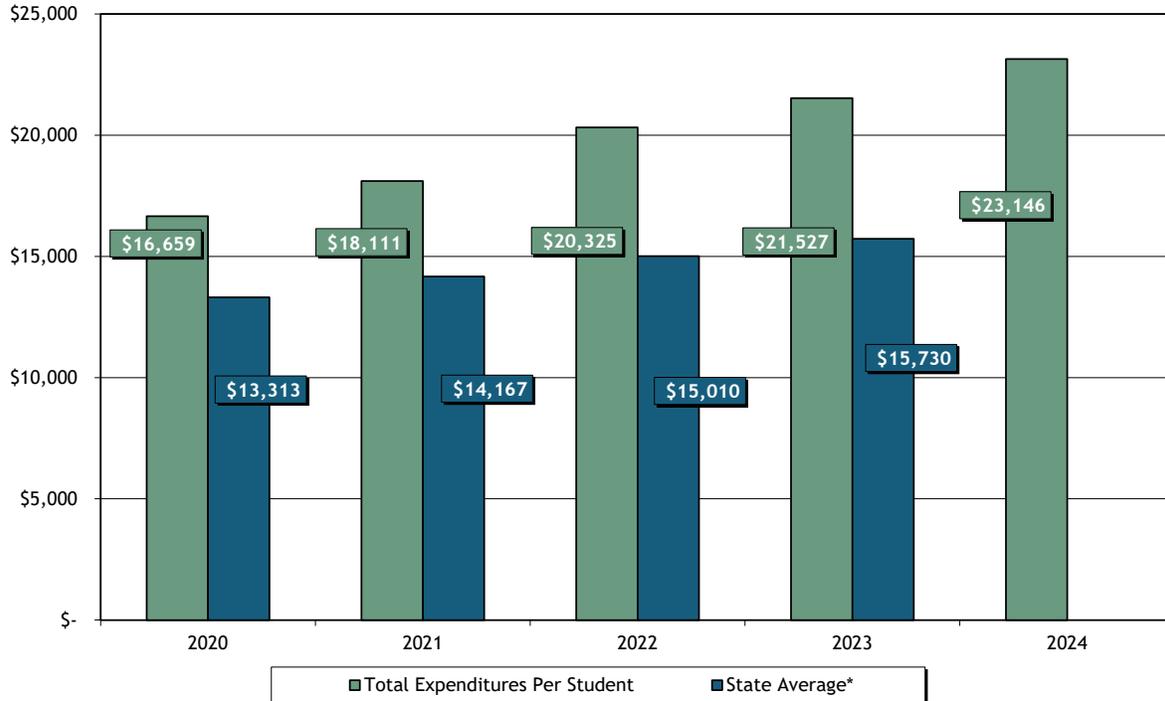
**Expenditures Per ADM Served**

Expenditures per student (ADM served) are summarized as follows:

Special District No. 1	2020	2021	2022	2023	2024
General Fund	\$ 16,659	\$ 18,111	\$ 20,325	\$ 21,527	\$ 23,146
Food Service Fund	662	598	825	803	843
Building Construction Fund	2,628	2,233	2,384	3,253	3,745
Community Service Fund	901	845	968	1,114	1,093
Debt Service Fund	2,563	2,905	3,081	3,340	3,302
Post Employment Debt Service Fund	65	-	74	-	-
<b>Total Expenditures Per Student</b>	<b>\$ 23,479</b>	<b>\$ 24,692</b>	<b>\$ 27,657</b>	<b>\$ 30,037</b>	<b>\$ 32,130</b>

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,313	\$ 14,167	\$ 15,010	15,730	N/A
Food Service Fund	554	529	666	702	N/A
Community Service Fund	622	571	646	715	N/A
Building Construction Fund	2,085	2,008	1,773	1,513	N/A
Debt Service Fund	1,265	1,457	1,477	1,499	N/A
<b>Total Expenditures Per Student</b>	<b>\$ 17,839</b>	<b>\$ 18,732</b>	<b>\$ 19,572</b>	<b>\$ 20,159</b>	<b>N/A</b>

**General Fund Expenditures Per ADM Served**



\* Source: *School District Profiles*; year 2024 is not yet available.

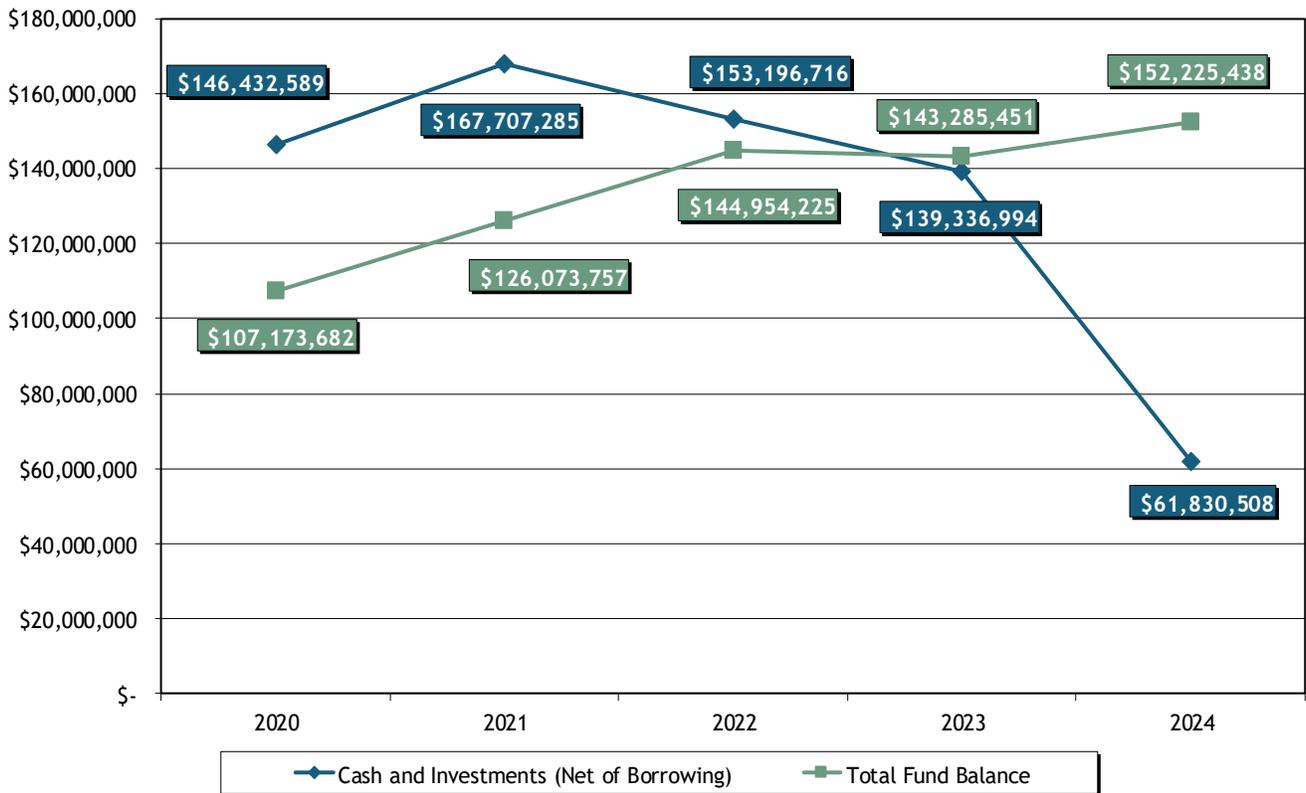
\*\* Estimate as of December 2, 2024

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**General Fund Operations**

As the following graph indicates, cash and investments decreased \$77,506,486 from 2023 to 2024 while total fund balance increased \$8,939,987, or 6.2%.

**General Fund Financial Position**



**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**General Fund Operations (Continued)**

The following table presents five years of comparative operating results for the District's General Fund:

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 607,844,278	\$ 603,733,523	\$ 643,209,266	\$ 629,681,176	\$ 701,193,717
Expenditures	(577,344,220)	(584,833,448)	(648,092,852)	(640,898,978)	(700,266,962)
Excess of revenues over (under) expenditures	30,500,058	18,900,075	(4,883,586)	(11,217,802)	926,755
Proceeds from sale of equipment	18,765	-	-	32,105	-
Bond proceeds	1,100,000	-	-	-	-
Lease/SBITA/Finance Issuance	-	-	23,707,892	8,928,669	10,806,377
Insurance recovery	-	-	56,162	86,338	512,046
Notes from direct borrowing	-	-	-	6,983,121	-
Transfer out	-	-	-	(6,481,205)	(3,305,191)
Fund balance, July 1	74,858,956	106,477,779	126,073,757	144,954,225	143,285,451
Change in accounting principle	-	695,903	-	-	-
<b>Fund Balance, June 30</b>	<b>\$ 106,477,779</b>	<b>\$ 126,073,757</b>	<b>\$ 144,954,225</b>	<b>\$ 143,285,451</b>	<b>\$ 152,225,438</b>

Components of Fund Balance					
For the Year Ended June 30,	2020	2021	2022	2023	2024
Nonspendable	\$ 1,269,376	\$ 1,414,679	\$ 5,294,596	\$ 5,957,921	\$ 5,040,225
Restricted for					
Area learning center	1,421,247	-	-	-	4,992,182
Student activities	725,174	572,832	570,515	543,356	483,807
Achievement and integration	2,927,601	-	-	-	-
Literacy incentive aid	-	-	-	-	102,634
American indian education aid	-	-	-	-	174,460
Basic skills program	-	495,016	-	-	-
Community education programs	-	65,178	-	-	-
Operating capital	-	5,501,542	8,783,209	12,572,197	16,695,350
Contracted alternative programs	-	-	1,164,265	966,181	887,820
School library aid	-	-	-	-	273,168
Gifted and talented	466,385	579,035	483,254	439,264	-
Student support personnel aid	-	-	-	-	364,743
Medical assistance	-	-	-	-	1,657,365
Basic skills extended time	2,792,710	4,610,186	6,306,894	7,631,978	-
Long-term facilities maintenance	160,765	156,383	156,383	-	-
Other	1,100,000	234,359	234,359	233,781	456,137
Assigned	43,737,399	57,295,506	68,347,003	54,915,232	58,679,417
Unassigned	52,573,025	55,149,041	53,613,747	60,025,541	62,418,130
<b>Fund Balance, June 30</b>	<b>\$ 107,173,682</b>	<b>\$ 126,073,757</b>	<b>\$ 144,954,225</b>	<b>\$ 143,285,451</b>	<b>\$ 152,225,438</b>

The chart above summarizes General Fund activity and financial position for each of the last five years. The unassigned fund balance represented 8.8% of 2025 budgeted expenditures. The District's fund balance policy calls for a minimum unassigned balance of 8% of the annual budgeted expenditures for the following year.

**Minneapolis Public Schools  
Special District No. 1  
Financial Analysis**

**Food Service Fund**

The following table presents five years of comparative operating results for the District's Food Service Fund.

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 23,694,428	\$ 21,349,575	\$ 21,168,074	\$ 18,009,094	\$ 21,977,738
Expenditures	(22,955,476)	(19,211,722)	(25,223,498)	(23,904,788)	(25,516,568)
Excess of revenues over (under) expenditures	738,952	2,137,853	(4,055,424)	(5,895,694)	(3,538,830)
Transfer in	-	-	-	6,481,205	3,305,191
Fund balance, July 1	2,563,875	3,302,827	5,440,680	1,385,256	1,970,767
<b>Fund Balance, June 30</b>	<b>\$ 3,302,827</b>	<b>\$ 5,440,680</b>	<b>\$ 1,385,256</b>	<b>\$ 1,970,767</b>	<b>\$ 1,737,128</b>
Nonspendable	\$ 1,615,465	\$ 1,732,388	\$ 1,505,951	\$ 1,970,767	\$ 1,737,128
Restricted for other purposes	1,687,362	3,708,292	(120,695)	-	-
<b>Total Fund Balance, June 30</b>	<b>\$ 3,302,827</b>	<b>\$ 5,440,680</b>	<b>\$ 1,385,256</b>	<b>\$ 1,970,767</b>	<b>\$ 1,737,128</b>

**Community Service Fund**

The following table presents five years of comparative operating results for the District's Community Service Fund.

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 28,471,098	\$ 27,022,352	\$ 29,701,512	\$ 35,606,486	\$ 36,848,342
Expenditures	(31,232,002)	(27,155,640)	(29,589,555)	(33,152,664)	(33,059,208)
Excess of revenues over (under) expenditures	(2,760,904)	(133,288)	111,957	2,453,822	3,789,134
Fund balance, July 1	7,954,601	5,193,697	5,060,409	5,172,366	7,626,188
<b>Fund Balance, June 30</b>	<b>\$ 5,193,697</b>	<b>\$ 5,060,409</b>	<b>\$ 5,172,366</b>	<b>\$ 7,626,188</b>	<b>\$ 11,415,322</b>
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 750
Restricted for					
School readiness	1,793,073	2,024,215	961,509	1,241,654	1,521,933
Adult basic education	702,422	879,610	1,340,717	1,364,412	1,674,794
Community education programs	1,949,764	1,120,064	7,786	1,814,399	5,688,702
ECFE	353,624	119,623	159,453	664,466	1,565,336
Other programs	394,814	916,897	2,702,901	2,541,257	963,807
<b>Total Fund Balance, June 30</b>	<b>\$ 5,193,697</b>	<b>\$ 5,060,409</b>	<b>\$ 5,172,366</b>	<b>\$ 7,626,188</b>	<b>\$ 11,415,322</b>

**Minneapolis Public Schools  
Special District No. 1  
Legislative Summary**

The following is a brief summary of current legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the Minnesota Department of Education (MDE).

**American Indian Education Aid**

The period in which this aid can be carried over has been revised from six months to one year to be consistent with district financial reporting. Permanent School Fund Supplemental Aid is set at \$40,000 in 2025 for tribal contract schools.

**American Rescue Plan (ARP) Act**

The ARP Act was signed into law on March 11, 2021, and focuses on returning to, and maintaining, safe in-person learning for all students.

The ARP includes \$1.3 billion for E-12 education in ESSER funds for Minnesota to help schools returning to, and maintaining, safe in-person learning for all students. Per the federal law, 90% of these funds have been allocated to eligible districts and charter schools. 9.5% of these funds are for flexible use by each state education agency to create a plan to meet the needs of students. Funds are eligible for spending through September 30, 2024.

**Area Learning Center (ALC) Transportation Aid**

ALC transportation aid reimburses school districts for costs associated with transportation of students to and from an ALC program. School districts can apply for this new funding stream for 2024 and beyond. Allowable recipients for this aid have been modified to include cooperative units that provide their own transportation for ALCs.

**Basic Alternative Teacher Compensation Aid (Q-Comp)**

The total cap for basic alternative teacher compensation aid increased from \$88,118,000 to \$88,461,000 for 2024 and 2025, and \$89,486,000 for 2026 and beyond. Unspent “Q Comp” funds must be reserved in a restricted fund balance and used only for their intended purpose.

**Basic General Education Aid**

The formula allowance for 2024 was set at \$7,138 and for 2025, the formula allowance increases to \$7,281, which is a 2% increase over 2024. For fiscal years 2026 and beyond, the actual increase will be equal to the Consumer Price Index - Urban with a floor of 2% and a cap of 3%.

**Basic Skills Revenue**

School districts are permitted to execute a one-time transfer of restricted balance sheet funds into another restricted balance sheet that is in alignment with uses.

**Charter School Lease Aid Review**

The Commissioner may develop a system of analyzing charter school lease aid applications. The system will support consistency in applications and allow for the evaluation of the financial viability of multiple charter school leases.

**Minneapolis Public Schools  
Special District No. 1  
Legislative Summary**

**Compensatory Education Revenue**

The compensatory allowance for 2024 was updated and corresponds to increases in the basic formula allowance. A hold-harmless provision has been added for 2025 so that compensatory revenue for each site is the greater of its calculated revenue for 2025 or the 2024 actual revenue.

**English Learner Aid and Cross Subsidy**

For 2024-2026, aid is \$1,228 times the greater of 20 or total English learner ADM and \$436 times English learner pupil units (concentration). For 2027, this increases to \$1,775 times the greater of 20 or total English learner ADM and \$4630 times English learner pupil units (concentration), and 25% Cross Subsidy Aid Reduction based on second prior year qualifying services.

**Facilities**

Districts subject to non-voter approved building projects that require a review and comment do not need to publish or hold a public hearing on the results of the review and comment except districts eligible for non-voter construction projects under *Minnesota Statutes* § 126C.40, subd. 6 must hold a public meeting within 45 days of a review and comment decision. The dates of publication of review and comment have been changed to at least 48 days and not more than 70 days before a referendum. Prior legislation was not more than 60 days before a referendum.

**Food Service Fund**

Lunchroom furniture, including tables and chairs used by pupils to eat, were added as an eligible expense in the food service fund if a surplus exists for three consecutive years.

**Local Optional Revenue**

The second-tier equalization threshold for 2024 remained at \$510,000 before increasing to \$587,244 for 2025, \$642,038 for 2026, and \$671,345 for 2027 and later.

**Paraprofessionals**

For the 2024-2025 school year, districts are required to provide 6 hours of training and may be reimbursed for up to 6 hours. A separate payment equal to 2 hours of the district average wage rate will be made. Consultation with the union representative must be made before planning required trainings.

Special education paraprofessionals employed and paid with special education funding during 2024 may continue to be paid with State special education fund (not federal) for 2025 if they meet competences 4 and 9 in the competency grid or are enrolled in a qualifying training and testing program.

MDE and the Professional Educator Licensing and Standards Board (PELSB) are required to review paraprofessional qualifications.

**Pension Bill and Pension Adjustment Revenue**

The pension adjustment rate for districts (besides ISD No. 625, St. Paul) is 1.25% for fiscal years 2024 and 2025 and 2.0% for fiscal year 2026 and 2027. For fiscal year 2028 and later, pension adjustment revenue must not exceed the fiscal year 2027 amount, and the revenue will be prorated, as necessary.

**Minneapolis Public Schools  
Special District No. 1  
Legislative Summary**

**Special Education Aid**

The Special Education Cross Subsidy Reduction Aid paid to districts increased from 6.43% to 44% beginning in 2024. A further increase to 50% begins in 2027.

**Student Support Personnel Aid**

Districts and charters may retain unspent aid in a restricted fund balance, limited to the amount of the prior year's aid allocation.

**Student Teacher Stipend Pilot Program**

Funding of \$6,543,000 has been approved for 8 teacher preparation programs to provide student teachers placed in Minnesota schools during the 2024-2025 school year. Stipends should be awarded at approximately \$6,880 per student teacher.

**Unemployment Insurance Aid**

Effective May 28, 2023, certain non-certified hourly school workers may qualify for "between term" summer unemployment benefits. A new aid has been created to reimburse districts for between term unemployment insurance costs, which are not eligible for levy reimbursement. The total aid available is \$135 million in fiscal year 2024 and is available until fiscal year 2027 or depletion. This aid now required to be paid on a 90/10 basis.

**Voluntary Prekindergarten (VPK)**

VPK seats were increased to 12,360 in 2025 using a \$50 million set aside from 2023. Minneapolis and St. Paul districts are individual regions for purposes of seat allocations, so the allocations of other regions are not impacted by this change. Districts were notified of the new allocation by July 1, 2024.

**Minneapolis Public Schools  
Special District No. 1  
Emerging Issues**

**Executive Summary**

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.
- ◆ **Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures***  
GASB has issued GASB Statement No. 102 relating to risk disclosures. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.
- ◆ **Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements***  
GASB has issued GASB Statement No. 103 relating to changes in financial reporting requirements. The changes provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your District.

**Minneapolis Public Schools  
Special District No. 1  
Emerging Issues**

**Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Minneapolis Public Schools  
Special District No. 1  
Emerging Issues**

**Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures***

The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

This Statement provides definitions for concentration and constraint. A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority.

This Statement requires a government to assess whether a concentration or constraint could present a risk of financial difficulty. The District will need to make a disclosure in the notes to the financial statements if all three of the following criteria are true:

- ◆ The District knows about the concentration or constraint prior to financial statement issuance.
- ◆ The concentration or constraint makes the District is vulnerable to risk of a substantial impact.
- ◆ An event or events associated with the concentration or constraint that could cause a substantial impact have either (1) happened; (2) started to happen; or (3) are more likely than not to start happening within 12 months of the financial statements being issued.

If a government determines the above criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Disclosures are required for the government as a whole as well as any opinion unit in the financial statements that includes outstanding revenue debt. Disclosures can be combined to avoid unnecessary duplication (e.g., a subsequent event footnote).

GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Minneapolis Public Schools  
Special District No. 1  
Emerging Issues**

**Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements***

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement addresses 5 areas of the financial statements (1) Management's Discussion and Analysis (MD&A), (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) Major Component Unit Information, and (5) Budgetary Comparison Information.

This Statement continues the requirement that the MD&A precede the basic financial statements as part of the Required Supplementary Information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that detailed analyses should explain why balances and results of operations changed, rather than stating amounts and "boilerplate" discussions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The Statement provides clarification regarding operating and nonoperating revenues and expenses. Also, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

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

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

**June 30, 2024**

**Minneapolis Public Schools  
Special School District No. 1  
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Minneapolis Public Schools  
Special School District No. 1  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 2,895,595
National School Lunch Program	10.555	10,292,265
Commodities Programs - Non Cash	10.555	1,061,882
Fresh Fruits and Vegetables Program	10.582	598,271
COVID - Summer Food Service Program for Children	10.559	389,279
Total Child Nutrition Cluster		<u>15,237,292</u>
Cash in Lieu of Child and adult Care Food Program	10.558	1,144,259
National School Lunch Program Equipment	10.579	23,297
Total U.S. Department of Agriculture		<u>16,404,848</u>
<b>U.S. Department of Education</b>		
Through Minnesota Department of Education		
Adult Education - Basic Grants to States	84.002	733,277
Title I Grants To Local Educational Agencies		
Title I, Part A	84.010	26,630,719
Title I, Part D	84.010	128,117
Total Title I Grants To Local Educational Agencies		<u>26,758,836</u>
Special Education Cluster		
Special Education	84.027	8,974,207
Special Education - Preschool Grants	84.173	373,464
Total Special Education Cluster		<u>9,347,671</u>
Special Education - Grants for Infants and Families	84.181	165,311
Career and Technical Education - Basic Grants to States	84.048	516,280
Education for Homeless Children and Youth	84.196	91,881
Comprehensive State Literacy Development	84.371C	1,262,276
Maltreatment reeducation	84.027A	3,847
State Personnel Development Grant	84.323	32,140
English Language Acquisition	84.365	666,915
21st Century Community Learning Centers	84.287	935
Title II, Part A - Supporting Effective Instruction	84.367	1,547,515
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	1,458,000
COVID - ARP Homeless I	84.425W	238,621
COVID - Supplemental Support Under American Rescue Plan	84.425T	200,014
COVID - Elementary and Secondary School Education Relief Fund III	84.425U	92,431,079
Total Education Stabilization Funds		<u>92,869,714</u>

See notes to the schedule of expenditures of federal awards.

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
<b>U.S. Department of Education (Continued)</b>		
Through Minnesota Department of Education		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	112,046
Direct		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,745,251
21st Century Community Learning Centers	84.287	651,347
Fund for Improvement of Education	84.215	243,707
Indian Education Grants to Local Educational Agencies	84.060	262,160
Total U.S. Department of Education		<u>138,469,109</u>
<b>U.S. Department of Justice</b>		
Direct		
COPS Lock Replacement	16.710	<u>23,335</u>
<b>U.S. Department of Health and Human Services</b>		
Through Minnesota Department of Education		
Refugee Family Coach	93.566	<u>112,692</u>
<b>U.S. Department of Homeland Security</b>		
Direct		
Citizenship Grant	97.010	<u>30,353</u>
<b>National Endowment for the Humanities</b>		
Through Minnesota Department of Education		
Library Services Tech Art	45.310	<u>42,889</u>
Total Federal Expenditures		<u>\$ 155,083,226</u>

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

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net position, or cash flows of the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - PASS-THROUGH GRANT NUMBERS**

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

**NOTE 4 - NONMONETARY ASSISTANCE**

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

**NOTE 5 - INDIRECT COST RATE**

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



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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, Audit Finding 2024-001 and 2024-003.

### **Report on Internal Control over Financial Reporting (Continued)**

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency, Audit Finding 2024-002.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our engagement and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
December 30, 2024



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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

### **Report on Internal Control over Compliance (Continued)**

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

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

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

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

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 30, 2024, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Bergan KDV, Ltd.*

Minneapolis, Minnesota  
December 30, 2024

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

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
◆ Material weakness(es) identified?	Yes, Audit Findings 2024-001, 2024-003
◆ Significant deficiency(ies) identified?	Yes, Audit Findings 2024-002
Noncompliance material to financial statements noted?	No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

**Identification of Major Programs**

Assistance Listing No:	10.553, 10.555, 10.559, 10.582
Name of Federal Program or Cluster:	Child Nutrition Cluster
Assistance Listing No:	84.425
Name of Federal Program or Cluster:	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$4,652,497
Auditee qualified as low-risk auditee?	No

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

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS**

**Audit Finding 2024-001 - Lack of Segregation of Duties**

*Criteria or Specific Requirement:*

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

*Condition:*

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

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

- ◆ **Financial Closing and Bank Reconciliation Process:** Certain employees record transactions and reconcile balances at the end of the year without evidence of reconciliations being performed timely with review by another employee. There were also instances noted where bank reconciliations didn't properly reconcile.
- ◆ **SAP User Rights:** A number of employees have excessive access to Accounts Payable functions, Purchasing functions, and the general ledger. Also, there were instances identified where individuals have excessive access to perform many responsibilities within a process (e.g. create a vendor, enter an invoice for payment, and cut a check). There are also some employees who have the ability to make journal entries without review as a result of SAP user rights allocated to them. We recommend that the District review all user roles and the permissions granted to each role for appropriateness, taking into consideration adequate segregation of duties. The District should also validate that adequate compensating controls are implemented to review and detect irregular or fraudulent activity performed by users with elevated permissions. Additionally, individuals in a position of authority should have limited transactional ability within the SAP application to further prevent management override controls.
- ◆ **Credit Cards:** During our testing it was noted that certain credit card transactions lacked evidence of approval. The District should review the approval process of expenditures related to credit cards. We also noted an instance where the invoice did not agree to credit card claim.

*Context:*

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

*Effect or Potential Effect:*

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

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

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Audit Finding 2024-001 - Lack of Segregation of Duties (Continued)**

*Cause:*

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

*Recommendation:*

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

*Views of the Responsible Officials and Planned Corrective Actions:*

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the finding.

2. Actions Planned in Response to Finding

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

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

Credit Cards - The District will continue efforts to ensure invoices are received and paid timely.

3. Official Responsible for Ensuring CAP

Chief Financial Officer.

4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2025.

5. Plan to Monitor Completion of CAP

The Finance Department will be monitoring the corrective action plan.

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

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Audit Finding 2024-002 - Budget Reporting Process**

*Criteria or Specific Requirement:*

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

*Condition:*

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

*Context:*

This finding impacts internal control over financial reporting.

*Effect or Potential Effect:*

Budget to actual variances may be inaccurate.

*Cause:*

Budgets were not allocated to correct classifications.

*Recommendation:*

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

*Views of the Responsible Officials and Planned Corrective Actions:*

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the finding.
2. Actions Planned in Response to Finding  
The District's internal controls related to the budgeting process will continue to improve.
3. Official Responsible for Ensuring CAP  
Jon Clinton, Executive Director to Finance, and Diane Dee, Budget Manager, are the officials responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP  
The planned completion date for the CAP is June 30, 2025.
5. Plan to Monitor Completion of CAP  
The Finance Department management will be monitoring the corrective action plan.

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

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)**

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

*Criteria or Specific Requirement:*

Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements. Internal control that supports the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements.

*Condition:*

During our audit, prior period was required related to capital assets and material audit adjustments were identified to ensure accurate financial reporting for cash, receivables, state and federal revenues, debt related activity, and property taxes.

*Context:*

This finding impacts internal control over financial reporting.

*Effect or Potential Effect:*

Internal controls over capital assets affected the District's ability to initiate record, process, and report financial data consistent with the assertions of management in the basic financial statements as a prior period adjustment was required for capital assets. Financial information could contain inaccurate information if reconciliations are not reviewed timely. Material audit adjustments were required for cash, receivables, state and federal revenues, debt related activity, and property taxes.

*Cause:*

Complete and accurate reconciliations of capital assets, cash, receivables, state and federal revenues, debt activity, and property tax balances were not performed timely or accurately.

*Recommendation:*

We recommend management review all accounts closely at year-end to detect and correct misstatements of balances.

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

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Audit Finding 2024-003 - Material Audit Adjustments (Continued)**

*Views of the Responsible Officials and Planned Corrective Actions:*

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the finding.
2. Actions Planned in Response to Finding  
The District will develop a process for ensuring that all standard year-end entries are complete before the auditors begin their fieldwork.
3. Official Responsible for Ensuring CAP  
Aaron Gilbert, Director of Finance - Controller, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP  
Ongoing review and monitoring will take place throughout the year and at fiscal year-end.
5. Plan to Monitor Completion of CAP  
The Finance Department management will be monitoring the corrective action plan.

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

**SECTION III - PRIOR YEAR FINDINGS**

**Audit Finding 2023-003 - Internal Control Deficiency Related to Payroll**

During the course of our engagement as of June 30, 2023, we noted instances where employees were overpaid and were required to repay the District these overpayments. District's internal controls relating to payroll were not sufficient to detect the overpayments timely. We did not note any instances of undetected overpayments during the audit for the year ended June 30, 2024.

**SECTION IV - FEDERAL AWARD PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**Audit Finding 2023-002 - Education Stabilization Fund (Assistance Listing 84.425) Grant Period  
- Year Ended June 30, 2023**

During our audit as of June 30, 2023, we noted an employee receiving an overpayment on their payroll check, as well as another employee being paid for a claim payment had been mistakenly created, and the attempt to correct the issue lead to incorrectly recording additional salary on the general ledger and charging the related activity to federal programs. No such occurrence happened as of June 30, 2024.

**Audit Finding 2023-004 - Special Education Cluster (Assistance Listing 84.027, 84.173)  
Grant Period - Year Ended June 30, 2023**

During our audit as of June 30, 2023, we noted the District did not have internal controls in place to ensure the District would meet Maintenance of Effort requirements. As of June 30, 2024, the District had adequate internal controls in place to meet the Maintenance of Effort requirements.

**Audit Finding 2023-007 - Education Stabilization Fund (Assistance Listing 84.425) Grant Period  
- Year Ended June 30, 2023**

During our audit as of June 30, 2023, we noted an employee receiving an overpayment on their payroll check, as well as another employee being paid for a claim payment had been mistakenly created, and the attempt to correct the issue lead to incorrectly recording additional salary on the general ledger. No such occurrence happened as of June 30, 2024.



## Minnesota Legal Compliance

### Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2024.

In connection with our audit, we noted that the District failed to comply with the provisions of the claims and disbursements and uniform financial accounting and reporting standards of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Corrective Action Plans on Legal Compliance as items 2024-004 and 2024-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting - bid laws, deposits of public funds and public investments, conflicts of interest, miscellaneous provisions, and public indebtedness for school districts sections of the *Minnesota Legal compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
December 30, 2024

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

**CURRENT YEAR AND PRIOR YEAR LEGAL COMPLIANCE FINDING:**

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

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

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

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the finding.
2. Actions Planned in Response to Finding  
The District will ensure that payments are made promptly in accordance with *Minnesota Statute* § 471.425.
3. Official Responsible for Ensuring CAP  
Aaron Gilbert, Director of Finance - Controller, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP  
The planned completion date for the CAP is June 30, 2025.
5. Plan to Monitor Completion of CAP  
The Finance Department management will be monitoring the corrective action plan.

**CURRENT YEAR LEGAL COMPLIANCE FINDING:**

**Audit Finding 2024-005 - Lack of Uniform Financial Accounting and Reporting Standards Compliance**

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

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

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

**CURRENT YEAR LEGAL COMPLIANCE FINDING (CONTINUED):**

**Audit Finding 2024-005 - Lack of Uniform Financial Accounting and Reporting Standards Compliance (Continued)**

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the finding.

2. Actions Planned in Response to Finding

The District will ensure they follow the uniform financial accounting and reporting standards.

3. Official Responsible for Ensuring CAP

Aaron Gilbert, Director of Finance - Controller, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2025.

5. Plan to Monitor Completion of CAP

The Finance Department management will be monitoring the corrective action plan.



MINNEAPOLIS  
PUBLIC SCHOOLS  
Urban Education. Global Citizens.

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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For the Year Ended June 30, 2024

## **MINNEAPOLIS PUBLIC SCHOOLS**

Special School District No.1  
Minneapolis, Minnesota

[www.mpls.k12.mn.us](http://www.mpls.k12.mn.us)

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



**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**OF**

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

**For the Year Ended**

**June 30, 2024**

**Prepared by**

**THE FINANCE DEPARTMENT**

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

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

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

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**Minneapolis Public Schools  
Special School District No. 1  
Board of Education and Administration  
June 30, 2024**

Board of Education	Position	Term Expires
Collin Beachy	Chair	2027
Kim Ellison	Vice Chair	2025
Lori Norvell	Clerk	2027
Abdul Abdi	Treasurer	2027
Fathia Feerayarre	Director	2027
Adriana Cerrillo	Director	2025
Sharon El-Amin	Director	2025
Joyner Emerick	Director	2027
Ira Jourdain	Director	2025
Leo Peralta	Student Representative	2024
Elliston Rounds	Student Representative	2024

**Administration**

Dr. Lisa Sayles-Adams	Superintendent
Ibrahima Diop	Senior Officer of Finance and Operations
District Offices	Special School District No. 1 Minneapolis Public Schools 1250 West Broadway Avenue Minneapolis, MN 55411 (612) 668-0000

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December 30, 2024

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

## **INTRODUCTION**

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Special School District No. 1, Minneapolis, Minnesota (the “District” or “MPS”), for the fiscal year ended June 30, 2024. Responsibility for the entire financial report rests with district management including the financial information and internal controls throughout the audited fiscal year. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

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

The ACFR includes three primary sections:

- Introductory Section
- Financial Section
- Statistical Section

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

## **ECONOMIC CONDITION AND OUTLOOK (CONTINUED)**

MPS, Minnesota's fourth largest school district by enrollment, is governed by the Minneapolis Board of Education (the "school board"), a publicly elected board with nine members, six of whom represent geographic sub-districts and three at-large members elected citywide. Board directors are elected to four-year terms which are staggered so that half of the seats stand for election every two years, with an additional seat elected in even non-Presidential years. The board's primary duties include monitoring the district's budget, setting district policies, and selecting a Superintendent to manage the day-to-day affairs of the district. The district's boundaries are coterminous with those of the City of Minneapolis. The estimated population for the City of Minneapolis is 429,606.

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

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

For 2023–2024, district facilities included forty-three elementary schools, eight middle schools, two K-8 schools, ten high schools, a transition school, and four district administration buildings. District facilities were constructed between 1898 and 2018, with the largest concentration being constructed in the 1920s. The district finances major upkeep, as well as major updates such as remodeling or additions, with capital project funding. The full list of District building information is listed in the Statistics Section of the ACFR.

Adjusted membership for the 2023-24 school year was 28,488, an increase of 198 from the previous year. Projected membership for the next three years is 26,798 in fiscal year 2025, 25,706 in fiscal year 2026 and 25,816 in fiscal year 2027.

The tax base of the district increased 2.1 percent during the past year. The market value of all taxable property in the district in fiscal year 2024 was \$66,714,405,350 compared to \$63,786,577,225 in fiscal year 2023. The net tax capacity of the district for fiscal year 2024 was \$806,687,443 an increase of 6 percent over the prior year value of \$760,971,311.

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

## FINANCIAL INFORMATION

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

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

The District has an internal policy to maintain an unassigned General Fund balance of 8% of current fiscal year budgeted expenditures. The District ending the fiscal year with an unassigned balance of \$62,418,130 which amounts to 8.8% of current fiscal year budgeted expenditures. The District maintains a total General Fund balance of \$152,225,438 and a total Governmental Fund balance of \$429,188,028.

Below are some facts about the 2023–2024 fiscal year financial and nonfinancial information:

### Revenues:

- General Fund revenue increased approximately \$71.5 million compared to the previous fiscal year. The increase is primarily related to ESSER source of funding reimbursements.
- The basic per pupil General Education formula amount from the state is \$7,138 for fiscal year 2024 (a 4.0% increase from fiscal year 2023). The rate per pupil is a driving factor in the amount of General Education the District will receive.
- The District recorded revenue of approximately \$239.6 million in fiscal year 2024 for property taxes related to The District's levy. This is the District's second largest source of revenue after revenue received from state sources.

### Expenditures:

- General Fund expenditures increased approximately \$59.4 million compared to the previous fiscal year. The increase in salaries is the main reason General Fund expenditures increased compared to last fiscal year.
- Most of the District's expenditures are related to employee salaries and benefits. The largest share of the cost of salaries and benefits are related to expenditures for instruction of students.
- The District continues to use its general resources to finance a great portion of special education services, as the state and federal government reimbursement rates are insufficient to fully fund these costs.

## OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of Bergan KDV, LTD. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2024. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The independent auditor's report on the financial statements is included in the financial section of this report. The independent auditor's reports related specifically to the single audit are issued as a separate report, which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting program and Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. Achieving recognition from these two programs is a primary financial goal for the District as this would indicate high standards in financial reporting and accountability for the District. This is the third year the District has prepared an Annual Comprehensive Financial Report. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for the 2023 Annual Comprehensive Financial Report.

The District's continued commitment to excellent financial stewardship and robust local tax base has resulted in Moody's Investor Services reaffirming the District's Aa2 credit rating, which signifies high quality credit rating, and the district is subject to very low credit risk. We acknowledge the efforts of the entire Accounting staff in providing complete and accurate data for the fiscal year 2024 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,



Ibrahima Diop

Chief Financial & Operations Officer

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



The Certificate of Excellence in Financial Reporting  
is presented to

**Minneapolis Public Schools**

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

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'.

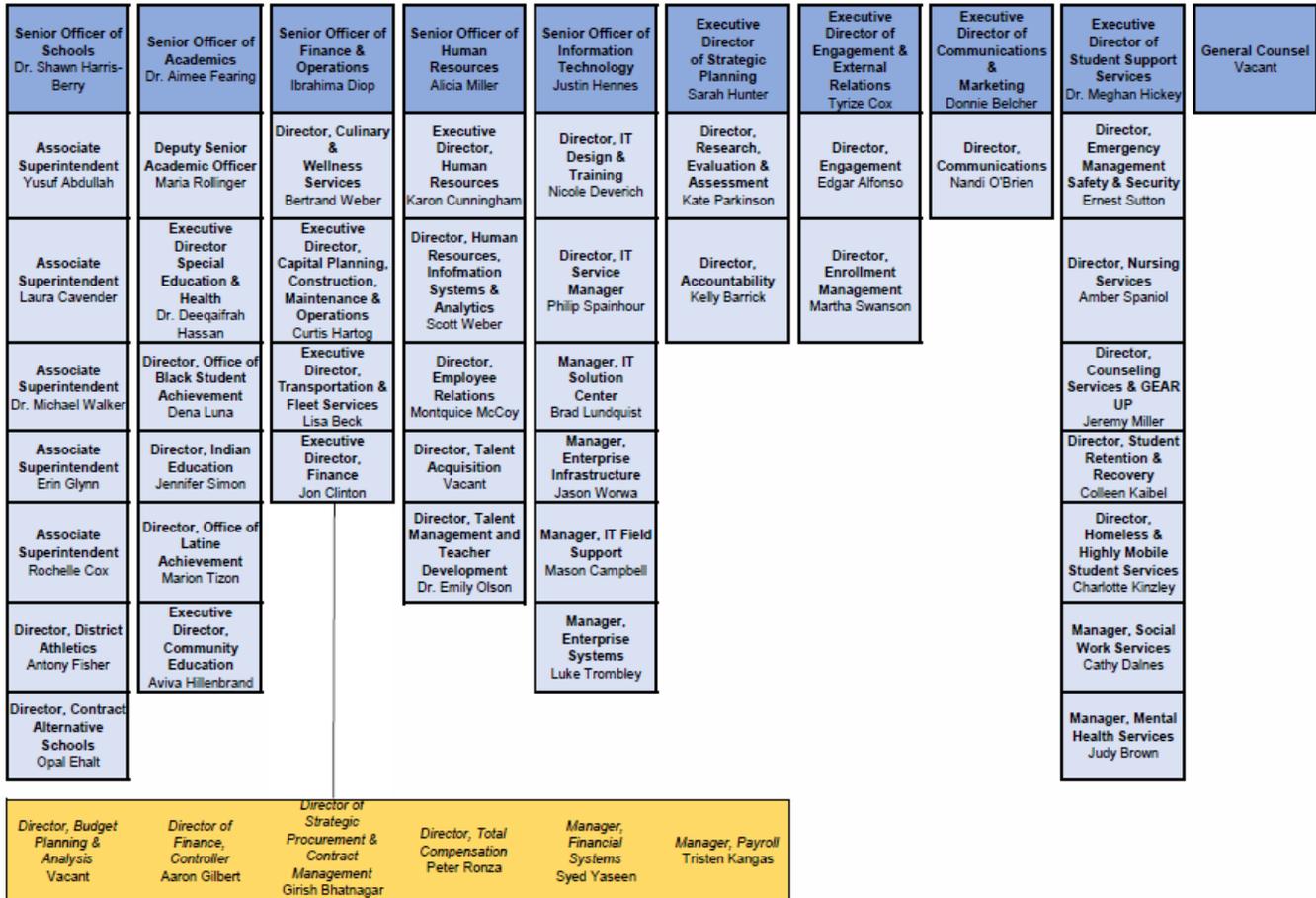
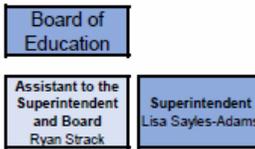
**James M. Rowan, CAE, SFO**  
CEO/Executive Director

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# Minneapolis Public Schools Special School District No. 1 Organizational Chart



**MINNEAPOLIS  
PUBLIC SCHOOLS**



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## **FINANCIAL SECTION**

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minneapolis Public Schools, Special School District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter - Implementation Guide No. 2021-1**

The District has adopted new accounting guidance, Grouped Assets from Governmental Accounting Standards Board (GASB) Implementation Guide 2021-1. Our opinion is not modified with respect to this matter.

#### **Emphasis of Matter - Prior Period Adjustment**

The District determined that assets related to construction in the prior year were not reported correctly and were understated by \$11,066,555 for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

### **Responsibilities of Management for the Financial Statements (Continued)**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

### **Other Information**

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
December 30, 2024

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

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2024. Please read it alongside the financial statements that immediately follow this section.

Management's Discussion & Analysis ("MD&A") is required supplementary information as specified by GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

***Financial Highlights***

- ◆ Fund balances across all governmental funds increased by \$4.1 million. The primary driver of this increase was a net change of \$8.9M in the General Fund. Additionally, there was a lower net change to the Capital Project Fund balance of (\$13.8M), compared to the 2023 net change of (\$20.7M). This was offset by an increase of about \$5.5M in the Debt Service Fund and \$3.6M across other governmental funds.
- ◆ Governmental fund revenues were \$878.2M, an increase of about \$81.4M from the prior fiscal year. All revenue sources saw an increase; the majority of the increase was due to a \$7.6M increase in earnings on district investments, \$49.3M increase in revenue from state sources, and \$15.4M increase from federal revenue sources.
- ◆ Governmental expenditures of \$972.1M was an increase of \$77.8M from the prior fiscal year, due almost entirely to a \$59.4M increase in expenditures in the General Fund and \$16.5M increase in the Capital Projects Fund.

***Overview of the Financial Section***

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

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

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

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

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

***Overview of the Financial Section (Continued)***

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

***Government-Wide Statements***

The government-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the district's assets and deferred outflows of resources along with liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or disbursed.

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

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

***Fund Financial Statements***

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

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

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

***Overview of the Financial Section (Continued)***

***Fund Financial Statements (Continued)***

The district has three categories of funds:

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

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

**Financial Analysis of the District - Government-Wide**

**Net Position**

The district's combined net position was (\$195.2M) on June 30, 2024. This was a change of 46.6% from the prior year (see table A-1).

**Table A-1  
The District's Net Position**

	Primary Government Governmental Activities		Percentage Change
	2024	2023	
Current and other assets	\$ 805,588,602	\$ 790,457,793	1.9%
Capital assets	918,227,336	863,716,686	6.3%
Total assets	<u>1,723,815,938</u>	<u>1,654,174,479</u>	<u>4.2%</u>
Deferred outflows of resources	<u>150,364,933</u>	<u>210,898,724</u>	<u>-28.7%</u>
Total assets and deferred outflows of resources	<u><u>1,874,180,871</u></u>	<u><u>1,865,073,203</u></u>	<u><u>0.5%</u></u>
Current liabilities	72,221,888	71,495,140	1.0%
Long-term liabilities	1,611,878,377	1,693,915,746	-4.8%
Total liabilities	<u>1,684,100,265</u>	<u>1,765,410,886</u>	<u>-4.6%</u>
Deferred inflows of resources	<u>385,237,423</u>	<u>465,119,949</u>	<u>-17.2%</u>
Total liabilities and deferred inflows of resources	<u><u>2,069,337,688</u></u>	<u><u>2,230,530,835</u></u>	<u><u>-7.2%</u></u>
Net position			
Net investment in capital assets	235,214,130	205,481,189	14.5%
Restricted	74,141,069	60,900,783	21.7%
Unrestricted	<u>(504,512,016)</u>	<u>(631,839,604)</u>	<u>20.2%</u>
Total net position	<u><u>\$ (195,156,817)</u></u>	<u><u>\$ (365,457,632)</u></u>	<u><u>46.6%</u></u>

The district's financial position is a product of many factors. For example, the determination of the district's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation. While the district's change in assets and deferred outflows changed only by a negligible 0.5% over the previous year, this is the result of a few large changes. The amount of cash and investments held by the district decreased by \$77.6M, largely due to the timing of the final payroll period and receivable revenue due to the district. Deferred outflows related to pensions, as defined in GASB 68, decreased by \$59.4M. The value of land and construction in progress increased by \$59.1M. The district's change in liabilities and deferred inflows changed by (\$161.2M). The primary driver of this change was a \$93.5M decrease on deferred inflows related to pensions and over a \$82.0M decrease in long-term liabilities.

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

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

**Changes in Net Position**

Total district government-wide revenue was \$883.6M for the year ended June 30, 2024. Property taxes and unrestricted state aid accounted for 60.9% of total revenue for the year. Program revenues accounted for 36.3%, and the remaining 2.8% of revenue was from other sources. Net position has increased due to a 9.5% increase in state basic aid, a \$40.9M, or 16.5%, increase in operating grants due to the final spending of COVID relief funds and a 41.7%, or \$7.2M, increase in investment earnings. (Table A-2)

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

<b>Revenues</b>	Primary Government Governmental Activities for the Fiscal Year Ended June 30, 2024		Percentage Change
	2024	2023	
Program revenues			
Charges for services	\$ 21,380,644	\$ 17,377,018	23.04%
Operating grants and contributions	289,188,045	248,294,318	16.47%
Capital grants and contributions	10,331,303	11,000,000	-6.08%
General revenues			
Property taxes	240,749,302	237,058,291	1.56%
State formula aid	297,488,168	271,576,778	9.54%
Other	24,432,567	17,275,747	41.43%
Total revenues	883,570,029	802,582,152	10.09%
<b>Expenses</b>			
District and school administration	15,358,708	8,361,982	83.67%
District support services	41,910,064	38,720,471	8.24%
Regular instruction	232,706,103	130,065,948	78.91%
Vocational instruction	4,461,105	2,618,812	70.35%
Special education instruction	94,210,309	66,293,506	42.11%
Instructional support services	43,307,250	32,408,488	33.63%
Pupil support services	112,661,018	83,573,060	34.81%
Sites, buildings, and equipment	98,745,884	96,246,230	2.60%
Fiscal and other fixed cost programs	2,216,255	1,401,602	58.12%
Food service	25,254,319	24,193,934	4.38%
Community education and services	30,605,377	27,843,092	9.92%
Interest and fiscal charges on long-term debt	26,277,977	26,534,105	-0.97%
Total expenses	727,714,369	538,261,230	35.20%
Change in net position	155,855,660	264,320,922	-41.04%
Prior period restatements (see note 12)	14,445,155	2,160,573	568.58%
Net position - beginning	(365,457,632)	(631,939,127)	-42.17%
Net position - ending	\$ (195,156,817)	\$ (365,457,632)	-46.60%

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

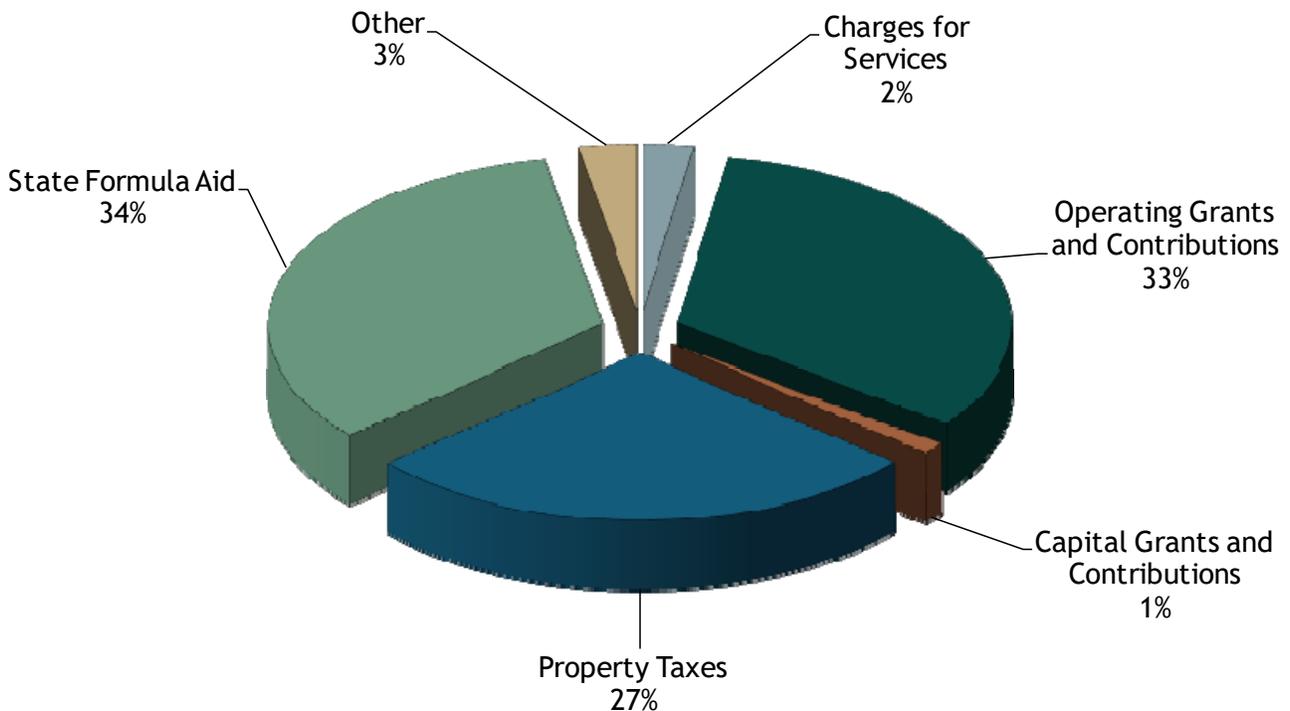
**Financial Analysis of the District, Government-Wide (Continued)**

Total expenses for all programs and services were \$727.7M in fiscal year 2024. A factor in the increase in expenses was higher salaries and benefits as vacant positions were filled. District expenses were primarily related to the education and care of students (67%). The district's Nutrition program accounted for 3% of expenses while facility maintenance totaled 14% and fiscal/other expenses totaled 4%. Community Education and Services accounted for 4% of expenses. District and School Administration and District Support Services accounted for 8% of total expenses during fiscal 2024.

The cost of all *governmental* activities this year was \$727.7M.

- ◆ \$21.4M of these costs were paid by the users of the district's programs.
- ◆ \$289.2M were paid using federal and state subsidies in the form of grants and contributions.
- ◆ Most of the district's costs were paid using local property taxes (\$240.7M) and unrestricted state aid (\$297.5M).

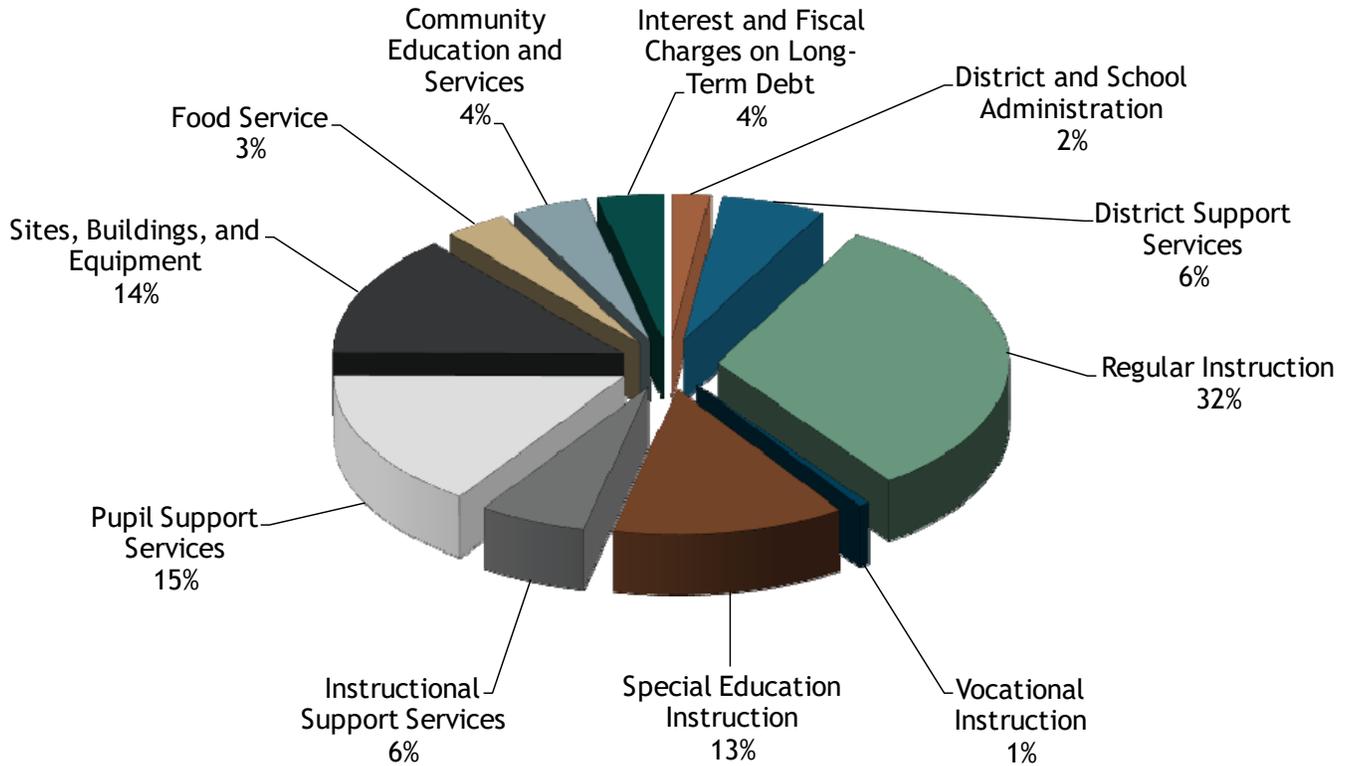
**Figure A-1**  
**Sources of Revenue**  
**Fiscal Year 2024**



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

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

**Figure A-2  
Expenses  
Fiscal Year 2024**



In addition to funds received for general operations of the district, governmental funds also include resources from special revenue funds as well as for fiscal service transactions. The special revenue funds are the Food Service Fund and the Community Education Fund. General operating funding is controlled by the state and the district is prohibited from using excess funds from special funds for fiscal services or to enhance general operations. Since the district cannot divert these funds to other programming, both the Food Service Fund and the Community Education Fund are excluded as a component of the general operation of the district. Restricted governmental fund balances as of June 30, 2024, were \$13.2M for special revenue funds, \$215.2M for the Capital Projects Fund, and \$48.7M for the Debt Service Fund.

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

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

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

	Total Cost of Services			Net Cost of Services		
	2024	2023	Percentage Change	2024	2023	Percentage Change
Administration	\$ 15,358,708	\$ 8,361,982	83.7%	\$ 15,858,310	\$ 4,936,702	221.2%
District Support Services	41,910,064	38,720,471	8.2%	(41,118,104)	(38,062,625)	8.0%
Elementary and Secondary						
Regular Instruction	232,706,103	130,065,948	78.9%	(194,664,685)	(89,845,594)	116.7%
Vocational Education Instruction	4,461,105	2,618,812	70.3%	(3,944,825)	(1,830,322)	115.5%
Special Education Instruction	94,210,309	66,293,506	42.1%	4,371,043	16,823,278	-74.0%
Instructional Support Services	43,307,250	32,408,488	33.6%	(39,454,435)	(29,516,202)	33.7%
Pupil Support Services	112,661,018	83,573,060	34.8%	(19,382,514)	(7,068,779)	174.2%
Sites and Buildings	98,745,884	96,246,230	2.6%	(97,171,635)	(84,708,741)	14.7%
Fiscal and Other Fixed Cost Programs	2,216,255	1,401,602	58.1%	(2,216,255)	(1,401,602)	58.1%
Food Service	25,254,319	24,193,934	4.4%	(3,276,580)	(6,184,837)	-47.0%
Community Education and Services	30,605,377	27,843,092	9.9%	463,280	1,802,920	-74.3%
Interest and Fiscal Charges on Long-term Debt/Depreciation	26,277,977	26,534,105	-1.0%	(26,277,977)	(26,534,105)	-1.0%
<b>Total</b>	<b>\$ 727,714,369</b>	<b>\$ 538,261,230</b>	<b>35.2%</b>	<b>\$ (406,814,377)</b>	<b>\$ (261,589,907)</b>	<b>55.5%</b>

***Financial Analysis of the District's Funds***

The performance of the district is also reflected in its governmental funds. As of June 30, 2024, the district reported a *combined* fund balance of \$429.2M, a \$4.1M increase from the previous year. This increase is mostly attributable to an increase in the General Fund with increases in state and federal revenue sources.

Across all governmental funds, the district reported total expenditures of \$972.1M and total revenue of \$878.2M. Absent other financing sources, governmental fund balances would have decreased by \$93.3M. However, the district did receive an additional \$98.0M in financing from other sources such as bond issuances, insurance recovery, and finance purchase and subscription-based information technology arrangement issuances related various GASB standards related to the lease accounting standards and subscription-based information technology arrangement standards.

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

**Enrollment**

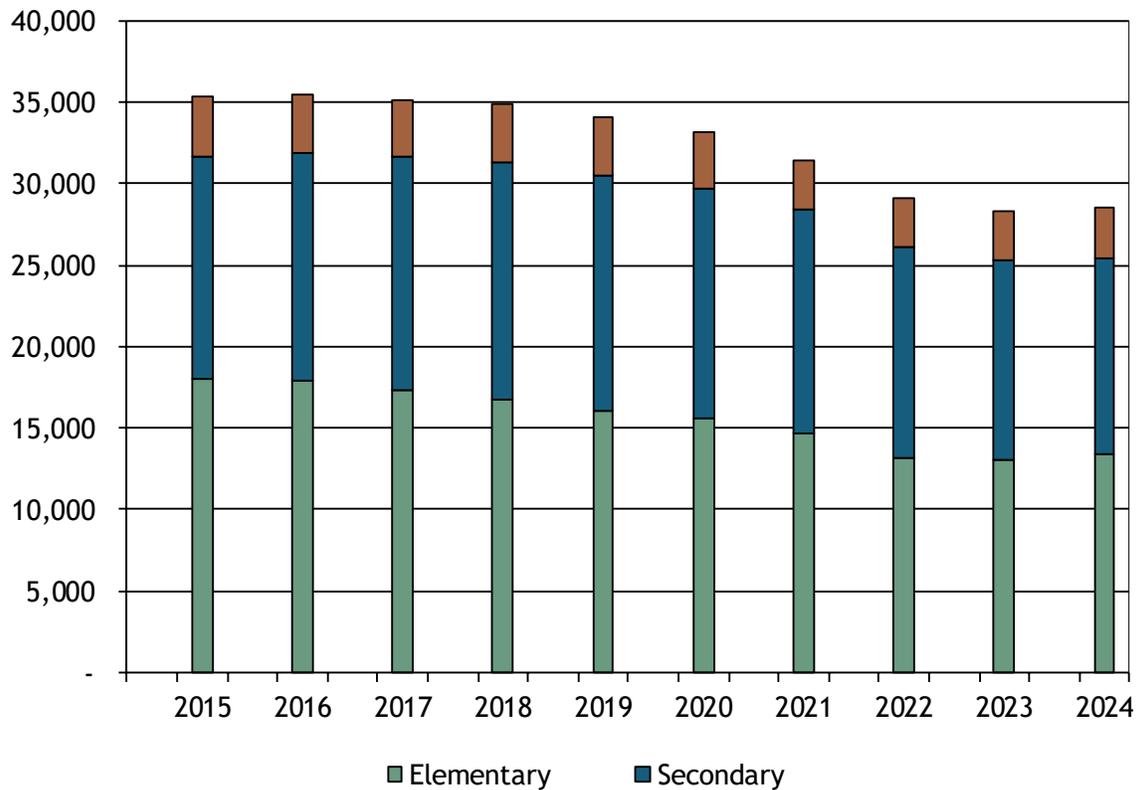
District enrollment is the most critical factor that impacts revenue. In Minnesota enrollment is measured using 'average daily membership' (ADM), which approximates to the average number of students enrolled in the district on any given day. Over the last ten years, the district experienced peak membership in the 2015-2016 school year at 35,472, and membership had declined every year since, but has seen a slight increase in fiscal year 2024 with enrollment increasing by 0.70%.

Table A-4

Student Enrollment (Average Daily Membership)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Reg K, Pre-K & KH	3,682	3,587	3,516	3,556	3,508	3,540	3,010	2,978	2,969	3,056
Elementary	17,964	17,866	17,319	16,768	16,098	15,598	14,658	13,174	13,048	13,346
Secondary	13,740	14,019	14,311	14,517	14,444	14,064	13,726	12,931	12,274	12,087
<b>Total students for aid</b>	<b>35,386</b>	<b>35,472</b>	<b>35,146</b>	<b>34,841</b>	<b>34,050</b>	<b>33,202</b>	<b>31,394</b>	<b>29,084</b>	<b>28,290</b>	<b>28,488</b>
Percentage change	3.13%	0.24%	-0.92%	-0.87%	-2.27%	-2.49%	-5.45%	-7.36%	-2.73%	0.70%

**Figure A-3  
Student Enrollment  
(Average Daily Membership)**



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

**General Fund**

The General Fund is inclusive of the primary operations of the district, including the provision of educational services to students in kindergarten through twelfth grade, as well as the provision of special education services serving students from birth to the age of twenty-one. The General Fund also includes pupil transportation and capital outlay projects. Table A-5 presents a summary of General Fund revenue.

**Table A-5  
General Fund Revenues**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2024	2023		
Local sources				
Property taxes	\$ 143,922,511	\$ 141,332,958	\$ 2,589,553	1.83%
Earnings on investments	6,585,296	3,290,070	3,295,226	100.16%
Other	16,677,729	11,154,071	5,523,658	49.52%
State sources	400,577,499	354,667,173	45,910,326	12.94%
Federal sources	133,186,390	119,072,623	14,113,767	11.85%
Sales and other conversion of assets	244,292	164,281	80,011	48.70%
 Total	 <u>\$ 701,193,717</u>	 <u>\$ 629,681,176</u>	 <u>\$ 71,512,541</u>	 <u>11.36%</u>

In fiscal year 2024, General Fund revenue increased by \$71.5M, or 11.4%, from the previous year. While property taxes remained essentially flat, the district’s other largest sources of revenue, federal and state revenue, increased by over \$60.0M. Elementary and Secondary School Emergency Relief (ESSER) program increased general revenue in this fiscal year for that category.

There are three primary categories of revenue received by the General Fund:

1. State Education Appropriations
  - a. General Education Aid - This is the largest share of state aid and is intended to provide the basic financial support the district’s educational programming. It is driven by enrollment.
  - b. Categorical Aids - Categorical revenue formulas are used to meet costs of specific programs (e.g., special education) or promote certain types of programs (e.g., career and technical aid.)
  
2. Property taxes and state paid levy credits - districts have the power to tax, or *levy*, property as a means of financing schools. The largest share of the district’s levy revenue result from voter approved referendums. Levy proceeds from the district’s operating referendum are based on membership and increase and decline along with membership. Additionally, property tax credits reduce the amount of property taxes paid. To make up for this reduction the state pays the difference between what was levied on property and what is received in property taxes.

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

**General Fund (Continued)**

3. Federal Sources - traditionally, most federal revenue is received through grants authorized under the 1965 Elementary and Secondary Education act, as reauthorized through Every Student Succeeds Act (ESSA) in December 2015, which replaced the No Child Left Behind Act (NCLB). It is one of the United States government’s largest assistance programs for schools. However, since 2021 the district has received significant funding from the federal government in the form of COVID-19 pandemic assistance funds.

**Table A-6  
General Fund Expenditures**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2024	2023		
Salaries	\$ 394,855,451	\$ 362,701,617	\$ 32,153,834	8.87%
Employee benefits	139,356,369	125,644,212	13,712,157	10.91%
Purchased services	118,830,991	102,050,191	16,780,800	16.44%
Supplies and materials	25,525,294	23,003,703	2,521,591	10.96%
Capital expenditures	13,017,513	23,174,177	(10,156,664)	-43.83%
Other expenditures	8,681,344	4,325,077	4,356,267	100.72%
<b>Total</b>	<b>\$ 700,266,962</b>	<b>\$ 640,898,978</b>	<b>\$ 59,367,984</b>	<b>9.26%</b>

For the year ended June 30, 2024, General Fund expenditures increased by \$59.4M, or 9.3%, from the prior year. Salaries and Benefits increased by \$45.9M, or 19.8%, from the prior year. The largest factor driving the increase in Salaries & Benefits was vacant positions being filled compared to prior year.

**General Fund Budget**

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

To comply with the state statute that established the district, the district’s Board of Education must adopt a budget for these funds by June 15 of the preceding fiscal year. Over the course of the fiscal year the Board adopts amendments to the respective fund budgets on an as-needed basis. There were amendments to the budget in fiscal year 2024.

For the year ended June 30, 2024, General Fund revenue of \$701.2M outperformed the budget of \$694.7M due to higher utilization of federal COVID-19 relief funding. General Fund expenditures of \$700.3M surpassed to a budget of \$691.5M, or \$8.8M variance due to a combination of factors: concluding utilization of COVID-19 relief funds, transfers to the Food Service fund, and less vacancies.

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

***Capital Project - Building Construction Fund***

Fund balance for the Capital Projects Fund decreased by \$13.8M in fiscal year 2024 as project expenditures increased and exceeded revenue sources. The net change in fund balance for the Capital Projects Fund of (\$13.8M) was favorable by \$34.3M to the budget of (\$48.1M). \$12.8M of this resulted from unbudgeted earnings on investments, which also accounted for a \$1.9M increase in revenue over the prior fiscal year. Expenditures of \$113.3M were favorable to the budget of \$132.0M, a difference of \$18.7M, resulting from less than anticipated expenditures in the district’s capital building program.

***Debt Service Fund***

The Debt Service Fund had revenue exceeding expenditures of approximately \$5.5M and ended the year with a fund balance of \$48.7M, resulting in a \$5.4M, or 12.6%, increase compared to fiscal year 2023. Interest earnings contributed to a significant portion of the increase, which were \$2.5M over the prior fiscal year.

***Other Non-Major Funds***

Expenditures exceeded revenue by \$3.5M in the Food Service Fund, however fund balance remained stable due to the General Fund transfer. The \$3.5M operating deficit stayed within the expected \$4M operating deficit estimated by the district. Lower than expected losses in the Food Service Fund were driven by a mix of new free school lunch law passed and an increase in meal participation.

Community Service Fund revenue exceeded expenditures by \$3.8M, a \$4.1M favorable variance when compared to budget. This variance was driven by significant savings related to vacancies and contracted services in the district’s Early Childhood programming as well as its Minneapolis Kids school age care program.

***Capital Asset and Debt Administration***

**Capital Assets**

Total district investment in capital assets, net of accumulated depreciation and amortization, increased \$54.5M to \$918.2M in fiscal year 2024 (see Table A-7). Capital assets include, but are not limited to, school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. Additional detail about capital assets can be found in Note 4 within the notes to basic financial statements. Depreciation and amortization expense for fiscal year 2024 was \$48.7M.

**Table A-7**

**Capital Assets (Net of Depreciation/Amortization)**

	2024	2023	Percentage Change
Land and construction in progress	\$ 183,462,571	\$ 124,390,016	47.49%
Other capital assets	722,476,026	727,613,585	-0.71%
Lease and SBITA assets	12,288,739	11,713,085	4.91%
<b>Total</b>	<b>\$ 918,227,336</b>	<b>\$ 863,716,686</b>	<b>6.31%</b>

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

***Capital Asset and Debt Administration (Continued)***

**Long Term Debt**

As of June 30, 2024, the district had outstanding \$1.6B of long-term liabilities, a -4.8% decrease over the prior year. These obligations are shown in Table A-8. For more information about the district's long-term liabilities see Note 5, Note 7, and Note 8 within the notes to basic financial statements.

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

	2024	2023	Percentage Change
General obligation bonds	\$ 613,775,000	\$ 585,995,000	4.74%
Bond premium	100,420,440	99,831,500	0.59%
Certificates of participation payable	148,715,000	164,755,000	-9.74%
Notes from direct borrowing	14,135,835	15,029,262	-5.94%
Lease liability	9,272,735	10,315,441	-10.11%
Subscription liability	2,183,998	-	N/A
Self insurance reserves and compensated absences	44,870,084	48,427,453	-7.35%
Net OPEB liability	26,540,111	39,591,047	-32.96%
Net pension liability	651,965,174	729,971,243	-10.69%
Total	\$ 1,611,878,377	\$ 1,693,915,946	-4.84%

***Factors Bearing on the District's Future***

Basic state aid for general education is the single largest support of revenue for the district. The per-pupil formula increased by 4% in FY24 and will increase by another 2% in FY25. As enrollment fluctuates the total amount of per-pupil revenue will be adjusted, especially if enrollment is declining faster than the formula is increasing. The district also has several collective bargaining agreements that expired in the prior fiscal year and are now in finalization. While the district's unfunded obligations in special education and English Language Learner instruction are being reduced due to recent legislation, these obligations are still substantial. Additionally, new legislation has added additional unfunded obligations in the form of unemployment costs for hourly workers for the period between academic years as well as mandatory adoption of reading to ensure academic development act.

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

***Request for Information***

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

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

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

## **BASIC FINANCIAL STATEMENTS**

Minneapolis Public Schools  
Special School District No. 1  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 446,388,535
Cash and investments held by trustee	36,801,661
Receivables	
Property taxes	131,741,336
Other governments	175,349,889
Accounts receivable	7,754,553
Lease receivable	77,548
Prepaid items	5,434,092
Inventory	2,040,988
Capital assets	
Land and construction in progress	183,462,571
Other capital asset, net of depreciation	722,476,026
Lease assets, net of amortization	12,288,739
Total assets	1,723,815,938
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to OPEB	1,817,355
Deferred outflows related to pensions	148,547,578
Total deferred outflows of resources	150,364,933
 Total assets and deferred outflows of resources	 \$ 1,874,180,871
<b>Liabilities</b>	
Salaries and compensated absences payable	\$ 28,904,723
Accounts and contracts payable	26,928,090
Accrued interest	14,818,281
Due to other governmental units	108,977
Unearned revenue	1,461,817
Long-term liabilities	
Portion due within one year	90,672,834
Portion due in more than one year	1,521,205,543
Total liabilities	1,684,100,265
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	225,911,395
Deferred charge on refunding	9,660,271
Deferred inflows related to leases	67,438
Deferred inflows related to OPEB	41,629,131
Deferred inflows related to pensions	107,969,188
Total deferred inflows of resources	385,237,423
<b>Net Position</b>	
Net investment in capital assets	235,214,130
Restricted for	
General Fund state-mandated reserves	26,087,666
Food service	1,737,128
Community service	11,469,172
Debt service	34,847,103
Unrestricted	(504,512,016)
Total net position	(195,156,817)
 Total liabilities, deferred inflows of resources, and net position	 \$ 1,874,180,871

See notes to basic financial statements.

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Activities  
Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 15,358,708	\$ 2,082,423	\$ 18,803,292	\$ -	\$ 5,527,007
District support services	41,910,064	-	791,960	-	(41,118,104)
Elementary and secondary regular instruction	232,706,103	1,149,227	36,892,191	-	(194,664,685)
Vocational education instruction	4,461,105	-	516,280	-	(3,944,825)
Special education instruction	94,210,309	5,314,713	93,266,639	-	4,371,043
Instructional support services	43,307,250	5,058	3,847,757	-	(39,454,435)
Pupil support services	112,661,018	278,712	92,999,792	-	(19,382,514)
Sites and buildings	98,745,884	443,256	1,130,993	10,331,303	(86,840,332)
Fiscal and other fixed cost programs	2,216,255	-	-	-	(2,216,255)
Food service	25,254,319	1,065,297	20,912,442	-	(3,276,580)
Community education and services	30,605,377	11,041,958	20,026,699	-	463,280
Interest and fiscal charges on long-term debt	26,277,977	-	-	-	(26,277,977)
<b>Total governmental activities</b>	<b>\$ 727,714,369</b>	<b>\$ 21,380,644</b>	<b>\$ 289,188,045</b>	<b>\$ 10,331,303</b>	<b>(406,814,377)</b>
General revenues					
Taxes					
Property taxes, levied for general purposes					144,584,558
Property taxes, levied for community service					5,379,912
Property taxes, levied for debt service					90,784,832
State aid not restricted to specific purposes					297,488,168
Earnings on investments					24,432,567
Total general revenues					<u>562,670,037</u>
Change in net position					155,855,660
Net position - beginning					<u>(365,457,632)</u>
Change in accounting principle (see Note 12)					3,378,600
Prior period adjustment (see Note 12)					11,066,555
Net position - beginning, as restated					<u>(351,012,477)</u>
Net position - ending					<u>\$ (195,156,817)</u>

See notes to basic financial statements.

Minneapolis Public Schools  
Special School District No. 1  
Balance Sheet - Governmental Funds  
June 30, 2024

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
<b>Assets</b>					
Cash and investments	\$ 61,830,508	\$ 226,972,163	\$ 58,897,130	\$ 8,725,210	\$ 356,425,011
Cash and investments held by trustee	-	-	36,162,842	-	36,162,842
Receivables					
Current property taxes receivable	74,622,787	-	51,845,775	2,759,654	129,228,216
Delinquent property taxes receivable	1,453,953	-	1,005,317	53,850	2,513,120
Due from other Minnesota school districts	46,279	-	-	48,557	94,836
Due from Minnesota Department of Education	50,462,859	-	1,127,518	1,504,438	53,094,815
Due from Federal Government					
through Minnesota Department of Education	114,073,563	-	-	919,019	114,992,582
Due from Federal Government received directly	3,951,244	-	-	244,069	4,195,313
Due from other governmental units	2,930,994	-	-	41,349	2,972,343
Accounts receivable	3,271,651	-	11,400	4,471,502	7,754,553
Lease receivable	77,548	-	-	-	77,548
Due from other funds	821,485	-	-	-	821,485
Prepaid items	4,736,365	25,182	-	750	4,762,297
Inventory	303,860	-	-	1,737,128	2,040,988
<b>Total assets</b>	<b>\$ 318,583,096</b>	<b>\$ 226,997,345</b>	<b>\$ 149,049,982</b>	<b>\$ 20,505,526</b>	<b>\$ 715,135,949</b>
<b>Liabilities</b>					
Salaries and compensated absences payable	\$ 21,098,870	\$ -	\$ -	\$ -	\$ 21,098,870
Payroll deductions and employer contributions payable	7,805,853	-	-	-	7,805,853
Accounts and contracts payable	13,531,300	11,847,272	-	780,394	26,158,966
Due to other governmental units	-	-	-	108,977	108,977
Due to other funds	-	-	-	821,485	821,485
Unearned revenue	1,155,919	-	-	305,898	1,461,817
<b>Total liabilities</b>	<b>43,591,942</b>	<b>11,847,272</b>	<b>-</b>	<b>2,016,754</b>	<b>57,455,968</b>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for subsequent year's expenditures	121,244,325	-	99,384,598	5,282,472	225,911,395
Deferred inflows of resources related to leases	67,438	-	-	-	67,438
Unavailable revenue - delinquent property taxes	1,453,953	-	1,005,317	53,850	2,513,120
<b>Total deferred inflows of resources</b>	<b>122,765,716</b>	<b>-</b>	<b>100,389,915</b>	<b>5,336,322</b>	<b>228,491,953</b>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	4,736,365	25,182	-	750	4,762,297
Inventory	303,860	-	-	1,737,128	2,040,988
Restricted for					
Student activities	483,807	-	-	-	483,807
Area learning center	4,992,182	-	-	-	4,992,182
Literacy incentive aid	102,634	-	-	-	102,634
American indian education aid	174,460	-	-	-	174,460
Operating capital	16,695,350	-	-	-	16,695,350
Long-term facilities maintenance	-	100,057,004	-	-	100,057,004
Contract alternative schools	887,820	-	-	-	887,820
School library aid	273,168	-	-	-	273,168
Student support personnel aid	364,743	-	-	-	364,743
Medical assistance	1,657,365	-	-	-	1,657,365
Community education programs	-	-	-	5,688,702	5,688,702
Early childhood and family educations programs	-	-	-	1,565,336	1,565,336
School readiness	-	-	-	1,521,933	1,521,933
Adult basic education	-	-	-	1,674,794	1,674,794
QSCB/QZAB	-	-	32,843,168	-	32,843,168
Building construction	-	115,067,887	-	-	115,067,887
Other purposes	456,137	-	15,816,899	963,807	17,236,843
Assigned	58,679,417	-	-	-	58,679,417
Unassigned	62,418,130	-	-	-	62,418,130
<b>Total fund balances</b>	<b>152,225,438</b>	<b>215,150,073</b>	<b>48,660,067</b>	<b>13,152,450</b>	<b>429,188,028</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 318,583,096</b>	<b>\$ 226,997,345</b>	<b>\$ 149,049,982</b>	<b>\$ 20,505,526</b>	<b>\$ 715,135,949</b>

See notes to basic financial statements.

**Minneapolis Public Schools  
Special School District No. 1  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position  
June 30, 2024**

Total fund balances - governmental funds \$ 429,188,028

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

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

Land	35,446,301
Construction in progress	148,016,270
Buildings and improvements, net of accumulated depreciation	696,503,378
Equipment, net of accumulated depreciation	25,972,648
Lease building, net of accumulated amortization	8,553,220
Lease equipment, net of accumulated amortization	181,618
Leased building improvement, net of accumulated amortization	62,399
Subscription assets, net of accumulated amortization	3,491,502

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

Long-term liabilities at year-end consist of:

Bond principal payable	(613,775,000)
Unamortized bond premiums and discounts	(100,420,440)
Notes from direct borrowing - finance purchase agreement	(14,135,835)
Lease liability	(9,272,735)
Subscription liability	(2,183,998)
Certificate of participation payable	(148,715,000)
Net other post employment benefit liability	(26,540,111)
Net pension liability	(651,965,174)

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

Deferred outflows related to pensions	148,547,578
Deferred inflows related to pensions	(107,969,188)
Deferred outflows related to OPEB	1,817,355
Deferred inflows related to OPEB	(41,629,131)
Deferred charge on refunding	(9,660,271)

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable. (14,818,281)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 2,513,120

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

Internal service fund net position	45,634,930
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Total net position - governmental activities \$ (195,156,817)

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2024**

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
<b>Revenues</b>					
Local sources					
Property taxes	\$ 143,922,511	\$ -	\$ 90,285,835	\$ 5,357,869	\$ 239,566,215
Earnings on investments	6,585,296	12,726,539	3,349,886	374,384	23,036,105
Other	16,677,729	54,848	490	12,061,837	28,794,904
Revenue from state sources	400,577,499	-	10,590,353	18,062,056	429,229,908
Revenue from federal sources	133,186,390	-	1,141,222	21,904,480	156,232,092
Sales and other conversion of assets	244,292	-	-	1,065,454	1,309,746
Total revenues	<u>701,193,717</u>	<u>12,781,387</u>	<u>105,367,786</u>	<u>58,826,080</u>	<u>878,168,970</u>
<b>Expenditures</b>					
Current					
Administration	19,914,951	-	-	-	19,914,951
District support services	36,013,542	-	-	-	36,013,542
Elementary and secondary regular instruction	290,646,191	-	-	-	290,646,191
Vocational education instruction	5,776,736	-	-	-	5,776,736
Special education instruction	118,209,002	-	-	-	118,209,002
Instructional support services	50,327,388	-	-	-	50,327,388
Pupil support services	118,035,149	-	-	-	118,035,149
Sites and buildings	39,629,657	43,382,358	-	-	83,012,015
Fiscal and other fixed cost programs	2,216,255	-	-	-	2,216,255
Food service	-	-	-	25,460,403	25,460,403
Community education and services	1,381,035	-	-	32,934,944	34,315,979
Capital outlay					
Administration	1,084	-	-	-	1,084
District support services	2,827,510	-	-	-	2,827,510
Elementary and secondary regular instruction	526,921	-	-	-	526,921
Special education instruction	75,209	-	-	-	75,209
Instructional support services	408,681	-	-	-	408,681
Pupil support services	1,382,662	-	-	-	1,382,662
Sites and buildings	7,795,446	62,195,735	-	-	69,991,181
Food service	-	-	-	56,165	56,165
Community education and services	-	-	-	93,496	93,496
Debt service					
Principal	4,398,524	6,132,407	65,100,000	27,580	75,658,511
Interest and fiscal charges	701,019	1,606,105	34,812,833	3,188	37,123,145
Total expenditures	<u>700,266,962</u>	<u>113,316,605</u>	<u>99,912,833</u>	<u>58,575,776</u>	<u>972,072,176</u>
Excess of revenues over (under) expenditures	926,755	(100,535,218)	5,454,953	250,304	(93,903,206)
<b>Other Financing Sources (Uses)</b>					
Insurance recovery	512,046	68,095	-	-	580,141
Bond issuance	-	76,840,000	-	-	76,840,000
Bond premium	-	9,803,448	-	-	9,803,448
Finance purchase and SBITA issuance	10,806,377	-	-	-	10,806,377
Transfers in	-	-	-	3,305,191	3,305,191
Transfers out	(3,305,191)	-	-	-	(3,305,191)
Total other financing sources (uses)	<u>8,013,232</u>	<u>86,711,543</u>	<u>-</u>	<u>3,305,191</u>	<u>98,029,966</u>
Net change in fund balances	8,939,987	(13,823,675)	5,454,953	3,555,495	4,126,760
<b>Fund Balances</b>					
Beginning of year	143,285,451	228,973,748	43,205,114	9,596,955	425,061,268
End of year	<u>\$ 152,225,438</u>	<u>\$ 215,150,073</u>	<u>\$ 48,660,067</u>	<u>\$ 13,152,450</u>	<u>\$ 429,188,028</u>

See notes to basic financial statements.

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ 4,126,760

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

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

Capital outlay	85,463,429
Net book value of disposed assets	(89,198)
Depreciation/amortization expense	(48,673,341)

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

General obligation bond and certificates of participation proceeds	(35,050,000)
Long-term facility maintenance proceeds	(41,790,000)
Notes from direct borrowing proceeds	(7,441,771)
Bond premium	(9,803,448)
Repayment of certificates of participation payable	16,040,000
Finance purchase agreements principal payments	8,335,199
Lease principal payments	1,042,706
Subscription principal payments	1,180,606
Repayment of bond principal	49,060,000
Change in accrued interest expense	7,891
Amortization of bond premiums and discounts	9,214,507
Amortization of deferred charge on refunding	1,622,770

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. 6,292,309

Net other post employment benefit liabilities are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. 2,996,490

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. Pension expense 112,137,664

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 1,183,087

Change in net position - governmental activities \$ 155,855,660

See notes to basic financial statements.

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 145,848,250	\$ 145,848,250	\$ 143,922,511	\$ (1,925,739)
Earnings on investments	2,000,000	2,000,000	6,585,296	4,585,296
Other local and county revenues	14,111,001	14,111,001	16,677,729	2,566,728
Revenue from state sources	387,105,129	387,105,129	400,577,499	13,472,370
Revenue from federal sources	145,626,310	145,626,310	133,186,390	(12,439,920)
Sales and other conversion of assets	-	-	244,292	244,292
Total revenues	<u>694,690,690</u>	<u>694,690,690</u>	<u>701,193,717</u>	<u>6,503,027</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	11,870,638	11,870,638	19,914,951	8,044,313
District support services	48,233,920	48,233,920	36,013,542	(12,220,378)
Elementary and secondary regular instruction	293,847,245	293,847,245	290,646,191	(3,201,054)
Vocational education instruction	6,595,997	6,595,997	5,776,736	(819,261)
Special education instruction	128,786,368	128,786,368	118,209,002	(10,577,366)
Instructional support services	53,964,346	53,964,346	50,327,388	(3,636,958)
Pupil support services	100,600,718	100,600,718	118,035,149	17,434,431
Sites and buildings	46,748,205	46,748,205	39,629,657	(7,118,548)
Fiscal and other fixed cost programs	-	-	2,216,255	2,216,255
Community education and services	61,057	61,057	1,381,035	1,319,978
<b>Capital outlay</b>				
Administration	-	-	1,084	1,084
District support services	-	-	2,827,510	2,827,510
Elementary and secondary regular instruction	638,655	638,655	526,921	(111,734)
Special education instruction	-	-	75,209	75,209
Instructional support services	81,033	81,033	408,681	327,648
Pupil support services	15,500	15,500	1,382,662	1,367,162
Sites and buildings	49,521	49,521	7,795,446	7,745,925
<b>Debt service</b>				
Principal	-	-	4,398,524	4,398,524
Interest and fiscal charges	-	-	701,019	701,019
Total expenditures	<u>691,493,203</u>	<u>691,493,203</u>	<u>700,266,962</u>	<u>8,773,759</u>
Excess of revenues over (under) expenditures	3,197,487	3,197,487	926,755	(2,270,732)
<b>Other Financing Sources (Uses)</b>				
Insurance recovery	-	-	512,046	512,046
Finance purchase and SBITA issuance	-	-	10,806,377	10,806,377
Transfers out	(4,332,050)	(4,332,050)	(3,305,191)	1,026,859
Total other financing sources (uses)	<u>(4,332,050)</u>	<u>(4,332,050)</u>	<u>8,013,232</u>	<u>12,345,282</u>
Net change in fund balance	<u>\$ (1,134,563)</u>	<u>\$ (1,134,563)</u>	8,939,987	<u>\$ 10,074,550</u>
<b>Fund Balance</b>				
Beginning of year			143,285,451	
End of year			<u>\$ 152,225,438</u>	

See notes to basic financial statements.

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Statement of Net Position - Proprietary Fund**  
**Internal Service Fund**  
**June 30, 2024**

**Assets**

Current assets		
Cash and cash equivalents	\$	89,963,524
Cash with fiscal agent		638,819
Prepaid items		<u>671,795</u>
Total assets	\$	<u><u>91,274,138</u></u>

**Liabilities**

Current liabilities		
Accounts payable	\$	769,124
Accrued severance		2,931,658
Loss and loss adjustment reserves		
Workers' compensation		2,450,288
Incurred but not reported reserves		
Accrued health insurance benefits		<u>4,690,649</u>
Total current liabilities		<u>10,841,719</u>

Noncurrent liabilities

Loss and loss adjustment reserves		
Workers' compensation		3,675,431
Incurred but not reported reserves		
Workers' compensation		3,675,431
Property/casualty		1,061,709
Accrued severance		<u>26,384,918</u>
Total noncurrent liabilities		<u>34,797,489</u>

Total liabilities	\$	<u><u>45,639,208</u></u>
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**Net Position**

Unrestricted	\$	<u><u>45,634,930</u></u>
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**Minneapolis Public Schools**  
**Special School District No. 1**  
**Statement of Revenues, Expenses, and Change in Fund**  
**Net Position - Proprietary Fund**  
**Internal Service Fund**  
**Year Ended June 30, 2024**

<b>Operating Revenue</b>	
Local sources - charges for services	<u>\$ 72,125,699</u>
<b>Operating Expenses</b>	
Claims administration	4,615,440
Workers compensation and other benefits	6,217,408
Self-insured medical benefits	56,917,172
Severance	(520,168)
Total operating expenses	<u>67,229,852</u>
Operating income	4,895,847
<b>Nonoperating Revenue</b>	
Earnings on investments	<u>1,396,462</u>
Change in net position	6,292,309
<b>Net Position</b>	
Beginning of year	<u>39,342,621</u>
End of year	<u><u>\$ 45,634,930</u></u>

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Statement of Cash Flows - Proprietary Fund**  
**Internal Service Fund**  
**June 30, 2024**

<b>Cash Flows - Operating Activities</b>	
Receipts from premiums	\$ 73,016,117
Claims administration	(3,942,640)
Claims and severance benefits paid	<u>(66,072,590)</u>
Net cash flows - operating activities	3,000,887
 <b>Cash Flows - Investing Activities</b>	
Investment earnings	<u>1,396,462</u>
Net change in cash and cash equivalents	4,397,349
 <b>Cash and Cash Equivalents (Including Cash with Fiscal Agent)</b>	
Beginning of year	<u>86,204,994</u>
End of year	<u><u>\$ 90,602,343</u></u>
 <b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Flows - Operating Activities</b>	
Operating loss	\$ 4,895,847
Adjustments to reconcile operating loss to net cash flows - operating activities	
Accounts payable	672,800
Prepaid insurance	99,191
Accounts receivable	890,418
Loss and loss adjustment reserves	(976,910)
Accrued health insurance benefits	216,451
Accrued compensated absences	<u>(2,796,910)</u>
Net adjustments	<u>(1,894,960)</u>
Net cash flows - operating activities	<u><u>\$ 3,000,887</u></u>

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**

	Other Post Employment Benefits Irrevocable Trust Fund
<b>Assets</b>	
Current	
Mutual funds	\$ 26,918,995
Cash/Money market fund	249,272
Total assets	\$ 27,168,267
<b>Net Position Restricted for</b>	
Postemployment Benefits Other than Pensions	\$ 27,168,267

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

	Other Post Employment Benefits Irrevocable Trust Fund
<b>Additions</b>	
Investment income	\$ 2,705,547
<b>Net Position Restricted for</b>	
Postemployment Benefits Other than Pensions	
Beginning of year	24,462,720
End of year	\$ 27,168,267

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The basic financial statements of Minneapolis Public Schools Special School District No. 1 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

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

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

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

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

As of July 1, 2019, the student activity accounts of the District are under board control and are reported in the General Fund.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basic Financial Statement Presentation**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the basic financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for service in the form of insurance premiums and early retirement incentive costs. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

**1. Revenue Recognition**

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

**2. Recording of Expenditures**

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds:**

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

**Major Governmental Funds:**

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

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

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

**Nonmajor Funds:**

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds: (Continued)**

**Proprietary Fund:**

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

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

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

**Fiduciary Fund:**

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

**E. Budgeting**

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgeting (Continued)**

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

**F. Cash and Investments**

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

**1. District Governmental Funds**

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

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

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

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

Cash and investments at June 30, 2024, were comprised of deposits, negotiable certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), government securities, FHLB, FHLMC, FNMA, and money market funds.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Cash and Investments (Continued)**

**1. District Governmental Funds (Continued)**

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

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

**2. OPEB Irrevocable Trust Fund**

These funds represent investments administered by the District's OPEB Irrevocable Trust Fund investment managers. As of June 30, 2024, they were comprised of mutual funds. The District's investment policy extends to the OPEB Irrevocable Trust Fund investments.

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

**G. Accounts Receivable**

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

**H. Inventory**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Prepaid Items**

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

**J. Property Taxes**

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

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

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

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2023, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2024. The remaining portion of the levy will be recognized when measurable and available.

**K. Lease Receivable**

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Lease Receivable (Continued)**

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

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

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

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

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

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

**M. Subscription-Based Information Technology Arrangements**

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Subscription-Based Information Technology Arrangements (Continued)**

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

**N. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is a deferred charge on refunding and is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fifth item is deferred inflows of resources related to OPEB for various estimate differences related to this liability that will be amortized and recognized in future years. The sixth item is deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Capital Assets**

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District records all asset purchases in a capital asset group if the purchase is equal or greater than approximately \$5,000 for all equipment. All vehicles and land are capitalized if greater than \$5,000 and all building and site improvements are capitalized if greater than \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement but are not reported in the fund financial statements. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation or amortization purposes. The District's capital assets have estimated useful lives as follows:

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

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

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

**P. Long-Term Obligations**

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Compensated Absences**

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

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

**R. Pensions**

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

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

**S. Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance and is self-insured for some risks as indicated in Note 11. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2024.

**T. Restricted Assets**

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

**U. Net Position**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Fund Balance**

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

Nonspendable Fund Balances - Portions of fund balance related to prepaids, inventory, long-term receivables, and corpus on any permanent fund.

Restricted Fund Balances - These funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed Fund Balances - These funds are established and modified by a resolution approved by the Board of Education.

Assigned Fund Balances - These funds consist of internally imposed constraints. The Board of Education policy authorized the Superintendent and Superintendent's administration to assign fund balances and their intended uses.

Unassigned Fund Balances - These funds are the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

**W. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

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

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits. *Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of June 30, 2024, the District's deposits with a bank balance of \$8,984 were not exposed to custodial credit risk because the balances were fully insured by FDIC or secured by pledged collateral or letters of credit.

As of June 30, 2024, the book value of the District's deposits was \$387,016.

**B. Investments**

**1. Investment Policy**

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

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

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**1. Investment Policy (Continued)**

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

**2. Concentration of Credit Risk**

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

**3. Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GASB 40 requires disclosure of all uninsured investment securities purchased by the District or held as collateral on deposits or investments that are not registered in the name of the Minneapolis Public Schools, and held by the counterparty to the investment transactions. The District's investments held by one broker-dealer were insured by SIPC or other supplemental insurance as of June 30, 2024. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the District's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the District's portfolio is unknown.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**4. Interest Rate Risk**

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's investment policy states that investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, taking into account constraints on risk and other criteria requirements. As of June 30, 2024, the market values, duration, and percent allocation of the District's investments were as listed below.

Investment Type	Fair Value	Weighted Average Maturities (in Years)	Percent Allocation	Credit Rating
<b>Pooled</b>				
MSDLAF+ Liquid Class	\$ 39,593,497	N/A	9.65%	AAAm
MSDLAF+ Max Class	267,750,003	N/A	65.28%	AAAm
Federal Home Loan Bank (FHLB)	7,397,659	0.41	1.80%	AA+
Federal Farm Credit Bank (FFCB)	1,295,720	0.07	0.32%	AA+
U.S. Treasury Securities	33,628,093	1.28	8.20%	AA+
Freddie Mac	2,586,032	0.52	0.63%	AA+
Mortgage Backed Securities	9,502,619	0.85	2.32%	AA+
Commercial Paper Pool	41,926,517	N/A	10.22%	N/A
Commercial Paper	6,453,147	0.26	1.57%	A-1
Total pooled investments	<u>410,133,287</u>		<u>100.00%</u>	
<b>Non-pooled</b>				
Cash with fiscal agent				
Cash held by trustee	750,750	N/A	2.04%	N/A
U.S. Treasury Securities	36,050,911	1.38	97.96%	N/A
Total cash with fiscal agent	<u>36,801,661</u>		<u>100.00%</u>	
Health insurance				
Cash/money market	35,868,232	NA	100.00%	N/A
Total Health Insurance Trust	<u>35,868,232</u>		<u>100.00%</u>	
OPEB Trust Fund				
Mutual Funds	26,918,995	N/A	99.08%	N/A
Cash/Money Market Funds	249,272	N/A	0.92%	N/A
Total OPEB Trust Fund	<u>27,168,267</u>		<u>100.00%</u>	
Total non-pooled investments	<u>99,838,160</u>			
Total investments	<u>\$ 509,971,447</u>			

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The District has the following recurring fair value measurements as of June 30, 2024:

- ◆ Pooled investments of \$33,628,093 are valued using Level 1 inputs
- ◆ Pooled investments of \$69,161,694 are valued using Level 2 inputs
- ◆ Nonpooled OPEB investments of \$26,918,995 are valued using a matrix pricing model (Level 2 inputs)

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

Deposits (Note 2.A.)	\$ 387,016
Investments - pooled (Note 2.B.)	410,133,287
Investments - non-pooled (Note 2.B.)	<u>99,838,160</u>
Total deposits and investments	<u><u>\$ 510,358,463</u></u>

Deposits and investments are presented in the June 30, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 446,388,535
Cash and investments held by trustee	36,801,661
Statement of Fiduciary Net Position	
Cash and investments	<u>27,168,267</u>
Total deposits and investments	<u><u>\$ 510,358,463</u></u>

**NOTE 3 - INTERFUND ACTIVITY**

**A. Due To/Due From Other Funds**

As of June 30, 2024, the following amounts were due to/due from other funds:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 821,485	\$ -
Food Service Fund	<u>-</u>	<u>821,485</u>
Total	<u><u>\$ 821,485</u></u>	<u><u>\$ 821,485</u></u>

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

**NOTE 3 - INTERFUND ACTIVITY (CONTINUED)**

**A. Due To/Due From Other Funds (Continued)**

The amount due to/from of \$821,485 is to cover a deficit cash balance in the Food Service Fund, this was covered using the General Fund.

**B. Interfund Transfers**

The General Fund transferred \$3,305,191 to the Food Service Fund to cover deficit operations and resolve negative fund balance.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Prior Period Restatements	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 35,446,301	\$ -	\$ -	\$ -	\$ 35,446,301
Construction in progress	88,943,715	11,066,555	76,212,180	28,206,180	148,016,270
Total capital assets not being depreciated	<u>124,390,016</u>	<u>11,066,555</u>	<u>76,212,180</u>	<u>28,206,180</u>	<u>183,462,571</u>
Capital assets being depreciated					
Buildings	1,471,062,215	-	28,141,125	-	1,499,203,340
Machinery and equipment	81,346,226	5,377,913	8,288,562	1,829,224	93,183,477
Leased buildings	10,833,849	-	-	-	10,833,849
Leased building improvements	149,758	-	-	-	149,758
Leased equipment	265,980	-	-	-	265,980
Subscription-based software	2,160,573	-	4,392,347	89,198	6,463,722
Total capital assets being depreciated/amortized	<u>1,565,818,601</u>	<u>5,377,913</u>	<u>40,822,034</u>	<u>1,918,422</u>	<u>1,610,100,126</u>
Less accumulated depreciation/amortization for					
Buildings	766,266,849	-	36,433,113	-	802,699,962
Machinery and equipment	58,528,007	1,999,313	8,512,733	1,829,224	67,210,829
Leased buildings	993,519	-	1,287,110	-	2,280,629
Leased building improvements	37,439	-	49,920	-	87,359
Leased equipment	28,392	-	55,970	-	84,362
Subscription-based software	637,725	-	2,334,495	-	2,972,220
Total accumulated depreciation/amortization	<u>826,491,931</u>	<u>1,999,313</u>	<u>48,673,341</u>	<u>1,829,224</u>	<u>875,335,361</u>
Total capital assets being depreciated/amortized, net	<u>739,326,670</u>	<u>3,378,600</u>	<u>(7,851,307)</u>	<u>89,198</u>	<u>734,764,765</u>
Governmental activities, capital assets net	<u>\$ 863,716,686</u>	<u>\$ 14,445,155</u>	<u>\$ 68,360,873</u>	<u>\$ 28,295,378</u>	<u>\$ 918,227,336</u>

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation and amortization expense of \$48,673,341 for the year ended June 30, 2024, was charged to the following governmental functions:

Administration	\$ 75,680
District Support Services	9,172,686
Regular Instruction	7,057,985
Vocational Education Instruction	40,167
Special Education Instruction	221,609
Community Education	30,376
Instructional Support Services	1,123
Pupil Support Services	1,367,488
Food Service	225,477
Sites and Buildings	<u>30,480,750</u>
Total depreciation and amortization expense, governmental activities	<u><u>\$ 48,673,341</u></u>

**NOTE 5 - LONG-TERM LIABILITIES**

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

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

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**A. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds, including						
Refunding bonds						
	12/15/09	1.15%	\$ 17,200,000	12/15/2025	\$ 17,200,000	\$ -
	12/28/10	5.13%	19,785,000	12/15/2025	19,785,000	-
	12/01/11	3.80%	4,260,000	12/15/2025	4,260,000	-
	12/23/14	2.00%-3.00%	21,840,000	2/1/2030	6,055,000	1,695,000
	12/23/14	3.00%-4.00%	45,270,000	2/1/2030	21,030,000	3,250,000
	12/29/15	2.34%	21,275,000	2/1/2031	7,855,000	1,245,000
	12/29/15	2.51%	34,755,000	2/1/2031	18,630,000	2,410,000
	12/29/15	1.69%	10,830,000	2/1/2024	-	-
	12/22/16	5.00%	41,905,000	2/1/2037	25,535,000	2,095,000
	12/22/16	4.00%-5.00%	51,910,000	2/1/2035	37,295,000	2,625,000
	12/06/17	4.00%-5.00%	28,895,000	2/1/2033	12,945,000	2,015,000
	12/06/17	4.00%-5.00%	51,565,000	2/1/2038	36,295,000	2,590,000
	12/01/18	4.00%-5.00%	40,395,000	2/1/2039	23,105,000	2,965,000
	12/01/18	4.00%-5.00%	51,275,000	2/1/2038	42,310,000	2,160,000
	12/01/19	5.00%	42,735,000	2/1/2040	27,255,000	4,430,000
	12/01/19	5.00%	29,385,000	2/1/2038	24,960,000	1,290,000
	12/01/19	5.00%	5,385,000	2/1/2027	2,125,000	675,000
	12/29/20	4.00%-5.00%	46,785,000	2/1/2041	35,660,000	4,155,000
	12/29/20	1.00%-5.00%	26,140,000	2/1/2041	23,590,000	970,000
	07/14/21	5.00%	18,725,000	2/1/2033	14,695,000	1,330,000
	12/30/21	5.00%	35,895,000	2/1/2042	28,050,000	4,300,000
	12/30/21	5.00%	31,600,000	2/1/2042	28,860,000	1,540,000
	12/30/21	5.00%	29,060,000	2/1/2034	24,200,000	2,635,000
	12/01/22	5.00%	31,150,000	2/1/2043	28,895,000	2,600,000
	12/01/22	5.00%	27,600,000	2/1/2043	26,345,000	1,420,000
	12/21/23	5.00%	35,050,000	2/1/2044	35,050,000	2,250,000
	12/21/23	5.00%	41,790,000	2/1/2044	41,790,000	1,745,000
Total			<u>842,460,000</u>		<u>613,775,000</u>	<u>52,390,000</u>
Certificates of participation						
	12/29/15	2.00-3.20%	44,475,000	2/1/2031	23,270,000	3,035,000
	12/22/16	5.00%	22,025,000	2/1/2032	14,175,000	1,485,000
	12/06/17	4.00-5.00%	38,565,000	2/1/2033	26,315,000	2,415,000
	12/01/19	2.67%	6,715,000	2/1/2035	5,385,000	385,000
	09/29/20	5.00%	26,055,000	4/1/2036	21,660,000	1,395,000
	12/01/22	5.00%	65,545,000	2/1/2030	57,910,000	8,515,000
Total			<u>203,380,000</u>		<u>148,715,000</u>	<u>17,230,000</u>
Bond premium					100,420,440	-
Notes from direct borrowing					14,135,835	6,318,929
Lease liability					9,272,735	1,128,027
Subscription liability					2,183,998	1,134,604
Self insurance liability					15,553,508	7,140,937
Compensated absences					29,316,576	2,931,658
Net OPEB liability					26,540,111	2,398,679
Net pension liability					651,965,174	-
Total long-term liabilities					<u>\$ 1,611,878,377</u>	<u>\$ 90,672,834</u>

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

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**B. Minimum Debt Payments**

*General Obligation Bonds and Certifications of Participation*

Year Ending June 30,	Certificates of Participation		G.O. Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 17,230,000	\$ 6,490,250	\$ 52,390,000	\$ 28,545,950
2026	18,035,000	5,689,450	93,345,000	24,948,181
2027	18,870,000	4,850,300	50,130,000	21,831,650
2028	19,745,000	3,971,200	44,370,000	19,498,950
2029	20,680,000	3,050,350	42,510,000	17,432,350
2030-2034	49,300,000	4,509,250	174,760,000	60,069,600
2035-2039	4,855,000	152,100	107,875,000	25,432,550
2040-2044	-	-	48,395,000	5,889,550
Total	<u>\$ 148,715,000</u>	<u>\$ 28,712,900</u>	<u>\$ 613,775,000</u>	<u>\$ 203,648,781</u>

*Leases and Notes from Direct Borrowing*

Year Ending June 30,	Notes from Direct Borrowing		Lease Liability	
	Principal	Interest	Principal	Interest
2025	\$ 6,318,929	\$ 959,624	\$ 1,128,027	\$ 437,906
2026	4,069,133	574,085	984,699	383,766
2027	2,837,697	292,445	686,810	339,964
2028	910,076	73,860	591,068	310,124
2029	-	-	612,249	280,270
2030-2034	-	-	4,239,018	841,112
2035	-	-	1,030,864	25,950
Total	<u>\$ 14,135,835</u>	<u>\$ 1,900,014</u>	<u>\$ 9,272,735</u>	<u>\$ 2,619,092</u>

**C. Description of Long-Term Liabilities**

On December 21, 2023, the District issued \$35,050,000 of General Obligation School Building Bonds, Series 2023A. The proceeds of this bond are to finance the rehabilitating, remodeling, expanding, and equipping of existing school buildings, the acquisition of sites, construction, and equipping of new school buildings and the acquisition and betterment of District facilities, and to pay costs of issuing the series 2023A Bonds.

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

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**C. Description of Long-Term Liabilities (Continued)**

On December 21, 2023, the District issued \$41,790,000 of General Obligation Long-Term Facilities Maintenance bonds, Series 2023B. The proceeds of this bond are to finance the projects included in the facilities plan, and to pay costs of issuing the series 2023B Bonds.

As of June 30, 2024, the District has \$215,050,173 in unspent bond proceeds for future capital project expenditures.

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

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

On July 1, 2023, the District entered into a 24-month subscription for the use of Talking Points. An initial subscription liability was recorded in the amount of \$164,407. As of June 30, 2024, the value of the subscription liability is \$84,143, and the value of the short-term subscription liability is \$84,143. The District is required to make annual fixed payments of \$88,350. The subscription has an interest rate of 5.0%.

On July 1, 2023, the District entered into a 36-month subscription for the use of Varonis Data Security Platform. An initial subscription liability was recorded in the amount of \$1,971,626. As of June 30, 2024, the value of the subscription liability is \$1,301,587, and the value of the short-term subscription liability is \$634,921. The District is required to make annual fixed payments of \$700,000. The subscription has an interest rate of 5.0%.

On July 1, 2023, the District entered into a 36-month subscription for the use of Illuminate Education Inc - Fast Bridge. An initial subscription liability was recorded in the amount of \$1,036,620. As of June 30, 2024, the value of the subscription liability is \$704,006, and the value of the short-term subscription liability is \$321,278. The District is required to make annual fixed payments of \$352,779. The subscription has an interest rate of 5.0%.

On May 23, 2024, the District entered into a 24-month subscription for the use of Now Micro Inc - Managed Data Detection. An initial subscription liability was recorded in the amount of \$191,952. As of June 30, 2024, the value of the subscription liability is \$94,262, and the value of the short-term subscription liability is \$94,262. The District is required to make annual fixed payments of \$98,975. The subscription has an interest rate of 5.0%.

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

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**D. Changes in Long-Term Liabilities**

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

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Governmental activities				
Bonds payable				
General obligation bonds	\$ 585,995,000	\$ 76,840,000	\$ (49,060,000)	\$ 613,775,000
Bond premium	99,831,500	9,803,448	(9,214,508)	100,420,440
Certificates of participation payable	164,755,000	-	(16,040,000)	148,715,000
Notes from direct borrowing	15,029,262	7,441,770	(8,335,197)	14,135,835
Lease liability	10,315,441	-	(1,042,706)	9,272,735
Subscription liability	-	3,364,606	(1,180,608)	2,183,998
Self insurance reserves	16,313,967	-	(760,459)	15,553,508
Compensated absences	32,113,486	-	(2,796,910)	29,316,576
Net OPEB liability	39,591,047	-	(13,050,936)	26,540,111
Net pension liability	729,971,243	-	(78,006,069)	651,965,174
Total governmental activity				
long-term liabilities	<u>\$ 1,693,915,946</u>	<u>\$ 97,449,824</u>	<u>\$ (179,487,393)</u>	<u>\$ 1,611,878,377</u>

The internal service fund typically liquidates the liability related to self-insurance and compensated absences.

**NOTE 6 - FUND BALANCES**

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

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

**NOTE 6 - FUND BALANCES (CONTINUED)**

Restricted and nonspendable/assigned fund balances at June 30, 2024, are as follows:

	<u>Restricted</u>	<u>Nonspendable/ Assigned</u>
General Fund		
Nonspendable for prepaid items	\$ -	\$ 4,736,365
Nonspendable for inventory	-	303,860
Restricted for student activities	483,807	-
Restricted for literacy incentive aid	102,634	-
Restricted for american indian education aid	174,460	-
Restricted for operating capital	16,695,350	-
Restricted for area learning center	4,992,182	-
Restricted for contract alternative schools	887,820	-
Restricted for school library aid	273,168	-
Restricted for student support personnel aid	364,743	-
Restricted for medical assistance	1,657,365	-
Restricted for other purposes	456,137	-
Assigned for referendum - class size	-	37,528,940
Assigned for capital projects referendum	-	7,779,091
Assigned for alternative compensation	-	2,822,881
Assigned for funded projects	-	5,848,505
Assigned for contingency	-	4,700,000
Total General Fund	<u>26,087,666</u>	<u>63,719,642</u>
Special Revenue Funds		
Food Service Fund		
Nonspendable for inventory	-	1,737,128
Community Service Fund		
Nonspendable for prepaids	-	750
Restricted for community education programs	5,688,702	-
Restricted for early childhood and family	1,565,336	-
Restricted for school readiness	1,521,933	-
Restricted for adult basic education	1,674,794	-
Restricted for grants and funded programs	963,807	-
Total Special Revenue Funds	<u>11,414,572</u>	<u>1,737,878</u>
Capital Projects - Building Construction Fund		
Nonspendable for prepaid items	-	25,182
Restricted for long-term facilities maintenance	100,057,004	-
Restricted for building construction	115,067,887	-
Total Building Construction Fund	<u>215,124,891</u>	<u>25,182</u>
Debt Service Fund		
Restricted for QSCB/QZAB	32,843,168	-
Restricted for other purposes	15,816,899	-
Total Debt Service Fund	<u>48,660,067</u>	<u>-</u>
Total all funds	<u>\$ 301,287,196</u>	<u>\$ 65,482,702</u>

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

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

**NOTE 6 - FUND BALANCES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 6 - FUND BALANCES (CONTINUED)**

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

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

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

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

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE**

The District participates in various pension plans. Total pension expense for the year ended June 30, 2024, was \$(55,956,755). The components of pension expense are noted in the following plan summaries.

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

**Teachers' Retirement Association**

**A. Plan Description**

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCP) administered by Minnesota State.

**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 five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

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

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

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

*Tier I Benefits*

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

With these provisions:

- ◆ Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- ◆ 3% per year early retirement reduction factor for all years under normal retirement age.
- ◆ Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Or

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

*Tier II Benefits*

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier II Benefits (Continued)*

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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

**C. Contribution Rate**

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2022, June 30, 2023, and June 30, 2024, were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00 %	12.34 %	11.0 %	12.55 %	11.3 %	12.75 %
Coordinated	7.50	8.34	7.5	8.55	7.8	8.75

In an agreement related to the merger of the Minneapolis Teachers Retirement Association, the District has agreed to pay an additional 3.64% for a total employer contribution of 12.39%.

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

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

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate (Continued)**

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in *Schedule of Employer and Non-Employer Pension Allocations*. Amounts are reported in thousands.

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	\$ 508,764
Deduct employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	<u>(643)</u>
Total employer contributions	508,034
Total non-employer contributions	<u>35,587</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Pension Allocations</i>	<u><u>\$ 543,621</u></u>

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

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

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2023, 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

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**Actuarial Information**

Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (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 Assumption**

Pre-retirement	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.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of set rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is five years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

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

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

The 2024 Omnibus Pensions and Retirement Bill:

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

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

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

**Teachers' Retirement Association (Continued)**

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**F. Net Pension Liability**

On June 30, 2024, the District reported a liability of \$493,647,889 for its proportionate share of the net pension liability. In addition, the net pension liability allocated to the district under a lump sum direct aid payment related to the District's merger into the fund is \$34,171,780 for a total liability allocated to the District of \$527,819,669. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 5.9791% at the end of the measurement period and 6.3361% for the beginning of the year. An additional 0.4139% was allocated at June 30, 2023, under the direct aid payment agreement.

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

District's proportionate share of net pension liability	\$ 527,819,669
State's proportionate share of the net pension liability associated with the District	34,572,704

For the year ended June 30, 2024, the District recognized pension expense of \$(65,723,613). Included in this amount, the District recognized \$4,868,092 as pension expense for the support provided by direct aid.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

On June 30, 2024, the District had deferred 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	\$ 5,765,969	\$ 7,940,366
Net collective difference between projected and actual earnings on plan investments	-	1,362,308
Changes of assumptions	65,737,703	-
Changes in proportion	-	48,405,835
Contributions to TRA subsequent to the measurement date	<u>36,461,750</u>	<u>-</u>
Total	<u>\$ 107,965,422</u>	<u>\$ 57,708,509</u>

The \$36,461,750 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, 2025.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ (9,718,229)
2026	(13,348,295)
2027	54,854,135
2028	(11,960,471)
2029	<u>(6,031,977)</u>
Total	<u>\$ 13,795,163</u>

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

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

	District Proportionate Share of NPL		
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Standard share	\$ 787,332,057	\$ 493,647,889	\$ 253,231,632
Direct aid share	54,502,642	34,171,780	17,529,824

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

**H. Pension Plan Fiduciary Net Position**

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

**Public Employees' Retirement Association**

**A. Plan Description**

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

**General Employees Retirement Plan**

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**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.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were \$14,835,688. The District's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of \$124,145,505 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 \$3,422,260.

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

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 2.2201% at the end of the measurement period and 2.3694% for the beginning of the period.

District's proportionate share of net pension liability	\$ 124,145,505
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>3,422,260</u>
Total	<u><u>\$ 127,567,765</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$9,766,858 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$15,379 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

At June 30, 2024, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,142,814	\$ 919,550
Changes in actuarial assumptions	21,603,654	34,027,228
Net collective difference between projected and actual investment earnings	-	4,403,135
Change in proportion	-	10,910,766
District's contributions to PERA subsequent to the measurement date	14,835,688	-
Total	\$ 40,582,156	\$ 50,260,679

The \$14,835,688 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2025	\$ (523,859)
2026	(22,308,938)
2027	1,011,722
2028	(2,693,136)
Total	\$ (24,514,211)

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

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

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

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

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

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The 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.

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

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

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

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

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	\$ 219,623,370	\$ 124,145,505	\$ 45,611,333

**I. Pension Plan Fiduciary Net Position**

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

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

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

**B. Benefits Provided**

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

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

**C. Members**

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

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

**D. Contributions**

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2024, the District contributed \$1,390,477 to the plan.

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

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation measurement date as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	4.50%, net of investment expense
Salary Scale	3.00%
Inflation	2.50%
Healthcare cost trend increases	7.00%, decreasing to 4.50% over six years.
Mortality Assumption	RP-2014 Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2020, from a base year of 2014.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

**Changes in Actuarial Assumptions**

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

The discount rate used to measure the total OPEB liability was 4.29% based on the long-term expected rate of return and the municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale).

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

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

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

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 4.29%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2023	\$ 64,053,767	\$ 24,462,720	\$ 39,591,047
Changes for the year			
Service cost	3,809,643	-	3,809,643
Interest	2,230,092	-	1,886,130
Differences between expected and actual economic experience	(7,343,481)	-	(4,891,341)
Employer contributions	-	1,390,477	(618,046)
Changes in assumptions	(7,651,166)	-	1,972,160
Benefit payments	(1,390,477)	(1,390,477)	-
Projected earnings on fiduciary net position	-	2,793,442	(977,564)
Administrative expense	-	(87,895)	87,895
Net changes	<u>(10,345,389)</u>	<u>2,705,547</u>	<u>(13,050,936)</u>
Balances at June 30, 2024	<u>\$ 53,708,378</u>	<u>\$ 27,168,267</u>	<u>\$ 26,540,111</u>

Plan fiduciary net position as a percentage of the total OPEB liability 50.58%

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB liability calculated using the discount rate of 4.29% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (3.29%)	Current Discount Rate (4.29%)	1% Increase in Discount Rate (5.29%)
Net OPEB liability	\$ 31,149,800	\$ 26,540,111	\$ 22,293,419

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

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Liability Sensitivity (Continued)**

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

	1% Decrease in Trend Rate (6.00%)	Current Trend Rate (7.00%)	1% Increase in Trend Rate (8.00%)
Net OPEB liability	\$ 20,264,503	\$ 26,511,273	\$ 34,014,643

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,606,013. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net collective difference between projected and actual investment earnings	\$ -	\$ 577,902
Differences between expected and actual economic experience	243,744	17,925,769
Changes of assumptions	1,573,611	23,125,460
Total	\$ 1,817,355	\$ 41,629,131

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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

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

Year Ending June 30,	Total
2025	\$ (6,643,571)
2026	(5,874,429)
2027	(6,803,390)
2028	(5,927,391)
2029	(5,526,300)
2030 +	(9,036,695)
Total	\$ (39,811,776)

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Programs**

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

**B. Contingencies**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management has accrued claims payable in the amount of \$10,862,859 as disclosed in Note 11 for general liability, auto liability, and worker's compensation claims.

**C. Teachers Retirement Association**

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

**D. Construction Commitments**

The District has in process various multi-year construction and repair projects in the Capital Projects Fund which were not completed in the current fiscal year. As of June 30, 2024, outstanding commitments for these multi-year projects total approximately \$20,531,000.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 10 - COMPENSATED ABSENCES**

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

**A. Administrators**

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

**B. Teachers**

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

**C. Principals**

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

**NOTE 11 - RISK MANAGEMENT**

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

The District is self-insured for workers' compensation coverage and caps its liability with the purchase of reinsurance coverage. The District is a member of Workers' Compensation Reinsurance Association (WCRA), which reimburses members for individual claim losses exceeding a member's chosen retention limit. The retention limit for the District at June 30, 2024 and 2023, was \$2,000,000.

Liabilities of \$9,801,150 have been recorded in the Self-Insurance Fund for known workers' compensation claims and for claims incurred but not reported as of June 30, 2024. The recorded reserves are actuarially evaluated annually and adjusted accordingly. The discount rate used at June 30, 2024, was 4.29%.

The District became self-insured for general liability for claims incurred after January 1, 1990, through June 30, 1999, and for claims incurred after July 1, 2001 (the self-insurance period). The District purchased general liability insurance from Royal Insurance covering the period from July 1, 1999 through June 30, 2001. Claims incurred during the self-insurance period are the responsibility of the District. *Minnesota Statutes* limit the maximum liability of a public employer to \$300,000 per claimant and \$1,500,000 for claims from a single event. There are several lawsuits pending in which the District is involved. The District estimates that the potential claims against the District that are not covered by insurance or reserves resulting from such litigation would not materially affect the District's basic financial statements. Liabilities of \$1,061,709 have been established to cover such claims as of June 30, 2024.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 11 - RISK MANAGEMENT (CONTINUED)**

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

Claims incurred but not reported or case reserves at June 30, 2021	\$ 11,033,526
Claims incurred, fiscal year 2022	3,991,113
Claims paid, fiscal year 2022	(5,526,970)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2022	9,497,669
Claims incurred, fiscal year 2023	8,007,083
Claims paid, fiscal year 2023	(5,664,984)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2023	11,839,768
Claims incurred, fiscal year 2024	5,636,884
Claims paid, fiscal year 2024	(6,613,793)
<hr/>	
Claims incurred but not reported or case reserves at June 30, 2024	\$ 10,862,859
<hr/>	

The District maintains commercial coverage for property insurance.

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

The governmental funds of the District participate in the program and make payments to the Self-Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self-Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2024, is \$4,690,649 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

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

**NOTE 11 - RISK MANAGEMENT (CONTINUED)**

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

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2021-2022	\$ 3,449,602	\$ 55,496,472	\$ (53,762,855)	\$ 5,183,219
2022-2023	5,183,219	57,893,938	(58,602,959)	4,474,198
2023-2024	4,474,198	64,012,299	(63,795,848)	4,690,649

**NOTE 12 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION**

During the year ended June 30, 2024, the District implemented Implementation Guide No. 2021-1 - Amending Capitalization Requirements. This resulted in an increase in capital assets, net of accumulated depreciation, of \$3,378,600.

During the year ended June 30, 2024, the District determined that assets related to construction in the prior year were not reported correctly. Therefore, capital assets were understated by \$11,066,555 for the year ended June 30, 2023.

	Government- Wide Governmental Activities
6/30/2023, as previously reported	\$ (365,457,632)
Prior period adjustment	11,066,555
Change in accounting principle	3,378,600
6/30/2024, as adjusted or restated	<u>\$ (351,012,477)</u>

**NOTE 13 - SUBSEQUENT EVENTS**

On December 10, 2024, the District issued \$50,465,000 in General Obligation School Building Bonds, Series 2024A. The proceeds will be used for the purpose of funding various capital improvements and equipment, and to pay the costs associated with the issuance of the Series 2024A Bonds. The District issued \$26,810,000 in General Obligation Long-Term Facilities Maintenance Bonds, Series 2024B. The proceeds of the Series 2024B Bonds will be used to provide funds for repair and facility projects at selected school sites throughout the District, and to pay the costs associated with the issuance of the Series 2024B Bonds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
\$ 4,623,805	\$ 5,213,029	\$ 5,296,029	\$ 4,436,196	\$ 3,809,643
1,939,402	1,886,130	1,592,231	2,618,749	2,230,092
(15,311,149)	(1,045,632)	347,613	(990,401)	(7,343,481)
(10,786,001)	1,972,160	(14,247,617)	(205,995)	(7,651,166)
(1,100,265)	(618,046)	(1,393,726)	(941,929)	(1,390,477)
-	-	-	-	-
<u>(20,634,208)</u>	<u>7,407,641</u>	<u>(8,405,470)</u>	<u>4,916,620</u>	<u>(10,345,389)</u>
80,769,184	60,134,976	67,542,617	59,137,147	64,053,767
<u>\$ 60,134,976</u>	<u>\$ 67,542,617</u>	<u>\$ 59,137,147</u>	<u>\$ 64,053,767</u>	<u>\$ 53,708,378</u>
\$ 1,100,265	\$ 618,046	\$ 1,393,726	\$ 941,929	\$ 1,390,477
-	-	-	-	-
947,116	977,564	1,190,606	1,031,227	1,098,844
(188,054)	3,845,709	(4,644,817)	556,798	1,694,598
(1,100,265)	(618,046)	(1,393,726)	(941,929)	(1,390,477)
(79,035)	(85,809)	(92,205)	(82,911)	(87,895)
<u>680,027</u>	<u>4,737,464</u>	<u>(3,546,416)</u>	<u>1,505,114</u>	<u>2,705,547</u>
<u>21,086,531</u>	<u>21,766,558</u>	<u>26,504,022</u>	<u>22,957,606</u>	<u>24,462,720</u>
<u>\$ 21,766,558</u>	<u>\$ 26,504,022</u>	<u>\$ 22,957,606</u>	<u>\$ 24,462,720</u>	<u>\$ 27,168,267</u>
<u>\$ 38,368,418</u>	<u>\$ 41,038,595</u>	<u>\$ 36,179,541</u>	<u>\$ 39,591,047</u>	<u>\$ 26,540,111</u>
36.20%	39.24%	38.82%	38.19%	50.58%
\$ 331,585,577	\$ 371,887,319	\$ 363,821,219	\$ 371,750,040	\$ 347,543,376
11.57%	11.04%	9.94%	10.65%	7.64%

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

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

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

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

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

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

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

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

-13.05%

6.93%

11.32%

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	1.9676%	\$ 92,427,990	\$ -	\$ 92,427,990	\$ 103,293,324	89.5%	78.7%
2015	3.5536%	184,165,995	-	184,165,995	110,161,680	167.2%	78.2%
2016	3.3730%	273,870,870	3,577,010	277,447,880	114,079,707	240.1%	78.8%
2017	2.8326%	180,831,314	2,273,787	183,105,101	87,249,667	207.3%	75.9%
2018	2.6337%	146,106,878	4,792,584	150,899,462	81,788,760	178.6%	79.5%
2019	2.9200%	161,440,259	5,017,615	166,457,874	111,419,373	144.9%	80.2%
2020	2.4981%	149,772,511	4,618,393	154,390,904	82,920,813	180.6%	79.1%
2021	2.3872%	101,944,135	3,113,163	105,057,298	76,839,200	132.7%	87.0%
2022	2.3694%	187,657,262	5,501,631	193,158,893	82,241,773	228.2%	76.7%
2023	2.2201%	124,145,505	3,422,260	127,567,765	89,068,360	139.4%	83.1%

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	8.6534%	\$ 398,742,430	\$ 25,768,509	\$ 424,510,939	\$ 238,717,909	167.0%	81.5%
2015	8.1323%	503,063,183	57,223,106	560,286,289	257,683,734	195.2%	76.8%
2016	9.1760%	2,188,694,939	192,864,529	2,394,574,710	301,171,984	726.7%	44.9%
2017	8.3442%	1,665,653,683	150,258,878	1,815,912,561	282,186,562	590.3%	51.6%
2018	7.8961%	495,950,319	43,395,549	539,345,868	273,509,336	181.3%	78.1%
2019	7.3196%	466,552,841	38,392,377	504,945,218	262,426,079	177.8%	78.2%
2020	7.1483%	528,125,983	41,243,603	569,369,586	265,187,388	199.2%	75.5%
2021	6.8341%	299,080,650	23,520,205	322,600,855	259,255,930	115.4%	86.6%
2022	6.7726%	542,313,981	37,625,433	579,939,414	272,653,965	198.9%	76.2%
2023	6.3930%	527,819,669	34,572,704	562,392,373	278,487,145	189.5%	76.4%

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

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 8,262,126	\$ 8,262,126	\$ -	\$ 110,161,680	7.50%
2016	8,555,978	8,555,978	-	114,079,707	7.50%
2017	6,543,725	6,543,725	-	87,249,667	7.50%
2018	6,134,157	6,134,157	-	81,788,760	7.50%
2019	8,356,453	8,356,453	-	111,419,373	7.50%
2020	6,219,061	6,219,061	-	82,920,813	7.50%
2021	5,762,940	5,762,940	-	76,839,200	7.50%
2022	6,168,133	6,168,133	-	82,241,773	7.50%
2023	6,680,127	6,680,127	-	89,068,360	7.50%
2024	7,693,288	7,693,288	-	102,577,173	7.50%

\* In addition to these contributions, the District made an annual contribution of \$7,142,400 under a special funding situation for fiscal years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024.

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 28,705,968	\$ 28,705,968	\$ -	\$ 257,683,734	11.14%
2016	33,550,559	33,550,559	-	301,171,984	11.14%
2017	31,435,583	31,435,583	-	282,186,562	11.14%
2018	30,468,940	30,468,940	-	273,509,336	11.14%
2019	29,785,360	29,785,360	-	262,426,079	11.35%
2020	30,655,662	30,655,662	-	265,187,388	11.56%
2021	30,514,423	30,514,423	-	259,255,930	11.77%
2022	32,663,945	32,663,945	-	272,653,965	11.98%
2023	33,947,583	33,947,583	-	278,487,145	12.19%
2024	34,211,750	34,211,750	-	276,123,890	12.39%

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

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

## **TRA Retirement Funds**

### **2023 Changes**

#### Changes of Benefit Terms

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

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

The 2024 Omnibus Pensions and Retirement Bill:

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

### **2022 Changes**

#### Changes in Actuarial Assumptions

- ◆ None

### **2021 Changes**

#### Changes in Actuarial Assumptions

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

### **2020 Changes**

#### Changes in Actuarial Assumptions

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

### **2019 Changes**

#### Changes in Actuarial Assumptions

- ◆ None

### **2018 Changes**

#### Changes in Actuarial Assumptions

- ◆ The discount rate was increased to 7.5% from 5.12%.
- ◆ The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- ◆ Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- ◆ The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

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

**TRA Retirement Funds (Continued)**

**2018 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- ◆ Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- ◆ The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**2017 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was increased to 5.12% from 4.66%
- ◆ The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- ◆ The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- ◆ Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- ◆ The investment return assumption was changed from 8.0% to 7.5%.
- ◆ The price inflation assumption was lowered from 2.75% to 2.5%.
- ◆ The payroll growth assumption was lowered from 2.5% to 3.0%.
- ◆ The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- ◆ The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**2016 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was decreased to 4.66% from 8.0%.
- ◆ The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- ◆ The price inflation assumption was lowered from 3% to 2.75%.
- ◆ The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- ◆ Minor changes as some durations for the merit scale of the salary increase assumption.
- ◆ The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- ◆ The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- ◆ The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.

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

**TRA Retirement Funds (Continued)**

**2016 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- ◆ Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- ◆ A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

**2015 Changes**

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

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

**General Employees Fund**

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- ◆ Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- ◆ Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- ◆ Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- ◆ The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

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

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed spouse age difference was changed from two years older for females to one year older.
- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- ◆ Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Contribution stabilizer provisions were repealed.
- ◆ Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- ◆ For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. This does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- ◆ Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

**General Employees Fund (Continued)**

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

**Post Employment Health Care Plan**

**2023 Changes**

Changes in Actuarial Assumptions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

## **SUPPLEMENTARY INFORMATION**

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	Special Revenue		Total Nonmajor Funds
	Food Service	Community Service	
<b>Assets</b>			
Cash and investments	\$ -	\$ 8,725,210	\$ 8,725,210
Current property taxes receivable	-	2,759,654	2,759,654
Delinquent property taxes receivable	-	53,850	53,850
Accounts receivable	-	4,471,502	4,471,502
Due from Department of Education	323,817	1,180,621	1,504,438
Due from other Minnesota school districts	31,025	17,532	48,557
Due from Federal Government through Department of Education	919,019	-	919,019
Due from Federal Government received directly	-	244,069	244,069
Due from other governmental units	41,349	-	41,349
Inventory	1,737,128	-	1,737,128
Prepaid Items	-	750	750
	<u>\$ 3,052,338</u>	<u>\$ 17,453,188</u>	<u>\$ 20,505,526</u>
<b>Liabilities</b>			
Accounts payable	\$ 406,293	\$ 374,101	\$ 780,394
Due to other funds	821,485	-	821,485
Due to other governmental units	16,214	92,763	108,977
Deferred revenue	71,218	234,680	305,898
Total liabilities	<u>1,315,210</u>	<u>701,544</u>	<u>2,016,754</u>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year's expenditures	-	5,282,472	5,282,472
Unavailable revenue - delinquent property taxes	-	53,850	53,850
Total deferred inflows of resources	-	5,336,322	5,336,322
<b>Fund Balances</b>			
Nonspendable	1,737,128	750	1,737,878
Restricted			
Restricted for other purposes	-	963,807	963,807
Community education programs	-	5,688,702	5,688,702
Adult basic education	-	1,674,794	1,674,794
Early childhood and family education programs	-	1,565,336	1,565,336
School readiness	-	1,521,933	1,521,933
Total fund balances	<u>1,737,128</u>	<u>11,415,322</u>	<u>13,152,450</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,052,338</u>	<u>\$ 17,453,188</u>	<u>\$ 20,505,526</u>

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2024**

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Nonmajor Funds</u>
<b>Revenues</b>			
Local sources			
Local property taxes	\$ -	\$ 5,357,869	\$ 5,357,869
Earnings on investments	-	374,384	374,384
Other local and county revenues	303,925	11,757,912	12,061,837
Revenue from state sources	4,154,050	13,908,006	18,062,056
Revenue from federal sources	16,454,309	5,450,171	21,904,480
Sales and other conversion of assets	1,065,454	-	1,065,454
Total revenues	<u>21,977,738</u>	<u>36,848,342</u>	<u>58,826,080</u>
<b>Expenditures</b>			
Current			
Food service	25,460,403	-	25,460,403
Community education and services	-	32,934,944	32,934,944
Capital outlay			
Food service	56,165	-	56,165
Community education and services	-	93,496	93,496
Debt service			
Principal	-	27,580	27,580
Interest and fiscal charges	-	3,188	3,188
Total expenditures	<u>25,516,568</u>	<u>33,059,208</u>	<u>58,575,776</u>
Excess of revenues over (under) expenditures	(3,538,830)	3,789,134	250,304
<b>Other Financing Sources (Uses)</b>			
Transfers in	3,305,191	-	3,305,191
Net change in fund balances	(233,639)	3,789,134	3,555,495
<b>Fund Balances</b>			
Beginning of year	<u>1,970,767</u>	<u>7,626,188</u>	<u>9,596,955</u>
End of year	<u>\$ 1,737,128</u>	<u>\$ 11,415,322</u>	<u>\$ 13,152,450</u>

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Food Service Special Revenue Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Other local and county revenues	\$ -	\$ -	\$ 303,925	\$ 303,925
Revenue from state sources	2,700,000	2,700,000	4,154,050	1,454,050
Revenue from federal sources	19,143,400	19,143,400	16,454,309	(2,689,091)
Sales and other conversion of assets	643,600	643,600	1,065,454	421,854
Total revenues	<u>22,487,000</u>	<u>22,487,000</u>	<u>21,977,738</u>	<u>(509,262)</u>
<b>Expenditures</b>				
Current				
Food service	26,569,050	26,545,753	25,460,403	(1,085,350)
Capital outlay				
Food service	250,000	273,297	56,165	(217,132)
Total expenditures	<u>26,819,050</u>	<u>26,819,050</u>	<u>25,516,568</u>	<u>(1,302,482)</u>
Excess of revenues over (under) expenditures	(4,332,050)	(4,332,050)	(3,538,830)	793,220
<b>Other Financing Sources</b>				
Transfers in	4,332,050	4,332,050	3,305,191	(1,026,859)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(233,639)	<u>\$ (233,639)</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,970,767</u>	
End of year			<u>\$ 1,737,128</u>	

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Community Service Special Revenue Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 5,448,982	\$ 5,448,982	\$ 5,357,869	\$ (91,113)
Earnings on investments	-	-	374,384	374,384
Other local and county revenues	12,797,986	12,700,516	11,757,912	(942,604)
Revenue from state sources	12,927,214	13,024,684	13,908,006	883,322
Revenue from federal sources	4,797,854	4,797,854	5,450,171	652,317
Total revenues	<u>35,972,036</u>	<u>35,972,036</u>	<u>36,848,342</u>	<u>876,306</u>
<b>Expenditures</b>				
Current				
Community education and services	36,241,811	36,238,226	32,934,944	(3,303,282)
Capital outlay				
Community education and services	23,190	26,775	93,496	66,721
<b>Debt service</b>				
Principal	-	-	27,580	27,580
Interest and fiscal charges	-	-	3,188	3,188
Total expenditures	<u>36,265,001</u>	<u>36,265,001</u>	<u>33,059,208</u>	<u>(3,205,793)</u>
Excess of revenues over (under) expenditures	<u>\$ (292,965)</u>	<u>\$ (292,965)</u>	3,789,134	<u>\$ 4,082,099</u>
<b>Fund Balance</b>				
Beginning of year			<u>7,626,188</u>	
End of year			<u>\$ 11,415,322</u>	

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Debt Service Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 92,497,294	\$ 92,497,294	\$ 90,285,835	\$ (2,211,459)
Earnings on investments	-	-	3,349,886	3,349,886
Other local and county revenues	-	-	490	490
Revenue from state sources	-	-	10,590,353	10,590,353
Revenue from federal sources	-	-	1,141,222	1,141,222
Total revenues	<u>92,497,294</u>	<u>92,497,294</u>	<u>105,367,786</u>	<u>12,870,492</u>
<b>Expenditures</b>				
Debt service				
Principal	92,497,294	92,497,294	65,100,000	(27,397,294)
Interest and fiscal charges	-	-	34,812,833	34,812,833
Total expenditures	<u>92,497,294</u>	<u>92,497,294</u>	<u>99,912,833</u>	<u>7,415,539</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	5,454,953	<u>\$ 5,454,953</u>
<b>Fund Balance</b>				
Beginning of year			<u>43,205,114</u>	
End of year			<u>\$ 48,660,067</u>	

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Capital Project - Building Construction**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Earnings on investments	\$ -	\$ -	\$ 12,726,539	\$ 12,726,539
Other local and county revenues	-	-	54,848	54,848
Total revenues	<u>-</u>	<u>-</u>	<u>12,781,387</u>	<u>12,781,387</u>
<b>Expenditures</b>				
Current				
Sites and buildings	33,554,864	34,384,864	43,382,358	8,997,494
Capital outlay				
Sites and buildings	93,544,661	92,714,661	62,195,735	(30,518,926)
Debt service				
Principal	2,451,302	2,451,302	6,132,407	3,681,105
Interest and fiscal charges	2,451,301	2,451,301	1,606,105	(845,196)
Total expenditures	<u>132,002,128</u>	<u>132,002,128</u>	<u>113,316,605</u>	<u>(18,685,523)</u>
Excess of revenues over (under) expenditures	(132,002,128)	(132,002,128)	(100,535,218)	31,466,910
<b>Other Financing Sources (uses)</b>				
Bond issuance	83,908,725	83,908,725	76,840,000	(7,068,725)
Bond premium	-	-	9,803,448	9,803,448
Insurance recovery	-	-	68,095	68,095
Total other financing sources (uses)	<u>83,908,725</u>	<u>83,908,725</u>	<u>86,711,543</u>	<u>2,802,818</u>
Net change in fund balance	<u>\$ (48,093,403)</u>	<u>\$ (48,093,403)</u>	(13,823,675)	<u>\$ 34,269,728</u>
<b>Fund Balance</b>				
Beginning of year			<u>228,973,748</u>	
End of year			<u>\$ 215,150,073</u>	

Minneapolis Public Schools  
Special School District No. 1  
Uniform Financial Accounting and Reporting Standards  
Compliance Table  
Year Ended June 30, 2024

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 701,193,717	\$ 701,193,714	\$ 3	Total revenue	\$ 12,781,387	\$ 12,781,387	\$ -
Total expenditures	700,266,962	700,266,959	3	Total expenditures	113,316,605	113,316,601	4
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	5,040,225	5,040,225	-	4.60 Nonspendable fund balance	25,182	25,183	(1)
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	483,807	483,807	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-term Facilities Maintenance	100,057,004	100,057,004	-
4.05 Deferred Maintenance	-	-	-	<i>Restricted:</i>			
4.07 Capital Projects Levy	-	-	-	4.64 Restricted fund balance	115,067,887	115,067,884	3
4.08 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
4.12 Literacy Incentive Aid	102,634	102,634	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.16 Levy Reduction	-	-	-	Total revenue	\$ 105,367,786	\$ 105,367,785	\$ 1
4.17 Taconite Building Maintenance	-	-	-	Total expenditures	99,912,833	99,912,832	1
4.20 American Indian Education Aid	174,460	174,460	-	<i>Nonspendable:</i>			
4.24 Operating Capital	16,695,350	16,695,350	-	4.60 Nonspendable fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Restricted/reserved:</i>			
4.27 Disabled Accessibility	-	-	-	4.25 Bond refundings	-	-	-
4.28 Learning and Development	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.34 Area Learning Center	4,992,182	4,992,182	-	4.51 QZAB payments	32,843,168	32,843,168	-
4.35 Contracted Alternative Programs	887,820	887,820	-	4.67 LTFM	-	-	-
4.36 State Approved Alternative Program	-	-	-	<i>Restricted:</i>			
4.38 Gifted and Talented	-	-	-	4.64 Restricted fund balance	15,816,899	15,816,900	(1)
4.39 English Learner	-	-	-	<i>Unassigned:</i>			
4.40 Teacher Development and Evaluation	-	-	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	273,168	273,168	-	<b>08 TRUST FUND</b>			
4.45 Career Technical Programs	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.48 Achievement and Integration	-	-	-	Total expenditures	-	-	-
4.49 Safe Schools Revenue	-	-	-	<i>Unassigned:</i>			
4.51 QZAB and QSCB Payments	-	-	-	4.01 Student Activities	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.02 Scholarships	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	4.22 Net position	-	-	-
4.59 Basic Skills Extended Time	-	-	-	<b>18 CUSTODIAL</b>			
4.71 Student Support Personnel Aid	364,743	364,743	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted:</i>				Total expenditures	-	-	-
4.72 Medical Assistance	1,657,365	1,657,365	-	<i>Restricted/reserved:</i>			
4.64 Restricted fund balance	456,137	456,137	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	-	-	-	4.02 Scholarships	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Committed:</i>				4.65 Restricted	-	-	-
4.18 Committed for separation	-	-	-	<b>20 INTERNAL SERVICE FUND</b>			
4.61 Committed	-	-	-	Total revenue	\$ 73,522,161	\$ 73,522,161	\$ -
<i>Assigned:</i>				Total expenditures	67,229,852	67,229,850	2
4.62 Assigned fund balance	58,679,417	58,679,416	1	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	45,634,930	45,634,929	1
4.22 Unassigned fund balance (net position)	62,418,130	62,418,131	(1)	<b>25 OPEB REVOCABLE TRUST</b>			
<b>02 FOOD SERVICE FUND</b>				Total revenue	\$ -	\$ -	\$ -
Total revenue	\$ 21,977,738	\$ 21,977,739	\$ (1)	Total expenditures	-	-	-
Total expenditures	25,516,568	25,516,570	(2)	<i>Unassigned:</i>			
<i>Nonspendable:</i>				4.22 Net position	-	-	-
4.60 Nonspendable fund balance	1,737,128	1,737,127	1	<b>45 OPEB IRREVOCABLE TRUST</b>			
<i>Restricted/reserved:</i>				Total revenue	\$ 2,705,547	\$ 2,705,547	\$ -
4.52 OPEB liabilities not held in trust	-	-	-	Total expenditures	-	-	-
<i>Restricted:</i>				<i>Unassigned:</i>			
4.64 Restricted fund balance	-	-	-	4.22 Net position	27,168,267	27,168,266	1
<i>Unassigned:</i>				<b>47 OPEB DEBT SERVICE</b>			
4.63 Unassigned fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
<b>04 COMMUNITY SERVICE FUND</b>				Total expenditures	-	-	-
Total revenue	\$ 36,848,342	\$ 36,848,341	\$ 1	<i>Nonspendable:</i>			
Total expenditures	33,059,208	33,059,207	1	4.60 Nonspendable fund balance	750	750	-
<i>Nonspendable:</i>				<i>Restricted/reserved:</i>			
4.60 Nonspendable fund balance	750	750	-	4.26 \$25 Taconite	-	-	-
<i>Restricted/reserved:</i>				4.31 Community Education	5,688,702	5,688,702	-
4.26 \$25 Taconite	-	-	-	4.32 ECFE	1,565,336	1,565,336	-
4.31 Community Education	5,688,702	5,688,702	-	4.40 Teacher Development and Evaluation	-	-	-
4.32 ECFE	1,565,336	1,565,336	-	4.44 School Readiness	1,521,933	1,521,933	-
4.40 Teacher Development and Evaluation	-	-	-	4.47 Adult Basic Education	1,674,794	1,674,794	-
4.44 School Readiness	1,521,933	1,521,933	-	4.52 OPEB Liabilities not Held in trust	-	-	-
4.47 Adult Basic Education	1,674,794	1,674,794	-	<i>Restricted:</i>			
4.52 OPEB Liabilities not Held in trust	-	-	-	4.64 Restricted fund balance	963,807	963,807	-
<i>Restricted:</i>				<i>Unassigned:</i>			
4.64 Restricted fund balance	963,807	963,807	-	4.63 Unassigned fund balance	-	-	-
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

## **STATISTICAL SECTION**

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

**III. Statistical Section (Unaudited)**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	120
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	136
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	144
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	152
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	156

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

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

	Fiscal Years			
	2015	2016	2017	2018
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 158,432,953	\$ 163,600,431	\$ 149,160,083	\$ 159,397,295
Restricted	27,255,199	20,331,931	35,723,782	35,798,200
Unrestricted	(526,252,170)	(552,605,238)	(870,333,620)	(1,196,502,668)
	<u>\$ (340,564,018)</u>	<u>\$ (368,672,876)</u>	<u>\$ (685,449,755)</u>	<u>\$ (1,001,307,173)</u>

- Note 1: The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.
- Note 2: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$622.0 million.
- Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.
- Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.
- Note 5: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Table 1

Fiscal Years					
2019	2020	2021	2022	2023	2024
\$ 154,921,449	\$ 152,437,418	\$ 167,231,208	\$ 180,023,633	\$ 205,481,189	\$ 235,214,130
39,223,672	47,574,870	54,965,174	50,733,450	60,900,783	74,141,069
(963,390,821)	(965,866,372)	(945,402,805)	(862,696,210)	(631,839,604)	(504,512,016)
<u>\$ (769,245,700)</u>	<u>\$ (765,854,084)</u>	<u>\$ (723,206,423)</u>	<u>\$ (631,939,127)</u>	<u>\$ (365,457,632)</u>	<u>\$ (195,156,817)</u>

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Expenses</b>				
Governmental activities				
Administration	\$ 14,463,532	\$ 18,298,352	\$ 29,036,288	\$ 24,413,289
District support services	30,330,583	26,864,475	22,972,094	30,190,752
Elementary and secondary regular instruction	278,074,269	304,864,660	494,078,827	461,472,662
Vocational education instruction	3,989,570	4,191,742	6,788,131	6,528,984
Special education instruction	112,253,986	128,294,358	185,485,643	170,696,488
Instructional support services	46,257,355	56,903,247	90,336,077	66,244,175
Pupil support services	63,653,294	70,333,762	87,780,289	80,939,128
Sites and buildings	65,034,547	61,837,606	82,267,082	77,919,006
Fiscal and other fixed cost programs	567,196	585,971	559,310	594,641
Food service	19,370,135	22,736,775	23,606,809	22,597,860
Community service	24,319,959	28,205,073	36,961,573	37,364,970
Interest and fiscal charges	15,789,065	16,485,498	20,999,111	23,770,907
Total governmental activities expenses	<u>674,103,491</u>	<u>739,601,519</u>	<u>1,080,871,234</u>	<u>1,002,732,862</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Food service	2,004,093	2,348,480	2,048,694	1,809,691
Community service	7,673,821	7,931,383	8,190,904	8,652,521
All other	6,772,061	7,412,017	6,965,141	5,917,604
Operating grants and contributions	138,133,051	155,997,379	156,341,813	180,608,137
Capital grants and contributions	11,000,000	11,000,000	10,733,375	11,198,000
Total governmental activities program revenues	<u>165,583,026</u>	<u>184,689,259</u>	<u>184,279,927</u>	<u>208,185,953</u>
Net (expense) revenue	(508,520,465)	(554,912,260)	(896,591,307)	(794,546,909)
<b>General Revenues and Other Changes in Net Position</b>				
Taxes				
Property taxes, levied for general purposes	107,272,419	116,393,510	117,353,242	123,108,189
Property taxes, levied for capital projects	8,327,570	82,169	-	-
Property taxes, levied for community service	5,020,422	5,142,659	5,676,054	5,536,744
Property taxes, levied for debt service	51,197,512	57,175,506	62,926,501	65,124,099
Unrestricted grants and contributions	337,642,221	336,893,500	353,255,021	316,909,702
Other general revenues	12,335,707	8,302,254	11,189,340	701,551
Investment earnings	1,489,607	2,843,804	1,421,895	3,148,581
Total general revenues and other changes in net position	<u>523,285,458</u>	<u>526,833,402</u>	<u>551,822,053</u>	<u>514,528,866</u>
Change in net position	<u>14,764,993</u>	<u>(28,078,858)</u>	<u>(344,769,254)</u>	<u>(280,018,043)</u>
Prior period adjustment	-	-	-	-
Change in accounting principle	<u>(622,017,465)</u>	<u>-</u>	<u>-</u>	<u>(35,839,375)</u>
Total change in net position	<u>\$ (607,252,472)</u>	<u>\$ (28,078,858)</u>	<u>\$ (344,769,254)</u>	<u>\$ (315,857,418)</u>

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

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

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

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

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

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

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

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

Table 2

		Fiscal Year				
2019	2020	2021	2022	2023	2024	
\$ 5,475,381	\$ 16,864,097	\$ 17,003,242	\$ 14,936,110	\$ 8,361,982	\$ 15,358,708	
27,778,362	19,824,078	24,318,391	48,857,105	38,720,471	41,910,064	
123,939,300	309,850,944	280,150,136	251,618,186	130,065,948	232,706,103	
1,742,583	5,068,728	5,089,516	5,013,209	2,618,812	4,461,105	
57,885,398	118,877,734	122,202,296	103,577,983	66,293,506	94,210,309	
29,676,916	45,584,282	41,490,014	40,278,990	32,408,488	43,307,250	
56,404,314	73,028,360	63,131,018	78,666,331	83,573,060	112,661,018	
96,270,486	87,021,218	90,552,655	69,871,966	96,246,230	98,745,884	
688,012	932,903	6,275,779	1,221,175	1,401,602	2,216,255	
22,948,092	22,816,700	18,174,647	24,410,001	24,193,934	25,254,319	
27,107,793	31,916,490	26,261,083	27,517,183	27,843,092	30,605,377	
25,003,650	25,816,996	25,999,423	27,457,019	26,534,105	26,277,977	
474,920,287	757,602,530	720,648,200	693,425,258	538,261,230	727,714,369	
2,694,907	2,144,670	187,554	588,874	1,795,016	1,065,297	
9,248,182	6,531,527	2,656,536	5,882,782	9,404,450	11,041,958	
6,034,017	6,589,276	5,758,440	5,045,316	6,177,552	9,273,389	
175,750,568	174,224,653	202,953,369	256,492,930	248,294,318	289,188,045	
11,110,000	11,000,000	11,000,000	11,000,000	11,000,000	10,331,303	
204,837,674	200,490,126	222,555,899	279,009,902	276,671,336	320,899,992	
(270,082,613)	(557,112,404)	(498,092,301)	(414,415,356)	(261,589,894)	(406,814,377)	
113,975,914	151,288,101	144,175,066	140,428,013	141,257,137	144,584,558	
-	-	-	-	-	-	
5,202,393	5,483,503	5,530,668	5,409,069	5,494,669	5,379,912	
82,407,024	80,690,817	84,154,604	80,263,492	90,306,485	90,784,832	
287,017,586	311,877,276	292,899,839	279,405,692	271,576,778	297,488,168	
13,158	18,765	-	-	32,105	-	
13,528,011	10,449,655	754	176,386	17,243,642	24,432,567	
502,144,086	559,808,117	526,760,931	505,682,652	525,910,816	562,670,037	
232,061,473	2,695,713	28,668,630	91,267,296	264,320,922	155,855,660	
-	-	13,979,031	-	-	11,066,555	
-	695,903	-	-	2,160,573	3,378,600	
\$ 232,061,473	\$ 3,391,616	\$ 28,668,630	\$ 91,267,296	\$ 266,481,495	\$ 170,300,815	

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Revenues</b>				
Local sources				
Property taxes	\$ 170,554,837	\$ 179,102,986	\$ 186,848,106	\$ 193,482,261
Earnings on investments	1,321,599	2,540,323	1,454,684	2,681,596
Other	32,472,040	31,311,889	28,387,597	25,794,522
Revenue from state sources	422,769,202	434,427,393	427,523,543	434,379,126
Revenue from federal sources	58,127,944	62,467,008	66,351,478	65,693,449
Sales and other conversion of assets	-	-	-	-
Total revenues	<u>685,245,622</u>	<u>709,849,599</u>	<u>710,565,408</u>	<u>722,030,954</u>
<b>Expenditures</b>				
Current				
Administration	16,070,932	17,687,848	17,384,736	15,547,683
District support services	28,140,125	18,772,996	19,613,778	27,059,474
Elementary and secondary regular instruction	261,018,680	281,183,312	279,209,325	277,152,841
Vocational education instruction	3,906,467	3,824,712	4,018,952	4,166,786
Special education instruction	115,090,317	120,631,699	118,988,717	116,754,950
Instructional support services	45,674,033	53,888,807	61,076,185	48,331,889
Pupil support services	63,500,540	65,090,663	66,342,086	63,842,797
Sites and buildings	65,382,043	67,537,181	70,831,796	70,541,979
Fiscal and other fixed cost programs	567,196	585,971	559,310	594,641
Food service	18,746,395	21,379,447	21,955,089	21,226,849
Community service	24,374,736	26,096,351	28,470,422	29,788,981
Capital outlay	84,314,918	113,558,642	32,964,683	82,671,403
Debt service				
Principal	57,345,000	65,651,000	54,410,000	51,925,000
Interest and fiscal charges	15,712,382	22,474,693	24,365,539	28,224,134
Total expenditures	<u>799,843,764</u>	<u>878,363,322</u>	<u>800,190,618</u>	<u>837,829,407</u>
Excess of revenues over (under) expenditures	(114,598,142)	(168,513,723)	(89,625,210)	(115,798,453)
<b>Other Financing Sources (Uses)</b>				
Insurance recovery	-	-	-	-
Proceeds from sale of capital assets	2,918,377	8,042,914	14,250	1,566
Bonds issuance	203,980,000	111,335,000	115,840,000	119,025,000
Bond premium	24,689,189	7,562,991	18,670,496	17,676,619
Lease issuance	-	-	-	-
Notes from direct borrowing	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	16,000,000	3,300,000	-
Transfers out	-	-	(3,300,000)	-
Total other financing sources (uses)	<u>231,587,566</u>	<u>142,940,905</u>	<u>134,524,746</u>	<u>136,703,185</u>
Net change in fund balances	<u>\$ 116,989,424</u>	<u>\$ (25,572,818)</u>	<u>\$ 44,899,536</u>	<u>\$ 20,904,732</u>
Change in accounting principle	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service as a percentage of noncapital expenditures	<u>10.2%</u>	<u>11.5%</u>	<u>10.3%</u>	<u>10.6%</u>

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

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 201,623,012	\$ 237,688,936	\$ 233,710,937	\$ 226,948,273	\$ 237,172,227	\$ 239,566,215
11,546,213	9,346,761	(9,950)	(2,090,001)	15,398,535	23,036,105
23,747,220	20,983,762	16,415,426	16,975,798	21,408,399	28,794,904
433,327,525	426,392,228	413,948,831	396,699,931	379,965,999	429,229,908
64,556,526	62,670,352	83,704,821	146,899,330	140,830,749	156,232,092
2,694,907	2,144,670	187,560	804,780	1,959,350	1,309,746
737,495,403	759,226,709	747,957,625	786,238,111	796,735,259	878,168,970
14,078,320	15,207,556	16,049,086	16,954,667	18,487,733	19,914,951
28,409,955	20,382,355	26,601,884	30,826,898	32,112,101	36,013,542
258,489,689	273,196,985	259,680,752	274,310,418	255,920,748	290,646,191
4,480,099	4,620,367	4,797,462	5,476,323	5,482,394	5,776,736
114,880,487	114,972,663	120,905,966	117,840,105	118,665,141	118,209,002
43,030,096	43,973,545	43,590,389	44,617,199	46,287,017	50,327,388
68,351,249	69,626,854	64,371,133	83,826,106	95,377,944	118,035,149
91,101,190	65,137,597	78,814,675	73,838,180	81,753,676	83,012,015
688,012	932,903	6,275,779	1,221,175	1,401,602	2,216,255
22,521,883	22,866,971	19,090,261	25,151,830	23,676,472	25,460,403
32,739,857	31,181,411	27,154,272	29,657,088	33,255,575	34,315,979
60,346,611	60,391,425	35,404,410	63,722,408	73,429,281	75,362,909
57,190,000	58,285,000	59,770,000	69,864,767	72,540,501	75,658,511
31,055,389	32,919,855	33,761,265	35,423,870	35,843,234	37,123,145
827,362,837	813,695,487	796,267,334	872,731,034	894,233,419	972,072,176
(89,867,434)	(54,468,778)	(48,309,709)	(86,492,923)	(97,498,160)	(93,903,206)
-	-	-	56,162	900,460	580,141
9,765	18,765	-	-	32,105	-
91,670,000	84,220,000	98,980,000	115,280,000	124,295,001	76,840,000
11,814,468	14,931,237	20,389,236	27,638,692	10,829,198	9,803,448
-	-	-	24,202,006	8,928,669	10,806,377
-	-	-	-	6,983,121	-
-	(6,095,000)	(29,955,000)	(59,085,000)	(70,830,000)	-
-	3,197,268	-	470,867	6,481,205	3,305,191
-	(3,197,268)	-	(470,867)	(6,481,205)	(3,305,191)
103,494,233	93,075,002	89,414,236	108,091,860	81,138,554	98,029,966
\$ 13,626,799	\$ 38,606,224	\$ 41,104,527	\$ 21,598,937	\$ (16,359,606)	\$ 4,126,760
\$ -	\$ -	\$ 695,903	\$ -	\$ -	\$ -
11.5%	12.1%	12.3%	13.0%	13.4%	12.7%

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

	Fiscal Year			
	2015	2016	2017	2018
<b>General Fund</b>				
Nonspendable	\$ 872,933	\$ 853,532	\$ 128,675	\$ 90,987
Restricted	248,930	293,573	3,319,894	1,107,421
Assigned	29,387,954	25,350,565	21,455,251	29,671,886
Unassigned	49,436,409	54,219,695	41,392,543	31,645,115
Total General Fund	79,946,226	80,717,365	66,296,363	62,515,409
<b>All Other Governmental Funds</b>				
Nonspendable	780,490	484,372	872,545	835,232
<b>Restricted</b>				
Special revenue funds	6,278,029	9,064,174	10,704,840	11,266,229
Building construction	166,323,664	141,287,222	201,062,678	225,872,041
Debt service funds	32,228,625	28,431,083	25,947,326	25,299,573
Total all other governmental funds	<u>\$ 285,557,034</u>	<u>\$ 259,984,216</u>	<u>\$ 304,883,752</u>	<u>\$ 325,788,484</u>

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,227,627	\$ 1,269,376	\$ 1,414,679	\$ 5,294,596	\$ 5,957,921	\$ 5,040,225
2,660,707	9,593,882	12,214,531	17,698,879	22,386,757	26,087,666
32,138,104	43,737,399	57,295,506	68,347,003	54,915,232	58,679,417
38,832,518	52,573,025	55,149,041	53,613,747	60,025,541	62,418,130
74,858,956	107,173,682	126,073,757	144,954,225	143,285,451	152,225,438
856,369	2,532,517	1,732,388	2,187,502	2,913,129	1,763,060
9,662,107	6,881,059	8,768,701	5,051,671	7,626,188	11,414,572
219,626,151	219,959,276	238,481,069	249,030,441	228,031,386	215,124,891
34,411,700	42,170,876	44,766,022	40,197,035	43,205,114	48,660,067
<u>\$ 339,415,283</u>	<u>\$ 378,717,410</u>	<u>\$ 419,821,937</u>	<u>\$ 441,420,874</u>	<u>\$ 425,061,268</u>	<u>\$ 429,188,028</u>

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

**Table 5**

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2015	\$ 106,397,151 18.8%	\$ 399,944,459 70.8%	\$ 38,310,414 6.8%	\$ 20,084,230 3.6%	\$ 564,736,254 100.0%
2016	116,602,944 19.9%	410,256,617 70.1%	40,075,526 6.8%	18,292,458 3.1%	585,227,545 100.0%
2017	117,942,218 20.3%	402,839,217 69.2%	43,016,218 7.4%	17,971,173 3.1%	581,768,826 100.0%
2018	122,930,971 20.8%	408,375,976 69.2%	42,823,711 7.3%	15,705,490 2.7%	589,836,148 100.0%
2019	114,084,818 19.7%	406,906,740 70.1%	42,269,350 7.3%	17,035,980 2.9%	580,296,888 100.0%
2020	151,392,761 24.9%	400,306,331 65.9%	39,941,226 6.6%	16,203,960 2.7%	607,844,278 100.0%
2021	144,092,501 23.9%	387,675,107 64.2%	58,628,646 9.7%	13,337,269 2.2%	603,733,523 100.0%
2022	140,964,153 21.9%	371,678,222 57.8%	120,482,318 18.7%	10,084,573 1.6%	643,209,266 100.0%
2023	141,332,958 22.4%	354,667,173 56.3%	119,072,623 18.9%	14,608,422 2.3%	629,681,176 100.0%
2024	143,922,511 20.5%	400,577,499 57.1%	133,186,390 19.0%	23,507,317 3.4%	701,193,717 100.0%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount

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

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2015	\$ 16,070,932 2.8%	\$ 28,140,125 4.9%	\$ 261,018,680 45.3%	\$ 3,906,467 0.7%	\$ 115,090,317 20.0%	\$ 45,674,033 7.9%
2016	17,687,848 2.9%	18,772,996 3.1%	281,183,312 46.4%	3,824,712 0.6%	120,631,699 19.9%	53,888,807 8.9%
2017	17,384,736 2.9%	19,613,778 3.2%	279,209,325 46.1%	4,018,952 0.7%	118,988,717 19.6%	61,076,185 10.1%
2018	15,547,683 2.6%	27,059,474 4.6%	277,152,841 46.7%	4,166,786 0.7%	116,754,950 19.7%	48,331,889 8.1%
2019	14,078,320 2.5%	28,409,955 5.0%	258,489,689 45.5%	4,480,099 0.8%	114,880,487 20.2%	43,030,096 7.6%
2020	15,207,556 2.6%	20,382,355 3.5%	273,196,985 47.3%	4,620,367 0.8%	114,972,663 19.9%	43,973,545 7.6%
2021	16,049,086 2.7%	26,601,884 4.5%	259,680,752 44.4%	4,797,462 0.8%	120,905,966 20.7%	43,590,389 7.5%
2022	16,954,667 2.6%	30,826,898 4.8%	274,310,418 42.3%	5,476,323 0.8%	117,840,105 18.2%	44,617,199 6.9%
2023	18,487,733 2.9%	32,112,101 5.0%	255,920,748 39.9%	5,482,394 0.9%	118,665,141 18.5%	46,287,017 7.2%
2024	19,914,951 2.8%	36,013,542 5.1%	290,646,191 41.5%	5,776,736 0.8%	118,209,002 16.9%	50,327,388 7.2%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2012 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount

Table 6

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Community Education and Services	Capital Outlay	Debt Service	Total
\$ 63,500,540 11.0%	\$ 34,311,403 6.0%	\$ 567,196 0.1%	\$ - -	\$ 7,613,457 1.3%	\$ - 0.0%	\$ 575,893,150 100.0%
65,090,663 10.7%	34,369,886 5.7%	585,971 0.1%	- -	10,348,822 1.7%	- -	606,384,716 100.0%
66,342,086 10.9%	35,852,999 5.9%	559,310 0.1%	58,786 0.0%	2,824,954 0.5%	- -	605,929,828 100.0%
63,842,797 10.8%	34,563,786 5.8%	594,641 0.1%	- -	5,602,255 0.9%	- -	593,617,102 100.0%
68,351,249 12.0%	33,716,339 5.9%	688,012 0.1%	- -	1,838,860 0.3%	- -	567,963,106 100.0%
69,626,854 12.1%	33,229,408 5.8%	932,903 0.2%	- -	1,201,584 0.2%	- -	577,344,220 100.0%
64,371,133 11.0%	40,028,331 6.8%	6,275,779 1.1%	- -	2,532,666 0.4%	- -	584,833,448 100.0%
83,826,106 12.9%	38,970,766 6.0%	1,221,175 0.2%	71,406 0.0%	26,408,839 4.1%	7,568,950 1.2%	648,092,852 100.0%
95,377,944 14.9%	43,860,343 6.8%	1,401,602 0.2%	133,680 0.0%	16,721,011 2.6%	6,449,264 1.0%	640,898,978 100.0%
118,035,149 16.9%	39,629,657 5.7%	2,216,255 0.3%	1,381,035 0.2%	13,017,513 1.9%	5,099,543 0.7%	700,266,962 100.0%

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Revenues</b>				
General Fund	\$ 564,736,254	\$ 585,227,545	\$ 581,768,826	\$ 589,836,148
Special revenue funds				
Food service	19,607,719	22,486,250	22,589,754	21,897,237
Community service	26,664,323	28,570,581	29,825,786	30,506,573
Building construction	9,450,263	1,802,571	1,115,839	1,249,177
Debt service funds	64,787,063	71,762,652	75,265,203	78,541,819
	<u>\$ 685,245,622</u>	<u>\$ 709,849,599</u>	<u>\$ 710,565,408</u>	<u>\$ 722,030,954</u>
<b>Expenditures</b>				
General Fund	\$ 575,893,150	\$ 606,384,716	\$ 605,929,828	\$ 593,617,102
Special revenue funds				
Food service	19,224,956	22,027,820	22,077,485	21,646,325
Community service	24,540,783	26,563,620	28,554,216	30,234,975
Building construction	107,127,493	135,261,473	65,875,000	113,141,433
Debt service funds	73,057,382	88,125,693	77,754,089	79,189,572
	<u>\$ 799,843,764</u>	<u>\$ 878,363,322</u>	<u>\$ 800,190,618</u>	<u>\$ 837,829,407</u>

Table 7

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 580,296,888	\$ 607,844,278	\$ 603,733,523	\$ 643,209,266	\$ 629,681,176	\$ 701,193,717
22,062,833	23,694,428	21,349,575	21,168,074	18,009,094	21,977,738
31,853,780	28,471,098	27,022,352	29,701,512	35,606,486	36,848,342
6,211,282	3,611,101	212,058	597,098	10,799,107	12,781,387
97,070,620	95,605,804	95,640,117	91,562,161	102,639,396	105,367,786
<u>\$ 737,495,403</u>	<u>\$ 759,226,709</u>	<u>\$ 747,957,625</u>	<u>\$ 786,238,111</u>	<u>\$ 796,735,259</u>	<u>\$ 878,168,970</u>
\$ 567,963,106	\$ 577,344,220	\$ 584,833,448	\$ 648,092,852	\$ 640,898,978	\$ 700,266,962
22,624,251	22,955,476	19,211,722	25,223,498	23,904,788	25,516,568
32,875,347	31,232,002	27,155,640	29,589,555	33,152,664	33,059,208
115,941,640	91,067,412	71,747,909	73,373,599	96,831,741	113,316,605
87,958,493	91,096,377	93,318,615	96,451,530	99,445,248	99,912,833
<u>\$ 827,362,837</u>	<u>\$ 813,695,487</u>	<u>\$ 796,267,334</u>	<u>\$ 872,731,034</u>	<u>\$ 894,233,419</u>	<u>\$ 972,072,176</u>

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund	\$ 108,907,760	\$ 95,179,498	\$ 85,619,508	\$ 94,582,285
Special revenue funds				
Food Service	815,272	933,829	1,939,704	2,081,764
Community Service	6,630,979	8,976,796	11,242,777	11,338,299
Building construction	196,346,014	161,675,892	213,222,358	246,717,038
Debt service funds	59,749,587	58,600,779	57,151,753	67,471,802
Internal service funds	47,534,292	29,705,483	44,918,470	52,288,028
OPEB Trust Fund	14,637,387	14,946,492	16,218,696	19,236,786
	<u>\$ 434,621,291</u>	<u>\$ 370,018,769</u>	<u>\$ 430,313,266</u>	<u>\$ 493,716,002</u>

Table 8

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 116,595,173	\$ 146,432,589	\$ 167,707,285	\$ 153,196,716	\$ 139,336,994	\$ 61,830,508
1,869,294	-	2,925,204	-	-	-
9,314,974	6,423,422	4,959,083	7,234,505	7,011,091	8,725,210
236,462,242	229,145,567	247,489,262	255,932,860	237,460,374	226,972,163
73,465,944	80,663,292	83,644,344	84,334,717	87,172,216	58,897,130
59,713,246	69,745,932	88,143,884	83,801,385	86,204,994	90,602,343
21,086,531	21,766,550	26,504,022	22,957,606	24,462,720	27,168,267
<u>\$ 518,507,404</u>	<u>\$ 554,177,352</u>	<u>\$ 621,373,084</u>	<u>\$ 607,457,789</u>	<u>\$ 581,648,389</u>	<u>\$ 474,195,621</u>

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

**Table 9**

Year Ended June 30,	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects - Building Construction	Debt Service Funds	
2015	\$ 106,397,151	\$ 4,982,620	\$ 8,327,570	\$ 50,847,496	\$ 170,554,837
2016	116,602,944	5,150,988	82,169	57,266,885	179,102,986
2017	117,942,218	5,699,513	-	63,206,375	186,848,106
2018	122,930,971	5,529,590	-	65,021,700	193,482,261
2019	114,084,818	5,206,428	-	82,331,766	201,623,012
2020	151,392,761	5,492,440	-	80,803,735	237,688,936
2021	144,092,501	5,528,142	-	84,090,294	233,710,937
2022	140,964,153	5,432,626	-	80,551,494	226,948,273
2023	141,332,958	5,498,248	-	90,341,021	237,172,227
2024	143,922,511	5,357,869	-	90,285,835	239,566,215

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

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

**Table 10**

For Taxes Collectible	Total Taxable Net Tax Capacity	Estimated Market Value	Percentage Tax Capacity to Market Value
2015	\$ 410,514,191	\$ 36,295,801,700	1.13 %
2016	454,641,259	40,007,351,470	1.14
2017	493,479,516	43,733,641,575	1.13
2018	533,535,674	47,585,887,950	1.12
2019	616,220,416	52,302,500,275	1.18
2020	657,711,218	55,860,372,081	1.18
2021	697,099,022	58,812,067,511	1.19
2022	704,727,819	60,047,658,199	1.17
2023	760,971,311	63,808,758,391	1.19
2024	806,678,443	66,714,405,350	1.21

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

Source: *MDE Levy Limitation and Certification Report*

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

**Table 11**

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
<b>Levies</b>					
	2015	\$ 115,954,257	\$ 5,160,736	\$ 57,481,369	\$ 178,596,362
	2016	117,008,161	5,503,645	63,228,410	185,740,216
	2017	119,784,624	5,330,747	65,796,848	190,912,220
	2018	114,064,112	5,241,275	83,098,180	202,403,566
	2019	149,699,526	5,541,672	81,436,314	236,677,511
	2020	142,851,932	5,568,034	84,751,020	233,170,987
	2021	137,639,976	5,453,410	80,948,599	224,041,985
	2022	144,015,606	5,541,222	91,134,710	240,691,538
	2023	145,848,250	5,474,604	92,497,294	243,820,149
	2024	143,236,728	5,282,472	99,384,598	247,903,798
<b>Tax Rates</b>					
	2015	0.00319	0.08069	0.13782	0.22170
	2016	0.06278	0.01193	0.13702	0.21173
	2017	0.06197	0.01067	0.13160	0.20424
	2018	0.05877	0.00976	0.22312	0.29165
	2019	0.05328	0.00947	0.15956	0.22231
	2020	0.06900	0.00876	0.13326	0.21102
	2021	0.06576	0.00765	0.11351	0.18692
	2022	0.06618	0.07700	0.12648	0.26966
	2023	0.06179	0.00717	0.11843	0.18739
	2024	0.05808	0.00638	0.11988	0.18434

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

Source: *State of Minnesota School Tax Report*

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

**Table 12**

For Taxes Collectible	ISD No. 001		Overlapping Rates				Total Rates Minneapolis Resident
	Tax Capacity Based Rates	Market Value Based Rates	City of Minneapolis	Hennepin County	Watershed Districts	Other Special Taxing Districts	
2015	2.85	0.02	8.82	5.92	0.22	0.71	18.54
2016	2.72	0.02	8.29	5.78	0.22	0.67	17.70
2017	2.63	0.02	8.11	5.64	0.22	0.68	17.30
2018	2.88	0.01	7.94	5.49	0.22	0.68	17.22
2019	2.87	0.02	7.63	5.37	0.20	0.64	16.73
2020	2.72	0.01	7.59	5.25	0.19	0.61	16.37
2021	2.41	0.01	7.51	4.89	0.18	0.58	15.58
2022	2.65	0.01	7.44	4.96	0.18	0.58	15.82
2023	2.44	0.01	7.62	4.40	0.16	0.50	15.13
2024	2.43	0.01	7.42	4.39	0.16	0.50	14.91

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

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

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

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

**Table 13**

Taxpayer	2024			Taxpayer	2015		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity		Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
BRI 1855 IDS Center, LLC	\$ 3,265,194	1	0.40 %	Northern States Power Co	\$ 3,872,162	1	0.94 %
SRI Eleven MPLS 225 LLC	3,034,608	2	0.38	Target Corporation	2,532,736	2	0.62
WFM Office Owner LLC	2,865,690	3	0.36	BRI 1855 IDS Center, LLC	2,182,876	3	0.53
33 City Center 33 S. Prop LLC	2,655,418	4	0.33	NWC Limited Partnership	2,023,402	4	0.49
US Bank Corp RE Tax Dept	2,357,121	5	0.29	Minneapolis 225 Holdings LLC	1,998,519	5	0.49
Wells REIT-800 Nicollett	2,212,748	6	0.27	SRI Ten Center LLC	1,878,631	6	0.46
South Sixth Office LLC	1,893,290	7	0.23	Wells Operating Partnership LP	1,646,771	7	0.40
Eleven Minneapolis LLC	1,827,319	8	0.23	First Minneapolis-Hines Co.	1,561,944	8	0.38
BAM 701 LLC	1,819,048	9	0.23	CSDV MN LLP	1,489,943	9	0.36
365 Nicollet Residences LLC	1,597,773	10	0.20	Diamondrock Minneapolis LLC	1,430,745	10	0.35
	<u>\$ 23,528,209</u>		<u>2.92 %</u>		<u>\$ 20,617,729</u>		<u>5.02 %</u>

Source: Hennepin County

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

For Taxes Collectible	Taxes Levied for the Fiscal Year			Collections	
	Operating Tax Levy	Debt Tax Levy	Total	First Year Levy Recognized Amount	Percentage of Levy
2015	\$ 121,114,993	\$ 57,481,369	\$ 178,596,362	\$ 178,596,362	100.0 %
2016	122,511,806	63,228,410	185,740,216	185,740,216	100.0
2017	125,115,372	65,796,848	190,912,220	190,912,220	100.0
2018	119,305,386	83,098,180	202,403,566	202,403,566	100.0
2019	155,241,197	81,436,314	236,677,511	236,677,511	100.0
2020	148,419,966	84,751,020	233,170,986	233,170,987	100.0
2021	143,093,386	80,948,599	224,041,985	224,041,985	100.0
2022	149,556,828	91,134,710	240,691,538	240,691,538	100.0
2023	151,322,854	92,497,294	243,820,148	243,820,149	100.0
2024	148,519,200	99,384,598	247,903,798	118,675,581	47.9

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

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

Source: *State of Minnesota School Tax Report*

Table 14

Received in Subsequent Years	Collections		Uncollected Taxes Receivable as of June 30, 2023			
	Total to Date		Delinquent (2)		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ -	\$ 178,596,362	100.0 %	\$ -	- %	\$ -	- %
-	185,740,216	100.0	-	-	-	-
-	190,912,220	100.0	-	-	-	-
-	202,403,566	100.0	-	-	-	-
-	236,677,511	100.0	3,625	0.00	-	-
-	233,170,987	100.0	111,221	0.05	-	-
-	224,041,985	100.0	124,222	0.06	-	-
-	240,691,538	100.0	(289,912)	(0.12)	-	-
-	243,820,149	100.0	2,563,964	1.05	-	-
129,228,217	247,903,798	100.0	-	-	129,228,217	52.1
			<u>\$ 2,513,120</u>		<u>\$ 129,228,217</u>	

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

Year	G. O. Bonds	Certificates of Participation	Notes from Direct Borrowing	Lease Liability
2015	\$ 294,431,000	\$ 236,265,000	\$ -	\$ -
2016	317,010,000	259,370,000	-	-
2017	382,585,000	255,225,000	-	-
2018	435,020,000	269,890,000	-	-
2019	495,505,000	243,885,000	-	-
2020	530,255,000	228,975,000	-	-
2021	562,395,000	206,090,000	-	-
2022	573,655,000	188,455,000	15,129,168	1,778,071
2023	585,995,000	164,755,000	15,029,262	10,315,441
2024	613,775,000	148,715,000	14,135,835	9,272,735

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

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

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

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

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

**Table 15**

Premiums (Discount) on Debt	Total Primary Government	Estimated Population	Total Debt per Capita	Percent of Total Debt to Personal Income
\$ 38,291,366	\$ 568,987,366	411,273	\$ 1,383	4.36 %
41,126,988	617,506,988	412,517	1,497	4.31
54,506,071	692,316,071	413,645	1,674	4.85
65,997,346	770,907,346	422,326	1,825	4.79
70,897,597	810,287,597	425,403	1,905	5.14
78,155,890	837,385,890	435,885	1,921	4.95
90,870,567	859,355,567	429,954	1,999	5.14
106,867,987	885,885,226	435,105	2,036	4.64
99,831,500	875,926,203	429,292	2,040	4.03
100,420,440	886,319,010	425,115	2,085	N/A

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

Year	G. O. Bonds	Certificates of Participation	Premiums (Discount) on Debt	Less Amounts Available in Debt Service Fund
2015	\$ 294,431,000	\$ 236,265,000	\$ 38,291,366	\$ 32,228,625
2016	317,010,000	259,370,000	41,126,988	28,431,083
2017	382,585,000	255,225,000	54,506,071	25,947,326
2018	435,020,000	269,890,000	65,997,346	25,299,573
2019	495,505,000	243,885,000	70,897,597	34,411,700
2020	530,255,000	228,975,000	78,155,890	42,170,876
2021	562,395,000	206,090,000	90,870,567	44,766,022
2022	573,655,000	188,455,000	106,867,987	40,197,035
2023	585,995,000	164,755,000	99,831,500	28,885,264
2024	613,775,000	148,715,000	100,420,440	34,847,103

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

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

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

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

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

Table 16

Net Bonded Debt	Net Tax Capacity	Percent of Estimated Actual Value of Property	Estimated Population	Net Bonded Debt per Capita
\$ 536,758,741	\$ 410,514,191	130.75%	411,273	1305
589,075,905	454,641,259	129.57%	412,517	1428
666,368,745	493,479,516	135.03%	413,645	1611
745,607,773	533,535,674	139.75%	422,326	1765
775,875,897	616,220,416	125.91%	425,403	1824
795,215,014	657,711,218	120.91%	435,885	1824
814,589,545	697,099,022	116.85%	429,954	1895
828,780,952	704,727,819	117.60%	435,105	1905
821,696,236	760,971,311	107.98%	429,292	1914
828,063,337	806,678,443	102.65%	425,115	1948

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

**Table 17**

Fiscal Year	Principal	Interest and Other Charges	Total Debt Service Expenditures	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2015	\$ 57,345,000	\$ 15,712,382	\$ 73,057,382	\$ 575,893,150	12.69 %
2016	65,651,000	22,474,693	88,125,693	606,384,716	14.53
2017	54,410,000	24,365,539	78,775,539	605,929,828	13.00
2018	51,925,000	28,224,134	80,149,134	593,617,102	13.50
2019	57,190,000	31,055,389	88,245,389	567,963,106	15.54
2020	58,285,000	32,919,855	91,204,855	577,344,220	15.80
2021	59,770,000	33,761,265	93,531,265	584,833,448	15.99
2022	69,864,767	35,423,870	105,288,637	648,092,852	16.25
2023	72,540,501	35,843,234	108,383,735	640,898,978	16.91
2024	75,658,511	37,123,145	112,781,656	700,266,962	16.11

**Minneapolis Public Schools  
Special School District No. 1  
Direct and Overlapping Debt  
as of June 30, 2024**

**Table 18**

Governmental Unit	General Obligation Debt	2024 Tax Capacity Value	Percent of Debt Applicable	Amount of Debt Applicable
<b>Overlapping debt</b>				
City of Minneapolis	\$ 370,175,000	\$ 806,678,443	100.00 %	\$ 370,175,000
Hennepin County	1,271,910,000	2,859,451,218	28.19	358,551,429
Hennepin County (HCRRA)	81,665,000	2,052,772,775	28.19	23,021,364
Metropolitan Council	178,505,000	2,857,422,954	12.37	22,081,069
Total overlapping debt	<u>1,902,255,000</u>	<u>8,576,325,390</u>		<u>773,828,861</u>
<b>Direct debt</b>				
ISD No. 001	<u>888,503,008</u>	<u>806,678,443</u>	100.00	<u>888,503,008</u>
Total direct and overlapping debt	<u><u>\$ 4,693,013,008</u></u>	<u><u>\$ 17,959,329,223</u></u>		<u><u>\$ 2,436,160,730</u></u>

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

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

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

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

	Fiscal Year			
	2015	2016	2017	2018
Debt limit	\$ 5,444,370,255	\$ 6,001,102,721	\$ 6,560,046,236	\$ 7,137,883,193
Total net debt applicable to the limit	231,059,862	262,202,375	288,578,917	356,637,674
Legal debt margin	<u>\$ 5,213,310,393</u>	<u>\$ 5,738,900,346</u>	<u>\$ 6,271,467,319</u>	<u>\$ 6,781,245,519</u>
Total net debt applicable to the limit as a percentage of debt limit	4.24%	4.37%	4.40%	5.00%

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

Source: *State of Minnesota School Tax Report*

Table 19

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 7,845,375,041	\$ 8,379,055,812	\$ 8,821,810,127	\$ 9,007,148,730	\$ 9,571,313,759	\$ 10,007,160,803
409,776,185	461,261,093	488,361,678	520,297,973	542,789,886	565,114,933
<u>\$ 7,435,598,856</u>	<u>\$ 7,917,794,719</u>	<u>\$ 8,333,448,449</u>	<u>\$ 8,486,850,757</u>	<u>\$ 9,028,523,873</u>	<u>\$ 9,442,045,870</u>
5.22%	5.50%	5.54%	5.78%	5.67%	5.65%

Legal Debt Margin Calculation for Fiscal Year 2024

Market value	\$ 66,714,405,350
Debt limit (15% of market value)	10,007,160,803
Debt applicable to limit	
General obligation bonds	613,775,000
Less amount set aside for repayment of general obligation debt	<u>48,660,067</u>
Total net debt applicable to the limit	<u>\$662,435,067</u>
Legal debt margin	<u>\$ -</u>

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

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)
2015	411,273	\$ 13,063,675,572	\$ 31,764	31.8
2016	412,517	14,340,328,471	34,763	32.4
2017	413,645	14,281,920,915	34,527	32.0
2018	422,326	16,103,712,706	38,131	32.4
2019	425,403	15,770,114,613	37,071	32.1
2020	435,885	16,915,825,080	38,808	32.2
2021	429,954	16,717,041,474	38,881	32.3
2022	435,105	19,111,987,125	43,925	33.5
2023	429,292	21,724,321,660	50,605	32.8
2024	425,115	N/A	N/A	N/A

Data sources:

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

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

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

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

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

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

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

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

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

Table 20

Households (2)	Jobs (5)	Median Household Income (2)	School Enrollment (8)	Annual Average Unemployment Rate (2)
175,119	308,714	\$ 50,791	35,386	3.8 %
176,878	317,475	54,571	35,449	3.4
179,807	324,620	56,255	35,380	3.4
176,807	327,355	60,789	35,020	3.2
173,916	332,175	58,993	34,088	2.5
176,974	339,242	62,583	33,202	2.6
178,886	309,636	66,068	31,393	4.8
182,419	314,809	70,099	29,077	2.5
188,944	316,728	80,269	28,290	2.8
N/A	321,220	N/A	28,489	2.6

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

**Table 21**

Employer	2024			2015		
	Approximate Number of Employees	Rank	Percentage of Total District Employment	Approximate Number of Employees	Rank	Percentage of Total District Employment
University of Minnesota	25,180	1	7.8 %	14,100	1	4.5 %
Allina Health	10,857	2	3.4	8,700	5	2.8
Hennepin Healthcare	7,208	3	2.2	6,300	7	2.0
Target Corporation	7,100	4	2.2	12,300	2	1.5
Hennepin County	5,654	5	1.8	6,100	8	2.0
Wells Fargo Bank	5,500	6	1.7	11,000	3	3.5
Ameriprise Financial Services	4,481	7	1.4	4,900	9	1.6
US Bancorp	4,256	8	1.3	4,100	10	1.3
Xcel Energy	3,319	9	1.0	*		
City of Minneapolis	2,145	10	0.7	4,900	9	1.6
Fairview Health Services				9,900	4	3.2
Minneapolis Public Schools				7,000	6	2.2
	<u>75,700</u>		<u>23.30 %</u>	<u>89,300</u>		<u>28.1 %</u>

Source: City of Minneapolis ACFR (2023)

\* Employer not part of top ten employers in 2014 City of Minneapolis Report

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

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
ABE Teachers	56.6	54.2	54.2	56.8	56.6	52.3
AFSCME	314.3	336.1	323.3	317.9	298.5	310.8
AMP	119.7	112.3	118.6	121.6	146.5	200.9
Board Members	9.0	9.0	9.0	9.0	9.0	9.0
CLT (until 2014)	-	-	-	-	-	-
ELT (until 2014)	-	-	-	-	-	-
Employment Contracts	44.7	39.6	35.9	27.4	6.3	6.8
ESP	1,333.1	1,431.2	1,510.1	1,438.5	1,367.0	1,367.4
Food Service	141.3	170.7	192.3	199.8	210.8	233.2
Grounds/Stockworkers	20.0	19.0	20.0	20.0	20.0	21.0
Intermittent/Clerica	11.0	11.0	11.0	10.0	10.0	10.0
Janitor/Eng/Bus/Ice	280.2	291.6	263.0	274.0	270.0	278.0
MAAC (until 2014)	-	-	-	-	-	-
MAAS	131.8	140.3	123.2	126.1	113.0	117.8
MACA	126.5	117.5	117.6	124.0	115.0	127.0
Machinists	1.0	1.0	1.0	1.0	1.0	1.0
MPSASP (until 2014)	-	-	-	-	-	-
Non-Represented	66.0	42.0	43.0	39.0	40.0	33.0
Principals	121.0	124.0	130.0	128.0	122.0	121.0
SSS (until 2015)	10.8	2.0	-	-	-	-
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0
Teachers	3,403.3	3,571.9	3,593.4	3,472.0	3,306.4	3,361.1
Trade-Bricklayer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Carpenter	9.0	10.0	10.0	10.0	9.0	9.0
Trade - Cement Mason	-	-	-	-	-	-
Trade-Electrician	10.0	10.0	13.0	12.0	12.0	6.0
Trade-Electronics	5.0	6.0	7.0	8.0	8.0	8.0
Trade-Glazier	3.0	3.0	3.0	3.0	2.0	2.0
Trade - Ironworker	-	-	-	-	-	-
Trade-Painter	16.0	16.0	16.0	16.0	11.0	11.0
Trade-Pipefitter	22.0	23.0	24.0	24.0	24.0	24.0
Trade-Plasterer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plaster Tender	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plumber	9.0	9.0	10.0	10.0	9.0	9.0
Trade-Roofer	5.0	5.0	5.0	5.0	5.0	5.0
Trade-Sheet Metal	15.0	15.0	16.0	16.0	16.0	16.0
Trade-Sprinkler Fit	3.0	2.3	2.3	2.3	2.3	2.3
Transportation	195.0	191.0	182.0	179.0	188.0	169.9
	6,486.3	6,767.7	6,837.9	6,654.4	6,382.4	6,516.5

Source: Internal records of Minneapolis Public Schools

Table 22

Fiscal Year			
2021	2022	2023	2024
36.2	34.8	33.0	31.8
294.5	287.4	311.0	306.6
199.9	222.0	270.2	270.8
9.0	9.0	9.0	9.0
-	-	-	-
-	-	-	-
3.7	3.6	8.1	14.2
1,276.6	1,222.5	1,536.2	1,556.0
237.6	240.5	214.4	220.8
20.0	20.0	19.0	19.0
-	-	-	-
256.0	285.5	256.5	257.5
-	-	-	-
113.4	109.9	169.4	169.1
125.0	125.0	150.0	149.0
1.0	1.0	1.0	-
-	-	-	-
31.0	32.0	30.0	31.0
117.0	118.0	119.0	119.0
-	-	-	-
1.0	1.0	1.0	1.0
3,215.2	3,228.4	3,253.4	3,234.9
1.0	1.0	1.0	1.0
12.0	12.0	12.0	12.0
-	-	-	-
5.0	2.5	4.5	4.5
8.0	8.0	8.0	8.0
2.0	2.0	2.0	2.0
-	-	-	-
11.0	11.0	11.0	11.0
24.0	24.0	24.0	24.0
1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0
9.0	9.0	9.0	9.0
5.0	5.0	5.0	5.0
16.0	18.0	18.0	18.0
2.5	2.5	3.0	3.0
164.6	164.6	154.8	154.6
<u>6,199.2</u>	<u>6,202.2</u>	<u>6,635.5</u>	<u>6,643.8</u>

**Minneapolis Public Schools  
Special School District No. 1  
Student Enrollment  
as of June 30, 2024**

**Table 23**

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2015	791.33	2,890.75	17,964.39	13,739.74	35,386.21	38,134.14
2016	765.59	2,821.67	17,865.38	13,996.06	35,448.70	38,247.91
2017	554.92	2,961.59	17,349.56	14,513.50	35,379.57	38,282.27
2018	625.60	2,933.68	16,800.37	14,660.08	35,019.73	37,951.60
2019	610.58	2,898.31	16,105.80	14,473.40	34,088.09	36,982.64
2020	605.53	2,934.53	15,598.05	14,064.16	33,202.27	36,015.12
2021	590.60	2,419.57	14,656.99	13,726.15	31,393.31	34,138.56
2022	469.04	2,510.56	13,174.49	12,922.83	29,076.92	31,661.46
2023	490.78	2,477.80	13,048.21	12,273.65	28,290.44	29,084.61
2024	745.34	2,310.93	13,345.57	12,087.01	28,488.85	31,067.19

Source: *Minnesota Department of Education student reporting system*

**Minneapolis Public Schools  
Special School District No. 1  
Operating Statistics  
as of June 30, 2024**

**Table 24**

Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Priced Meals
2015	35,386.21	\$ 642,471,464	\$ 18,156	4.8 %	3,403	10.40	64.2 %
2016	35,448.70	676,678,987	19,089	5.1	3,572	9.92	63.0
2017	35,379.57	688,450,396	19,459	1.9	3,593	9.85	61.9
2018	35,019.73	675,008,870	19,275	-0.9	3,472	10.09	60.1
2019	34,088.09	678,770,837	19,912	3.3	3,306	10.31	59.3
2020	33,202.27	662,099,207	19,941	0.1	3,361	9.88	57.5
2021	31,393.31	667,331,659	21,257	6.6	3,215	9.76	55.3
2022	29,076.92	703,719,989	24,202	13.9	3,228	9.01	49.9
2023	28,290.44	712,420,403	25,182	4.1	3,253	8.70	59.1
2024	28,488.85	783,927,611	27,517	9.3	3,235	8.81	55.6

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

Source: *Nonfinancial information from district records*

Minneapolis Public Schools  
Special School District No. 1  
Building Information  
as of June 30, 2024

Table 25

Facility	Constructed	Square Feet	Capacity	2023 - 2024 Enrollment
<b>Elementary Schools</b>				
Armatage	1952	99,647	607	366
Bancroft	1912	106,241	579	444
Barton Community	1915	83,752	686	506
Bethune Arts	1968	75,615	546	246
Bryn Mawr Community	1908	102,658	647	400
Burroughs Community	1926/2003	100,367	662	472
Cityview	1999	121,588	710	210
Dowling	1924	88,608	512	325
Ella Baker	1923	156,450	844	601
Emerson Spanish Dual Immersion	1926	57,061	410	518
Field Community	1921	81,171	476	282
Folwell	1931	140,629	893	435
Green Central Dual Language	1977	117,773	590	546
Hale Community	1930	81,807	569	329
Hall STEM Academy	1960	81,030	514	212
Hiawatha (Hiawatha Community)	1916	40,888	322	218
Hmong International Academy (Jordan Park)	1999	123,293	771	227
Howe (Hiawatha Community)	1927	36,161	284	247
Kenny Community	1954	60,104	437	299
Kenwood Community	1908	65,699	456	366
Lake Harriet Community Lower	1924	63,646	511	313
Lake Harriet Community Upper	1915	59,896	615	272
Lake Nokomis Community Keewaydin Campus	1928	86,050	556	352
Lake Nokomis Community Wenonah Campus	1952	44,827	303	165
Las Estrellas/ Sheridan Dual Language	1967/1932	148,005	739	399
Lind Elementary	1995	96,693	563	234
Loring Community	1928	59,896	398	294
Lucy Craft Laney at Cleveland Park	2000	109,026	710	379
Lyndale Elementary	1968	97,506	664	427
Marcy Arts Elementary	1992	78,957	706	447
Nellie Stone Johnson Community	2001	125,150	756	272
Northrop/ Ericsson	1916	64,421	-	398
Pillsbury Community	1907/1991	87,705	579	373
Pratt Community	1898	42,437	290	201
Seward Montessori	1887/1966	126,726	934	573
Tuttle (vacant)	1910	63,305	-	-
Waite Park Community	1950	60,073	512	270
Webster	1974	73,414	411	275
Whittier	1882/1997	142,460	681	437
Willard (vacant)	1910	53,635	-	-
Windom	1920	73,618	474	379
<b>Middle Schools</b>				
Andersen United	1975	232,557	1,532	1,059
Anthony	1957	139,590	810	738
Anwatin	1959	146,771	807	297
Franklin STEAM	1970	125,794	617	285
Justice Page	1931	156,856	1,135	954
Lincoln (vacant)	1922	155,831	-	-
Northeast Middle	1956	173,080	878	544
Olson, Floyd B.	1962	114,959	605	329
River Bend Educational Center (K - 8th) W Harry Davis	1995	93,483	533	74
Sanford	1926	150,680	960	717
Sullivan STEAM (K-8) <i>Anishinabe (K-5)</i>	1949	214,421	1,279	636
				226
<b>High Schools</b>				
Edison	1922	257,922	1,318	829
FAIR School Downtown <i>Wellstone International (program) moving to MCTC FY23</i>	1998	86,150	600	299
		-	-	185
Harrison Education Center	1998	54,793	246	36
Henry	1926	241,971	1,335	792
Longfellow Alternative and TPS	1918	42,733	417	58
North Community	1972	287,113	1,678	515
Roosevelt	1922	324,718	1,743	1,059
South	1970	283,094	2,072	1,250
Southwest	1940	295,832	2,092	1,289
Stadium View	-	-	-	-
Washburn	1925	256,430	1,552	1,498
<b>Other</b>				
Adult Basic Education (ABE) South Campus (2015 E Lake St) <i>Transition Plus (ages 18-21)</i>	2018	134,340	-	-
		-	-	234
Adult Basic Education (ABE) North Campus (800 W Broadway)	2017	22,009	-	-
MPS K-12 Online School	-	-	-	444
Northstar (Admin) <i>Mona Moede Early Learning Center</i>	1975	144,197	-	-
Wilder	1967	205,536	1,622	-
<i>Early Childhood Special Education (program)</i>	-	-	-	299
<i>Heritage Academy (program)</i>	-	-	418	69
<b>Administrative</b>				
Davis Center	2012	173,768	-	-
Maintenance and Operations Building	1995	89,729	-	-
Nutrition Center	1975	73,143	-	-
Victory Memorial Ice Arena (vacant)	1974	27,725	-	-

\*Information related to private alternatives are not displayed above

Source: Nonfinancial information from district records

**Special School District Number 1  
Board of Education Resolution**



Resolution No. 2025-0013  
January 6, 2025

**Resolution Acknowledging Receipt of the Fiscal Year 2023-2024 Financial Audit**

**WHEREAS**, in accordance with legal requirements, an independent financial audit of Special School District No. 1 was conducted by BerganKDV; and;

**WHEREAS**, all documents and items related to the financial audit have been reported to the appropriate entities; and

**WHEREAS**, the School Board has reviewed the audit findings and recommendations.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of Special School District No. 1 (Minneapolis Public Schools) hereby affirms receipt of the FY2024 external audit.

ADOPTED this 6th day of January 2024.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Clerk

<b>RECORD OF BOARD VOTE (2025-0013)</b>						
DIRECTOR	MOVE	SECOND	AYE	NAY	ABSTAIN	ABSENT
Abdi						
El-Amin						
Skjefte						
Cerrillo						
Norvell						
Callahan						
Beachy						
Ellison						
Emerick						