

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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INDEPENDENT SCHOOL DISTRICT NO. 659
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INTRODUCTORY SECTION

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2025**

BOARD OF EDUCATION

Claudia Gonzalez-George	Chair
Corey Butler	Vice Chair
Amy Goerwitz	Clerk
Ben Miller	Treasurer
Maggie Epstein	Director
Jenny Nelson	Director
Jeff Quinnell	Director

ADMINISTRATION

Dr. Matthew Hillmann	Superintendent
Val Mertesdorf	Director of Finance

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 659
Northfield, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northfield Public Schools Independent School District No. 659 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the district's total OPEB liability and related ratios, the schedule of the district's proportionate share of the net pension liability and the schedule of district pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenues, expenditures, and changes in fund balance – budget and actual – debt service fund, the schedule of changes in fund equities, the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the food service fund budgetary comparison information, the community service fund budgetary comparison information, the uniform financial accounting and reporting standards compliance table, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the statement of revenues, expenditures, and changes in fund balance – budget and actual – debt service fund, the schedule of changes in fund equities, the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the food service fund budgetary comparison information, the community service fund budgetary comparison information, the uniform financial accounting and reporting standards compliance table, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' 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 11, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Rochester, Minnesota
December 11, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Independent School District No. 659's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024-25 include the following:

- The net position of governmental activities increased by \$5,376,308 to \$25,367,170. The change in net position is primarily related to changes in net pension related deferred inflows, deferred outflows and long-term liabilities in the state pension plans the district participates in.
- The District's governmental funds reported a combined fund balance of \$59,123,139, a net increase of \$41,247,387 in comparison with the prior year. This increase is primarily due to a \$39,000,000 building bond issuance. Seventeen percent (17%) of the total fund balance is unassigned.
- Total General Fund revenues and other financing sources were \$70,573,967 and total General Fund expenditures and other financing uses were \$67,961,634 for the fiscal year ended June 30, 2025. Total governmental fund revenues and other financing sources were \$122,731,227 total governmental fund expenditures and other financing uses were \$81,483,840.
- The General Fund Unassigned fund balance increased by \$1,933,647 to \$10,299,378 or 15% of general fund expenditures. In the spring of 2022 and 2023 the District used a priority-based budget process to reduce \$6.5 million of expenditures over a two year period. The increase in fund balance was intentional to support the anticipated budget shortfalls as a result of declining enrollment. The District continues to be in a strong financial position to be able to serve the Northfield Community.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of the following:

- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to the financial statements;
- Required supplementary information; and
- Supplementary information

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The basic financial statements include two kinds of statements that present different views of the District:

- **Government-Wide Financial Statements** – The government-wide financial statements, including the Statement of Net Position and Statement of Activities, are designed to provide short-term and long-term information about the District's overall financial status, using accounting methods similar to those used by private sector companies.
- **Fund Financial Statements** – The fund financial statements focus on individual parts of the District, reporting the District's operation in more detail than the government-wide financial statements. The District maintains three groups of fund financial statements:

Governmental Funds Statements – Governmental funds statements review how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

Proprietary Funds Statements – Proprietary funds statements offer short-term and long-term financial information about the activities the District operates like a business.

Fiduciary Funds Statements – 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.

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes.

The District maintains three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one proprietary fund; an internal service fund for health and dental insurance benefits.
- **Fiduciary Funds** – *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the custodial funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position from Governmental activities was a positive \$25,367,170 on June 30, 2025. (See Table A-1) This represents an increase in net position of \$5,376,308.

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

	Governmental Activities as of June 30,		Percentage Change
	2025	2024	
Assets:			
Current and Other Assets	\$ 99,309,397	\$ 50,466,629	96.78 %
Capital Assets	<u>92,038,782</u>	<u>93,381,430</u>	(1.44)
Total Assets	191,348,179	143,848,059	33.02
Deferred Outflows of Resources	13,999,423	15,534,364	(9.88)
Liabilities:			
Current Liabilities	16,743,405	11,609,767	44.22
Long-Term Liabilities	<u>122,111,597</u>	<u>98,677,547</u>	23.75
Total Liabilities	138,855,002	110,287,314	25.90
Deferred Inflows of Resources	<u>41,125,430</u>	<u>29,104,247</u>	41.30
Net Position:			
Net Investment in Capital Assets	46,988,244	47,596,467	(1.28)
Restricted	6,455,283	5,001,124	29.08
Unrestricted	<u>(28,076,357)</u>	<u>(32,606,729)</u>	(13.89)
Total Net Position	<u>\$ 25,367,170</u>	<u>\$ 19,990,862</u>	26.89

The District's net position reflects its net investment in capital assets (e.g. land, buildings and furniture, and equipment) which decreased to \$46,988,244. The restricted category of the District's net position represents those resources that are restricted as to how they may be used, such as state mandated reserves, capital assets acquisition and debt service payments.

You will note that our unrestricted net position decreased to a negative \$28,076,357 in 2024-25. The decrease in the unrestricted net position is primarily due to the changes in actuarial assumptions of the Minnesota Teachers Retirement Association (TRA) pension liability.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Total revenues surpassed expenses, increasing net position \$5,376,308 over the prior year.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2025	2024	
Revenues			
Program Revenues:			
Charges for Services	\$ 4,646,153	\$ 4,499,214	3.27 %
Operating Grants and Contributions	21,621,760	18,418,722	17.39
Capital Grants and Contributions	491,122	571,511	(14.07)
General Revenues:			
Property Taxes	21,740,301	20,983,596	3.61
Unrestricted State Aid	31,500,764	31,610,030	(0.35)
Investment Earnings	1,095,961	1,081,576	1.33
Other	1,536,907	613,708	150.43
Total Revenues	<u>82,632,968</u>	<u>77,778,357</u>	6.24
Expenses			
Administration	2,598,710	2,244,926	15.76
District Support Services	1,956,395	1,569,206	24.67
Regular Instruction	32,734,785	30,016,780	9.05
Vocational Education Instruction	657,781	503,324	30.69
Special Education Instruction	13,443,956	12,446,321	8.02
Instructional Support Services	3,326,967	2,659,991	25.07
Pupil Support Services	5,756,042	5,463,753	5.35
Sites and Buildings	7,671,118	7,100,547	8.04
Fiscal and Other Fixed Cost Programs	357,148	301,313	18.53
Food Service	2,966,191	2,828,131	4.88
Community Service	4,221,898	4,004,632	5.43
Interest and Fiscal Charges on Long-Term Liabilities	<u>1,565,669</u>	<u>1,171,080</u>	33.69
Total Expenses	<u>77,256,660</u>	<u>70,310,004</u>	9.88
Change in Net Position			
Net Position - Beginning of Year	<u>19,990,862</u>	<u>575,971</u>	
Net Position - End of Year	<u>\$ 25,367,170</u>	<u>\$ 19,990,862</u>	

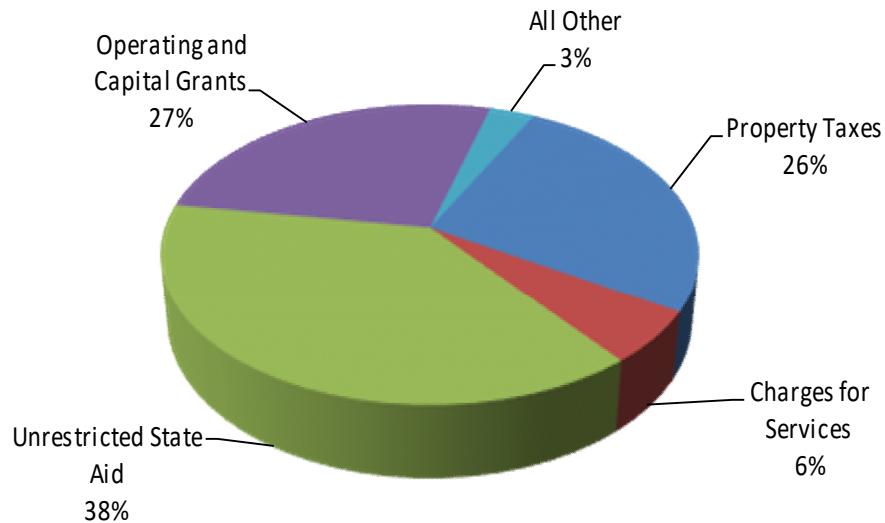
Changes in net position. The District's total revenues were \$82,632,968 for the year ended June 30, 2025. Property taxes and state formula aid accounted for 64% of total revenue for the year. (See Figure A-1). Another 33% came from program revenues. Investment earnings and other general revenues accounted for 3% of total revenue for the year.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

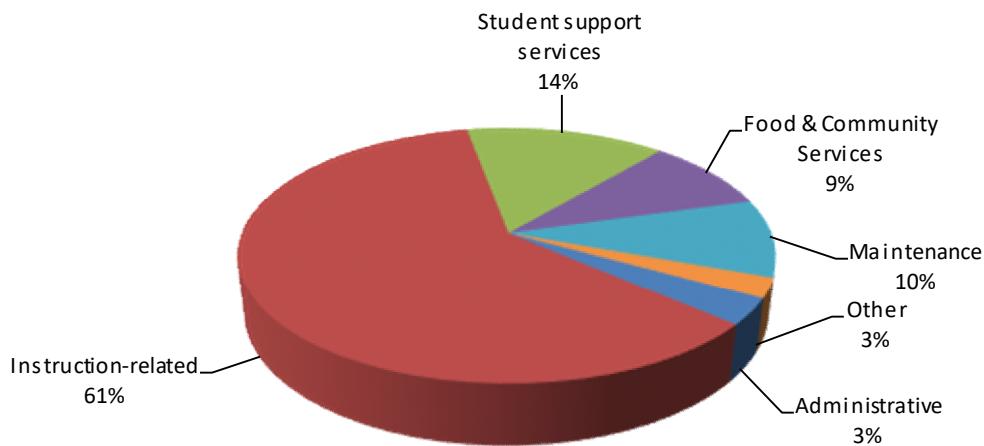
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was \$77,256,660. The District's total expenses are predominantly related to educating and supporting students (75%) (See Figure A-2.) The administrative activities of the District accounted for 3% of total expenses.

**Figure A-1
Sources of District's Revenues for Fiscal 2025**



**Figure A-2
District Expenses for Fiscal 2025**



**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

- The cost of all governmental activities this year was \$77,256,660 which is \$6,946,656 or 9.88% more than the prior year.
- Some of the expenses were paid by the patrons of the District's programs \$4,646,153.
- The federal and state governments subsidized certain programs with grants and contributions \$22,112,882.
- Local property taxes financed \$21,740,301, state aid based on legislatively authorized formulas funded \$31,500,764, and investment earnings and other general revenues provided \$2,632,869 in revenue.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2025	2024		2025	2024	
Administration	\$ 2,598,710	\$ 2,244,926	15.76 %	\$ 2,596,932	\$ 2,251,814	15.33 %
District Support Services	1,956,395	1,569,206	24.67	1,955,233	1,568,116	24.69
Regular Instruction	32,734,785	30,016,780	9.05	27,292,989	25,059,818	8.91
Vocational Education Instruction	657,781	503,324	30.69	652,317	502,253	29.88
Special Education Instruction	13,443,956	12,446,321	8.02	577,985	1,842,511	(68.63)
Instructional Support Services	3,326,967	2,659,991	25.07	2,720,973	2,060,654	32.04
Pupil Support Services	5,756,042	5,463,753	5.35	5,352,075	5,154,324	3.84
Sites and Buildings	7,671,118	7,100,547	8.04	6,735,173	6,191,859	8.77
Fiscal and Other Fixed Cost Programs	357,148	301,313	18.53	357,148	301,313	18.53
Food Service	2,966,191	2,828,131	4.88	127,601	(4,190)	(3145.37)
Community Service	4,221,898	4,004,632	5.43	563,530	721,005	(21.84)
Interest and Fiscal Charges on Long-Term Liabilities	1,565,669	1,171,080	33.69	1,565,669	1,171,080	33.69
Total	\$ 77,256,660	\$ 70,310,004	9.88	\$ 50,497,625	\$ 46,820,557	7.85

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds, reported a combined fund balance of \$59,123,139 which is an increase of \$41,247,387 from the prior year ending fund balance of \$17,875,752.

Revenues and other financing sources for the District's governmental funds were \$122,731,227 while total expenditures and other financing uses were \$81,483,840, resulting in revenue exceeding expenditures by \$41,247,387. This is primarily due to the issuance of the 2025A General Obligation Building Bonds.

GENERAL FUND

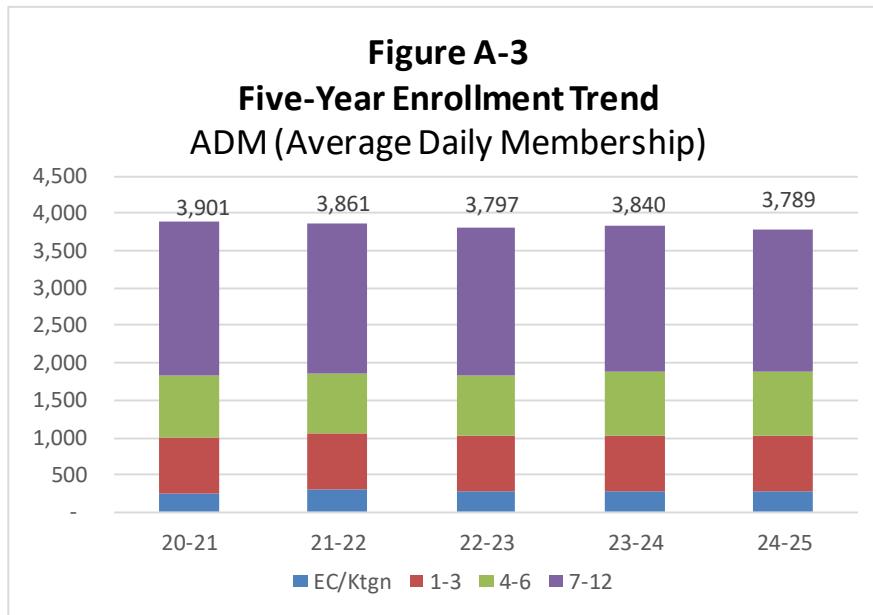
The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

Funding for Minnesota school districts is largely driven by enrollment. Over the last five years, the District's enrollment has declined slightly in the number of students. Based on past historical trends and using a traditional cohort survival technique, the District anticipates that the total number of students will continue to decline slightly.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following graph shows that the number of students has been decreasing slightly over the last few years.



The following schedule presents a summary of General Fund Revenues.

Table A-4
General Fund Revenues

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 18,285,682	\$ 15,579,902	\$ 2,705,780	17.4 %
Earnings on Investments	778,114	807,244	(29,130)	(3.6)
Other	2,122,126	2,401,639	(279,513)	(11.6)
State Sources	48,158,297	45,025,813	3,132,484	7.0
Federal Sources	1,037,586	1,284,792	(247,206)	(19.2)
Total General Fund Revenue	<u>\$ 70,381,805</u>	<u>\$ 65,099,390</u>	<u>\$ 5,282,415</u>	<u>8.1</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

Total General Fund Revenues increased by \$5,282,415 or 8.1% from the previous year. This increase is primarily related to additional special education state revenue and a voter approved capital project levy increase. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2025	June 30, 2024		
Salaries	\$ 38,817,070	\$ 36,572,866	\$ 2,244,204	6.1 %
Employee Benefits	15,313,395	14,705,858	607,537	4.1
Purchased Services	7,876,569	7,503,754	372,815	5.0
Supplies and Materials	2,778,387	2,473,045	305,342	12.3
Capital Expenditures	2,143,340	1,569,928	573,412	36.5
Other Expenditures	1,032,873	963,555	69,318	7.2
Total Expenditures	\$ 67,961,634	\$ 63,789,006	\$ 4,172,628	6.5

Total General Fund expenditures increased \$4,172,628 or (6.5%). The District facilitated a budget prioritization process during the 2021-22 and 2022-23 school year that will reduce approximately \$6.5 million over two years. The primary reason for increased expenditures was cost of living wage increases and associated benefits.

In 2024-25, General Fund revenues and other financing sources were more than expenditures and other financing uses by \$2,612,333 or 4.0% of total expenditures. After deducting statutory restrictions, the unassigned fund balance increased from \$8,365,731 at June 30, 2024 to \$10,299,378 at June 30, 2025, an increase of \$1,933,647. The unassigned fund balance represents 15.3% of general fund expenditures less student activity, scholarship, operating capital and long-term facility maintenance expenditures. The Board of Education designated a minimum of 14%. Revenues were higher than budgeted resulting in the unassigned fund balance percentage increase.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1), referred to as the preliminary budget. Over the course of the year, the District chose to revise the preliminary budget to account for changes in estimates that were used in planning the preliminary budget.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights (Continued)

The District's final budget for the General Fund anticipated that revenues and other financing sources would be more than expenditures and other financing uses by \$592,544. The actual results show revenues and other financing sources being more than expenditures and other financing uses by \$2,612,333.

- Actual revenues and other financing sources were \$2,824,845 more than expected. State aid for special education was approximately \$1,400,000 more than anticipated, interest earnings were \$278,000 more than anticipated, and Medicaid revenue was \$280,000 more than anticipated.
- Actual expenditures and other financing uses were \$380,032 less than expected. There were not significant variances among categories.

**Table A-6
General Fund Budget to Actual**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>	<u>Percent Over (Under)</u>
Revenue and Other Financing Sources	\$ 67,749,122	\$ 70,573,967	\$ 2,824,845	4.0 %
Expenditures and Other Financing Uses	68,341,666	67,961,634	(380,032)	(0.6)
Total	<u>\$ (592,544)</u>	<u>\$ 2,612,333</u>	<u>\$ 3,204,877</u>	

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the Pre-K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the Child Nutrition Services program is self-contained and does not pull resources away from direct Pre-K-12 instruction. The District served 424,006 lunches and 124,293 breakfasts to students, in addition to a la carte sales and summer programming meals during the 2024-25 school year.

The fund balance decreased by \$52,318 to \$961,078 during 2024-25. This was the second year of the universal free meal program in the state of Minnesota. Our goal is to have a strong fund balance under the federal maximum while trying to provide a balanced budget.

Food Service Fund Revenues for 2024-25 totaled \$2,913,873. This was an increase of \$9,808 or approximately 0.34% from 2023-24. We had stable participation and very limited reimbursement rate increases which kept revenue steady.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FOOD SERVICE FUND (CONTINUED)

Food Service Fund Expenditures for 2024-25 totaled \$2,966,191. This was an increase of \$138,060 or 4.88% from 2023-24. The Child Nutrition department increase was primarily related to cost of living increases for staff and food price increases.

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing lifelong learning, recreation, and community involvement. They provide programming for all ages. The fund is self-sustaining and helps support many District programs and initiatives.

Community Service Fund Revenues for 2024-25 totaled \$4,277,767. This was an increase of \$332,647 or 8% from 2023-24. The increase is primarily related to expanded programming options and program grants.

Community Service Fund Expenditures for 2024-25 totaled \$4,316,592. This was an increase of \$331,308 or 8% from 2023-24. The Community Education department increases were related to cost of living increases for staff and additional expenditures associated with expanded programming options along with an increase in participation.

The fund balance decreased from \$737,424 on June 30, 2024 to \$698,599 on June 30, 2025. The majority of the fund balance is reserved for specific purposes based on state requirements.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for revenues and expenditures related to the school district's long-term capital and facility projects that are funded by the sale of bonds or capital loans. The Capital Project Fund includes activity related to our 2025A School Building Bonds that encompass additions and renovations at Northfield High School. Construction is scheduled to begin in June 2025.

Capital Projects Fund Revenues and other financing sources for 2024-25 totaled \$41,021,638. This was an increase of \$41,021,638 or 100% from 2023-24.

Capital Projects Fund Expenditures and other financing uses for 2024-25 totaled \$2,213,501. This was an increase of \$2,213,501 or 100% from 2023-24.

The fund balance increased from \$0 on June 30, 2024 to \$38,808,137 on June 30, 2025. The initial bond was sold in March 2025.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the district to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

The Debt Service Fund Balance decreased by \$81,940 in 2024-25. The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. The June 30, 2025, fund balance of \$1,466,061

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

DEBT SERVICE FUND (CONTINUED)

plus future levies that include an additional 5% levy to cover late or delinquent property tax payments will provide adequate cash flow for timely payment of principal and interest.

The District's current general obligation bond rating from Standard and Poor's is AA. There are only three school districts in the state of Minnesota with a higher rating.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the District had invested \$158,559,777 in a broad range of capital assets, including school buildings; land, technology equipment, and other equipment for various instructional programs (see Table A-7). The capital assets for Right-to-Use Equipment assets and accumulated amortization relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in fiscal year 2021-22. The change in capital assets for Right-to-Use Software assets and accumulated amortization relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2022-23. Total accumulated depreciation and amortization as of June 30, 2024 was \$68,156,100. The current year depreciation and amortization expense for Governmental Activities totaled \$4,792,168. More detailed information about capital assets can be found in Note 3 to the financial statements.

**Table A-7
Capital Assets**

	2025	2024	Percentage Change
Land	\$ 1,147,910	\$ 1,147,910	- %
Construction in Progress	1,635,105	-	N/A
Land Improvements	5,121,611	4,978,636	2.9
Buildings and Improvements	141,610,138	141,160,762	0.3
Equipment	8,530,604	7,975,783	7.0
Less: Accumulated Depreciation	(67,100,350)	(63,565,346)	5.6
Right-to-Use Equipment	1,807,902	1,986,990	(9.0)
Right-to-Use Software	341,612	603,028	(43.4)
Less: Accumulated Amortization	(1,055,750)	(906,333)	16.5
Total District Capital Assets	<u>\$ 92,038,782</u>	<u>\$ 93,381,430</u>	<u>(1.4)</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

For the fiscal year ended June 30, 2025, the District had \$84,202,296 in long-term liabilities outstanding. This is an increase of 81.10% from the prior year (see Table A-8). The increase is primarily related to the issuance of the 2025A General Obligation Building Bond in the amount of \$39,000,000. More detailed information about the District's long-term liabilities is presented in Note 4 of the financial statements.

**Table A-8
The District's Long-Term Liabilities**

	2025	2024	Percentage Change
General Obligation Bonds	\$ 78,955,000	\$ 42,400,000	86.2 %
Net Bond Premium and Discount	2,133,334	1,657,953	28.7
Certificates of Participation Payable	261,163	391,561	(33.3)
Leases Payable	969,607	1,328,288	(27.0)
Severance Payable	320,802	505,841	(36.6)
Compensated Absences Payable	1,562,390	220,724	607.8
Total Long-Term Liabilities	<u>\$ 84,202,296</u>	<u>\$ 46,504,367</u>	81.1
Long-Term Liabilities:			
Due Within One Year	\$ 7,242,464	\$ 3,315,967	
Due in More Than One Year	76,959,832	43,188,400	
Total	<u>\$ 84,202,296</u>	<u>\$ 46,504,367</u>	

OTHER SELECTED INFORMATION

The government-wide financial statements now recognize liabilities for severance pay, compensated absences, pensions and other postemployment benefits. This liability does include an amount for future health benefit costs to employees who have not retired as of June 30, 2025. The District has an assigned fund balance available of \$4,000,000 to meet future obligations.

Under the pay-as-you-go method, the recent annual cost of severance, compensated absences, and retiree health benefits for retired employees remains consistently at approximately 2.0% of the General Fund expenditures. The costs are budgeted and funded out of current revenues of the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information please visit our website at www.northfieldschools.org or contact the Finance Department, Independent School District No. 659, 201 Orchard Street South, Northfield, Minnesota 55057.

BASIC FINANCIAL STATEMENTS

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
	2025
ASSETS	
Cash and Investments	\$ 78,034,516
Receivables:	
Property Taxes	13,778,632
Other Governments	7,122,631
Other	276,828
Prepaid Items	26,186
Inventories	70,604
Capital Assets:	
Land and Construction in Progress	2,783,015
Other Capital Assets, Net of Depreciation	88,162,003
Other Capital Assets, Net of Amortization	1,093,764
Total Assets	<u>191,348,179</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	11,062,132
Other Postemployment Benefits Related	2,937,291
Total Deferred Outflows	<u>13,999,423</u>
LIABILITIES	
Salaries Payable	6,032,369
Accounts Payable	2,000,323
Accrued Interest	1,044,282
Due to Other Governmental Units	93,537
Unearned Revenue	330,430
Long-Term Liabilities:	
Long-Term Liabilities - Due Within One Year	7,242,464
Long-Term Liabilities - Due in More Than One Year	76,959,832
Net Pension Liability	31,739,384
Other Postemployment Benefits Liability - Due Within One Year	1,730,746
Other Postemployment Benefits Liability - Due in More Than One Year	11,681,635
Total Liabilities	<u>138,855,002</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	27,270,920
Pension Related	12,853,437
Other Postemployment Benefits Related	1,001,073
Total Deferred Inflows of Resources	<u>41,125,430</u>
NET POSITION	
Net Investment in Capital Assets	46,988,244
Restricted for:	
Operating Capital Purposes	111,444
State-Mandated Reserves	2,697,717
Food Service	961,078
Community Service	700,871
Capital Projects - Building Construction	1,539,571
Debt Service	444,602
Unrestricted	<u>(28,076,357)</u>
Total Net Position	<u>\$ 25,367,170</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities		
GOVERNMENTAL ACTIVITIES						
Administration	\$ 2,598,710	\$ 1,768	\$ 10	\$ -	\$ (2,596,932)	
District Support Services	1,956,395	-	1,162	-	(1,955,233)	
Regular Instruction	32,734,785	778,974	4,555,757	107,065	(27,292,989)	
Vocational Education Instruction	657,781	-	5,464	-	(652,317)	
Special Education Instruction	13,443,956	682,753	12,183,218	-	(577,985)	
Instructional Support Services	3,326,967	-	605,994	-	(2,720,973)	
Pupil Support Services	5,756,042	600	403,367	-	(5,352,075)	
Sites and Buildings	7,671,118	31,308	520,580	384,057	(6,735,173)	
Fiscal and Other Fixed Cost Programs	357,148	-	-	-	(357,148)	
Food Service	2,966,191	327,391	2,511,199	-	(127,601)	
Community Service	4,221,898	2,823,359	835,009	-	(563,530)	
Interest and Fiscal Charges on Long-Term Liabilities	1,565,669	-	-	-	(1,565,669)	
Total School District	\$ 77,256,660	\$ 4,646,153	\$ 21,621,760	\$ 491,122	(50,497,625)	
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					18,321,195	
Community Service					381,605	
Debt Service					3,037,501	
State Aid Not Restricted to Specific Purposes					31,500,764	
Earnings on Investments					1,095,961	
Miscellaneous					1,536,907	
Total General Revenues					55,873,933	
CHANGE IN NET POSITION						
Net Position - Beginning of Year					19,990,862	
NET POSITION - END OF YEAR					\$ 25,367,170	

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Debt Service		
ASSETS					
Cash and Investments	\$ 26,061,069	\$ 39,246,679	\$ 5,745,793	\$ 1,874,457	\$ 72,927,998
Receivables:					
Current Property Taxes	8,705,011	-	4,757,227	198,259	13,660,497
Delinquent Property Taxes	93,040	-	22,823	2,272	118,135
Accounts Receivable	62,721	-	-	212,393	275,114
Due from Other Minnesota School Districts	325,165	-	-	80,291	405,456
Due from Minnesota Department of Education	5,478,872	-	76,008	86,033	5,640,913
Due from Federal through Minnesota Department of Education	902,535	-	-	32,008	934,543
Due from Other Governmental Units	39,633	-	-	102,086	141,719
Inventory	37,712	-	-	32,892	70,604
Prepays	25,186	-	-	1,000	26,186
Total Assets	<u>\$ 41,730,944</u>	<u>\$ 39,246,679</u>	<u>\$ 10,601,851</u>	<u>\$ 2,621,691</u>	<u>\$ 94,201,165</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Salaries and Payroll Deductions Payable	\$ 5,831,783	\$ -	\$ -	\$ 200,586	\$ 6,032,369
Accounts and Contracts Payable	680,191	438,542	-	113,902	1,232,635
Due to Other Governmental Units	93,537	-	-	-	93,537
Unearned Revenue	97,938	-	-	232,492	330,430
Total Liabilities	<u>6,703,449</u>	<u>438,542</u>	<u>-</u>	<u>546,980</u>	<u>7,688,971</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes Levied for Subsequent Year	17,745,191	-	9,112,967	412,762	27,270,920
Unavailable Revenue - Delinquent Property Taxes	93,040	-	22,823	2,272	118,135
Total Deferred Inflows of Resources	<u>17,838,231</u>	<u>-</u>	<u>9,135,790</u>	<u>415,034</u>	<u>27,389,055</u>
FUND BALANCES					
Nonspendable:					
Inventory	37,712	-	-	32,892	70,604
Prepays	25,186	-	-	1,000	26,186
Restricted for:					
Student Activity	239,340	-	-	-	239,340
Scholarships	258,800	-	-	-	258,800
Operating Capital	111,444	-	-	-	111,444
Community Education	-	-	-	169,584	169,584
Early Childhood and Family Education	-	-	-	429,980	429,980
Area Learning Center	559,624	-	-	-	559,624
Teacher Development and Evaluation	2,562	-	-	-	2,562
School Readiness	-	-	-	74,521	74,521
School Library Aid	10,157	-	-	-	10,157
READ Act - Literacy Aid	154,768	-	-	-	154,768
Long-Term Facilities Maintenance	1,422,666	-	-	-	1,422,666
Medical Assistance	49,800	-	-	-	49,800
Restricted for Other Purposes	-	38,808,137	1,466,061	951,700	41,225,898
Assigned for:					
Tobacco Settlement	17,827	-	-	-	17,827
Severance - Insurance Premiums	4,000,000	-	-	-	4,000,000
Unassigned	10,299,378	-	-	-	10,299,378
Total Fund Balances	<u>17,189,264</u>	<u>38,808,137</u>	<u>1,466,061</u>	<u>1,659,677</u>	<u>59,123,139</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,730,944</u>	<u>\$ 39,246,679</u>	<u>\$ 10,601,851</u>	<u>\$ 2,621,691</u>	<u>\$ 94,201,165</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance for Governmental Funds \$ 59,123,139

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	1,147,910
Construction in Progress	1,635,105
Land Improvements, Net of Accumulated Depreciation	1,648,203
Buildings and Improvements, Net of Accumulated Depreciation	82,766,719
Equipment, Net of Accumulated Depreciation	3,747,081
Right-to-Use Asset, Net of Accumulated Amortization	1,093,764

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.

118,135

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(1,044,282)

The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Liability	(31,739,384)
Deferred Outflows of Resources - Pensions	11,062,132
Deferred Inflows of Resources - Pensions	(12,853,437)

The District's Other Postemployment Benefits Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Other Postemployment Benefits Liability	(13,412,381)
Deferred Outflows of Resources - Other Postemployment Benefits	2,937,291
Deferred Inflows of Resources - Other Postemployment Benefits	(1,001,073)

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

All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable	(78,955,000)
Unamortized Premiums	(2,133,334)
Certificates of Participation Payable	(261,163)
Lease Liability	(969,607)
Compensated Absences Payable	(1,562,390)

Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end are:

4,340,544

Total Net Position of Governmental Activities \$ 25,367,170

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Food Service	Major Funds Community Service	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES							
Local Sources:							
Property Taxes	\$ 18,285,682	\$ -	\$ -	\$ -	\$ 3,038,227	\$ 381,313	\$ 21,705,222
Investment Income	778,114	-	-	101,029	145,686	71,131	1,095,960
Other	2,122,126	-	-	1,000,000	-	3,464,656	6,586,782
State Sources	48,158,297	-	-	-	760,069	2,135,730	51,054,096
Federal Sources	1,037,586	-	-	-	-	1,138,810	2,176,396
Total Revenues	70,381,805	-	-	1,101,029	3,943,982	7,191,640	82,618,456
EXPENDITURES							
Current:							
Administration	2,525,211	-	-	-	-	-	2,525,211
District Support Services	1,659,890	-	-	-	-	-	1,659,890
Elementary and Secondary Regular Instruction	31,511,425	-	-	-	-	-	31,511,425
Vocational Education Instruction	691,093	-	-	-	-	-	691,093
Special Education Instruction	14,258,015	-	-	-	-	-	14,258,015
Instructional Support Services	3,226,591	-	-	-	-	-	3,226,591
Pupil Support Services	5,989,706	-	-	-	-	-	5,989,706
Sites and Buildings	4,868,866	-	-	-	-	-	4,868,866
Fiscal and Other Fixed Cost Programs	357,148	-	-	-	-	-	357,148
Food Service	-	-	-	-	-	2,918,787	2,918,787
Community Service	-	-	-	-	-	4,306,715	4,306,715
Capital Outlay	2,143,340	-	-	2,213,501	-	57,281	4,414,122
Debt Service:							
Principal	681,241	-	-	-	2,445,000	-	3,126,241
Interest and Fiscal Charges	49,108	-	-	-	1,580,922	-	1,630,030
Total Expenditures	67,961,634	-	-	2,213,501	4,025,922	7,282,783	81,483,840
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	2,420,171	-	-	(1,112,472)	(81,940)	(91,143)	1,134,616
OTHER FINANCING SOURCES (USES)							
Issuance of Bonds	-	-	-	39,000,000	-	-	39,000,000
Bond Premium	-	-	-	920,609	-	-	920,609
Right-to-Use Lease Proceeds	192,162	-	-	-	-	-	192,162
Total Other Financing Sources (Uses)	192,162	-	-	39,920,609	-	-	40,112,771
NET CHANGE IN FUND BALANCES							
Fund Balances - Beginning of Year, as Originally Reported	14,576,931	1,013,396	737,424	-	1,548,001	-	17,875,752
Change Within the Financial Reporting Entity	-	(1,013,396)	(737,424)	-	-	1,750,820	-
Fund Balances - Beginning of Year, as Adjusted	14,576,931	-	-	-	1,548,001	1,750,820	17,875,752
FUND BALANCES - END OF YEAR	\$ 17,189,264	\$ -	\$ -	\$ 38,808,137	\$ 1,466,061	\$ 1,659,677	\$ 59,123,139

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Total Governmental Funds	\$ 41,247,387
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.	
Capital Outlays	3,449,520
Depreciation Expense	(4,010,085)
Amortization Expense	(782,083)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	35,079
The use of some capital assets are structured as leases. In governmental funds, a lease arrangement is considered a source of financing, and in the statement of net position, the lease liability is reported. Repayment of lease principal is an expenditure in the government funds, but repayment reduces the lease liability in the statement of net position.	
Other Financing Sources - Lease	(192,162)
Repayment of Lease Principal	550,843
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	1,711,024
Other postemployment benefits expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefits expense on the statement of activities is measured by the change in the total OPEB liability and the related deferred inflows and outflows of resources.	930,014
In the statement of activities, certain operating expenses - severance benefits, and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(1,156,627)
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 premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds 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 Proceeds	(39,000,000)
Bond Premium or Discount	(920,609)
Repayment of Bond Principal	2,445,000
Change in Accrued Interest Liability	(388,028)
Repayment of Certificates of Participation Payable	130,398
Amortization of Bond Premium	445,228
Amortization of Deferred Charges on Refunding Bonds	7,161
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	874,248
Change in Net Position of Governmental Activities	<u>\$ 5,376,308</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
ASSETS	
Cash and Investments	\$ 5,106,518
Accounts Receivable	1,714
Total Assets	<u>5,108,232</u>
LIABILITIES	
Accounts Payable	<u>767,688</u>
NET POSITION	
Unrestricted	<u>\$ 4,340,544</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services:	
Health Insurance Premiums	\$ 10,304,042
Dental Insurance Premiums	654,441
Total Operating Revenues	<u>10,958,483</u>
OPERATING EXPENSES	
Health Insurance Claims	8,273,953
Dental Insurance Claims	645,229
General Administration Fees	1,356,072
Total Operating Expenses	<u>10,275,254</u>
OPERATING INCOME	683,229
NONOPERATING INCOME	
Earnings on Investments	<u>191,019</u>
CHANGE IN NET POSITION	874,248
Net Position - Beginning of Year	<u>3,466,296</u>
NET POSITION - END OF YEAR	<u>\$ 4,340,544</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Interfund Services Provided	\$ 10,958,721
Payments for Health and Dental Insurance Claims	(8,716,497)
Payments for Administrative Fees	<u>(1,356,072)</u>
Net Cash Provided by Operating Activities	<u>886,152</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	191,019
Net Cash Provided by Investing Activities	<u>191,019</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,077,171
Cash and Cash Equivalents - Beginning of Year	<u>4,029,347</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,106,518</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 683,229
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Decrease in Accounts Receivable	238
Increase in Accounts Payable	<u>202,685</u>
Total Adjustments	<u>202,923</u>
Net Cash Provided by Operating Activities	<u>\$ 886,152</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

ASSETS

Cash and Investments \$ -

NET POSITION

Held In Trust \$ -

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2025**

ADDITIONS

Miscellaneous Local Revenue	\$ 5,250
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DEDUCTIONS

Other Expenses	<u>5,250</u>
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CHANGE IN NET POSITION

Net Position - Beginning of Year	<u>-</u>
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NET POSITION - END OF YEAR	<u>\$ -</u>
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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 659 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

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 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 financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on these criteria, there are no organizations considered to be component units of the District.

The Board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions are included in the financial statements within the General Fund.

C. Basic Financial Statement Presentation

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 funds. The Fiduciary Funds are only reported in the statement of fiduciary net position and statement of changes in fiduciary net position at the Fund Financial Statement level.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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 purposes for which both restricted and unrestricted net position is 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 governmental, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type (trust). Since by definition these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the Government-wide statements. The District has one fiduciary fund that is considered a custodial fund.

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 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, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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 accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related eligible expenditures are 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. Expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Description of Funds

The existence of the various District funds has been established by the state of 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 is as follows:

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Major Governmental Funds

General Fund

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

Capital Projects Fund

The Capital Projects Fund is used to accounts for financial resources related to debt issued for the school building projects.

Debt Service Fund

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund come from user fees, and reimbursements from the federal and state governments.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, and state credits.

Proprietary Funds

Internal Service Funds

The Internal Service Fund accounts for the financing of a self-insured health and dental plan provided for the District's employees on a cost reimbursement basis.

Fiduciary Funds

Custodial Fund

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these 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.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash of the individual funds is combined for investment purposes. Investments consist primarily of certificates of deposit, and money market funds. Investments with an original maturity of less than one year are recorded at amortized cost, which approximates fair value. Investments with an original maturity of more than one year are recorded at fair value based on quoted market prices. Interest earned as a result of these investments and the combined deposit account is distributed to the appropriate funds based on average cash and investment balances of each fund.

G. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all demand accounts, savings accounts, certificates of deposits, and money market funds, to be cash and cash equivalents while all deposits in the MN Trust and Minnesota School District Liquid Asset Fund (MSDLAF) are considered investments.

H. Receivables

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. The only receivables not expected to be collected within one year are current property taxes receivable.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

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

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the periods benefited.

K. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

The majority of District revenue in the General (and to a lesser extent the Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the tax shift.

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy which is frozen at \$374,466. Starting in fiscal year 2011, the shift was expanded to include all other general and community service fund levies. State aids are then reduced by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. Certain other portions of the District's 2024 pay 2025 levy, normally revenue for the 2025-26 fiscal year, are also advance recognized at June 30, 2025, as required by State Statute to match revenue with the same fiscal year as the related expenditures.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is classified as a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2025, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

L. 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 estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Right-to-use assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract mad to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalized implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset.

M. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense) until that time. The District has two types of items that qualify as this reporting element, pension related, and other postemployment benefit related.

N. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

O. Accrued Employee Benefits

Compensated Absences and Sick Leave Payable

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave, vacation leave, and termination benefits. The District accounts for the employee benefits as follows:

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Severance

Severance pay is available for certain eligible employees. The maximum benefit is based on years of service. The total amounts cannot exceed certain contract limits.

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the District provides Health and Dental Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75, at June 30, 2025.

P. 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 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 payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This 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 in 2015.

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 five types of deferred inflows. Two types occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflow is related to refunding of debt. The fourth type of deferred inflow is pension related. The fifth type of deferred inflow is other postemployment benefit related.

R. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for General, Food and Community Service accounts, grants, and 2025-2026 school year deposits.

S. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance relate to prepaids and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the board of education. The board of education passed a resolution authorizing the Director of Finance the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

In accordance with the District's fund balance policy, 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 fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

The District's liabilities for pension, and OPEB are generally liquidated by the General Fund.

T. Self-Insurance Claims

This liability represents an estimate of health and dental claims incurred but not reported as of June 30, 2025. These claims are included in accounts payable in the statement of net position.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investments in capital assets, consists of capital assets, net of accumulated depreciation/amortization, 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 imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

V. Adoption of New Accounting Standards

In June 2022, the Government Accounting Standards Board (GASB) issued GASB statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for 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 combined 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.

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.

The District's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes, as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2025, the District's investments carried at amortized costs were as follows:

Class	Amount
MSDLAF Liquid Class	\$ 17,074,143
MSDLAF Max Class	237
MN Trust CDs	26,168,600
Total Measured at Amortized Cost	<u><u>\$ 43,242,980</u></u>

At June 30, 2025, the District's investments carried at net asset value (NAV) were as follows:

	Net Asset Value
MN Trust Investment Shares	\$ 10,946,687
MN Trust Term Series	11,313,737
Total Measured at NAV	<u><u>\$ 22,260,424</u></u>

The Minnesota Municipal Money Market Fund Trust (MN Trust) is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota Statutes as described above.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Investment Shares Portfolio and Term Series are external investment pools. Investments in these external investment pools are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments. Redemption prior to the maturity date of the Term Series may result in a penalty.

The MSDLAF+ is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The MSDLAF+ elects to measure its investments at amortized cost.

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Interest Rate Risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

The following table summarizes interest rate risk of the District's investments at June 30, 2025:

Type	Total	Maturity Duration in Years				No Maturities	Credit Rating	Rating Agency
		Less Than 1	1 to 2	2 to 5	5 to 10			
Minnesota School District								
Liquid Asset Fund Plus (MSDLAF+)	\$ 17,074,380	\$ 17,074,380	\$ -	\$ -	\$ -	-	AAAm	S&P
MN Trust Investment Shares	10,946,687	10,946,687	-	-	-	-	Not rated	n/a
MN Trust Term Series	11,313,737	11,313,737	-	-	-	-	Not rated	n/a
MN Trust Certificates of Deposit	26,168,600	18,447,900	7,495,500	225,200	-	-	AAA	S&P
MN Trust - Corporate Obligations	5,674,384	3,381,273	2,293,111	-	-	-	BBB- to AA-	S&P
MN Trust - Government Agencies	5,677,615	-	5,677,615	-	-	-	AAA	S&P
Negotiable Certificates of Deposit	489,615	-	-	489,615	-	-	Not rated	n/a
Total	<u>\$ 77,345,018</u>	<u>\$ 61,163,977</u>	<u>\$ 15,466,226</u>	<u>\$ 714,815</u>	<u>\$ -</u>	<u>\$ -</u>		

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk.

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy requires insurance of all balances held with each investment account. As of June 30, 2025, the investment balances were fully covered by insurance for each brokerage firm.

Credit Risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policies do not limit the amount that the District may invest in any one issuer. The following chart summarizes year-end ratings for the District's investments:

Concentration of Credit Risk.

The District's investment policies place no limit on the amount the District may invest in any one issuer. The District had no investments at June 30, 2025 which individually comprised more than 5% of total investments.

C. Balance Sheet Presentation

The deposits and investments are presented in the basic financial statements as follows:

Deposits	\$ 688,548
Cash on Hand	950
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	17,074,380
MN Trust - Investment Shares Portfolio	10,946,687
MN Trust - Negotiable Certificates of Deposit	489,615
MN Trust - Term Series	11,313,737
MN Trust - CDs	26,168,600
MN Trust - Corporate Obligations	5,674,384
MN Trust - Government Agencies	5,677,615
Total Cash and Investments	<u>\$ 78,034,516</u>
Cash and Investments - Statement of Net Position	<u>\$ 78,034,516</u>
Total Cash and Investments	<u>\$ 78,034,516</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements

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

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

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

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

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

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

Investment	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit	\$ -	\$ 489,615	\$ -	\$ 489,615
MN Trust - Corporate Obligations	5,674,384	-	-	5,674,384
MN Trust - Government Agencies	5,677,615	-	-	5,677,615
	<hr/> <u>\$ 11,351,999</u>	<hr/> <u>\$ 489,615</u>	<hr/> <u>\$ -</u>	<hr/> <u>11,841,614</u>
Investments Measured at Net Asset Value				22,260,424
Investments Measured at Amortized Cost				43,242,980
				<hr/> <u>\$ 77,345,018</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,147,910	\$ -	\$ -	\$ 1,147,910
Construction in Progress	- -	1,635,105	- -	1,635,105
Total Capital Assets, Not Being Depreciated	1,147,910	1,635,105	- -	2,783,015
Capital Assets, Being Depreciated:				
Land Improvements	4,978,636	142,975	- -	5,121,611
Buildings and Improvements	141,160,762	449,376	- -	141,610,138
Equipment	7,975,783	1,029,902	(475,081)	8,530,604
Total Capital Assets, Being Depreciated	154,115,181	1,622,253	(475,081)	155,262,353
Accumulated Depreciation for:				
Land Improvements	(3,312,232)	(161,176)	- -	(3,473,408)
Buildings and Improvements	(55,506,657)	(3,336,762)	- -	(58,843,419)
Equipment	(4,746,457)	(512,147)	475,081	(4,783,523)
Total Accumulated Depreciation	(63,565,346)	(4,010,085)	475,081	(67,100,350)
Total Capital Assets, Being Depreciated, Net	90,549,835	(2,387,832)	- -	88,162,003
Capital Assets, Being Amortized:				
Intangible Asset: Right-to-Use Equipment Lease Asset	1,986,990	192,162	(371,250)	1,807,902
Intangible Asset: Software Asset	603,028	- -	(261,416)	341,612
Total Capital Assets, Being Amortized	2,590,018	192,162	(632,666)	2,149,514
Accumulated Amortization for:				
Intangible Asset: Equipment Lease Asset	(775,185)	(442,367)	371,250	(846,302)
Intangible Asset: Software Asset	(131,148)	(339,716)	261,416	(209,448)
Total Accumulated Amortization	(906,333)	(782,083)	632,666	(1,055,750)
Total Capital Assets, Being Amortized, Net	1,683,685	(589,921)	- -	1,093,764
Governmental Activities Capital Assets, Net	<u>\$ 93,381,430</u>	<u>\$ (1,342,648)</u>	<u>\$ -</u>	<u>\$ 92,038,782</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:

Administration	\$ 137
District Support Services	59,685
Regular Instruction	3,184,190
Special Education Instruction	1,255
Instructional Support Services	73,365
Pupil Support Services	15,401
Sites and Buildings	1,356,008
Food Service	24,265
Community Service	<u>77,862</u>
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 4,792,168</u>

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
3/23/2017	3.0%	2017A	1,325,000	2/1/2027	\$ 145,000	\$ 295,000
1/31/2019	3.0 - 5.0%	2019A	39,255,000	2/1/2039	1,940,000	36,540,000
2/17/2022	2.0 - 4.0%	2022A	3,120,000	2/1/2030	-	3,120,000
3/17/2025	4.0 - 5.0%	2025A	39,000,000	2/1/2048	3,885,000	39,000,000
Total General Obligation Bonds					5,970,000	78,955,000
Bond Premiums					-	2,133,334
Certificates of Participation Payable					62,518	261,163
Lease Payable					435,549	969,607
Severance and Health Benefits Payable					-	320,802
Compensated Absences Payable					774,397	1,562,390
Total					<u>\$ 7,242,464</u>	<u>\$ 84,202,296</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments necessary to retire long-term debt, not including certificate of participation, compensated absences payable and severance and health benefits payable are as follows:

Year Ending June 30,	General Obligation			
	Bonds Payable		Lease Liability	
	Principal	Interest	Principal	Interest
2026	\$ 5,970,000	\$ 2,913,604	\$ 435,549	\$ 26,674
2027	6,195,000	2,847,209	445,264	16,958
2028	3,125,000	2,540,459	42,129	6,754
2029	2,725,000	2,385,959	46,665	2,218
2030	2,865,000	2,251,509	-	-
2031-2035	16,570,000	9,601,919	-	-
2036-2040	17,910,000	6,561,294	-	-
2041-2045	14,350,000	3,579,130	-	-
2046-2048	9,245,000	729,400	-	-
Total	<u>\$ 78,955,000</u>	<u>\$ 33,410,483</u>	<u>\$ 969,607</u>	<u>\$ 52,604</u>

C. Description of Long-Term Liabilities

General Obligation Bonds

On March 23, 2017, the District issued \$1,325,000 of General Obligation Facilities Maintenance Bonds, Series 2017A. The proceeds of this issue were used to finance the roof replacement project at Bridgewater Elementary School.

On January 31, 2019, the District issued \$39,255,000 of General Obligation School Building Bonds, Series 2019A. The proceeds of this issue were used to finance the acquisition and betterment of school sites and facilities, including construction and equipping of a new elementary school and improvements and additions at the Bridgewater and Sibley Elementary Schools sites, construction and renovations and improvements to the Longfellow School, and the construction of renovations and improvements to the Greenvale Park Elementary School to convert the facility for use as an early childhood center.

On February 14, 2022, the District issued \$3,120,000 of General Obligation Facilities Maintenance Bonds, Series 2022A. The proceeds of this issue were used to finance the roof replacement project at Northfield Middle School.

On March 17, 2025, the District issued \$39,000,000 of General Obligation School Building Bonds, Series 2025A. The processed of this issue were used to finance the acquisition and betterment of school sites and facilities.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Severance Payable

Severance payable is available for certain eligible employees. The maximum benefit is based on years of service. The amount of the estimated obligation at June 30, 2025 is \$320,802. The District's General Fund finances severance benefits on a pay-as-you-go basis.

Certificate of Participation

On December 1, 2009, the District raised funds through the issuance of a loan payable. The maximum amount that could be drawn on the loan was \$1,495,000 and was used to finance capital improvements made to an elementary school. The loan was structured as a lease purchase agreement.

On July 23, 2019, the District raised funds through the issuance of a loan payable. The maximum amount that could be drawn on the loan was \$606,403 and was used to purchase an existing property used for storage of building and grounds equipment and supplies. The loan was structured as a lease purchase agreement.

Leases

The District entered into leases for the use of copy machines and iPads.

D. Changes in Long-Term Liabilities

	June 30, 2024	Additions	Retirements	June 30, 2025
General Obligation Bonds	\$ 42,400,000	\$ 39,000,000	\$ 2,445,000	\$ 78,955,000
Bond Premiums	1,657,953	920,609	445,228	2,133,334
Certificates of Participation				
Payable	391,561	-	130,398	261,163
Lease Payable	1,328,288	192,162	550,843	969,607
Severance Payable	505,841	54,149	239,188	320,802
Compensated Absences				
Payable	220,724	1,341,666	-	1,562,390
Total	<u>\$ 46,504,367</u>	<u>\$ 41,508,586</u>	<u>\$ 3,810,657</u>	<u>\$ 84,202,296</u>

*Compensated Absences Payable is being presented as a net change.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 RESTRICTED 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. The following is a summary of the restricted fund balances for the governmental funds:

A. Student Activities

In accordance with state statute, the fund balance represents available resources dedicated exclusively for student activities.

B. Scholarships

In accordance with state statute, the fund balance represents available resources dedicated exclusively for scholarships.

C. Operating Capital

The fund balance restriction represents available resources in the General Fund to be used to purchase equipment and facilities.

D. Area Learning Center

The fund balance restriction represents available resources to be expended for area learning center programs.

E. Teacher Development and Evaluation

The fund balance restriction represents available resources to be expended for teacher development and evaluation programs.

F. Long-Term Facilities Maintenance (LTFM)

The fund balance restriction represents accumulated resources available to be used for LTFM projects in accordance with the District's 10-year plan.

G. Early Childhood and Family Education Programs

The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

H. Community Education Programs

The fund balance restriction represents accumulated resources available to provide services for community education programming.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

I. School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

J. School Library Aid

The fund balance restriction represents accumulated resources available to provide school library programming in accordance with funding made available for that purpose.

K. READ Act – Literacy Aid

The fund balance restriction represents accumulated resources available to provide literacy programming in accordance with funding made available for that purpose.

L. Medical Assistance

The fund balance restriction represents resources to be used for Medical Assistance expenditures.

M. Restricted for Other Purposes

The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

	Restricted Fund Balances
Food Service	\$ 928,186
Community Service	23,514
Capital Projects	38,808,137
Debt Service	1,466,061
Total	<u>\$ 41,225,898</u>

NOTE 6 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiemployer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 354 and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan (General Plan)

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

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 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 prorated increase.

2. TRA Benefits

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

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First 10 Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First 10 Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First 10 Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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

Tier II Benefits

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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

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

C. Contributions

1. General Employees Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$779,016. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$2,691,522. The District's contributions were equal to the required contributions for each year as set by state statute.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Pension Costs

At June 30, 2025, the District reported a liability of \$4,307,780 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$111,390.

District's Proportionate Share of the Net Pension Liability	\$ 4,307,780
State of Minnesota's Proportionate Share of the Net Liability Associated with the District	111,390
Total	<u>\$ 4,419,170</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .1165% at the end of the measurement period and .1216% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$247,408 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$1,380 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$198,198 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 405,044	\$ -
Changes in Actuarial Assumptions	21,032	1,630,424
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,250,944
Changes in Proportion	101,475	369,123
District Contributions Subsequent to the Measurement Date	799,016	-
Total	<u><u>\$ 1,326,567</u></u>	<u><u>\$ 3,250,491</u></u>

The \$799,016 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (1,406,222)
2027	(379,005)
2028	(607,546)
2029	(330,167)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$27,431,604 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share 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 .4317% at the end of the measurement period and .4355% for the beginning of the year.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 27,431,604
State's Proportionate Share of the Net Pension Liability Associated with the District	1,794,003
Total	<u>\$ 29,225,607</u>

For the year ended June 30, 2025, the District recognized pension expense of \$2,479,860. It also recognized \$(21,946) as grant revenue for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176 million to the Fund. The state of Minnesota is not included as a nonemployer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$760,511 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 1,307,762	\$ 355,504
Changes in Actuarial Assumptions	2,766,472	3,271,293
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	3,882,608
Changes in Proportion	2,969,809	2,093,541
District Contributions Subsequent to the Measurement Date	2,691,522	-
Total	<u>\$ 9,735,565</u>	<u>\$ 9,602,946</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Of the resources related to pensions resulting from the District contributions to TRA subsequent to the measure date, \$2,691,522 is reported as deferred outflows and will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	Pension Expense Amount
2026	\$ (1,703,485)
2027	3,563,166
2028	(2,025,310)
2029	(1,913,725)
2030	(479,549)

3. Aggregate Pension Costs

At June 30, 2025, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	TRA	GERF	Total
Net Pension Liability	\$ 27,431,604	\$ 4,307,780	\$ 31,739,384
Deferred Outflows of Resources	9,735,565	1,326,567	11,062,132
Deferred Inflows of Resources	9,602,946	3,250,491	12,853,437
Pension Expense	2,457,914	248,788	2,706,702

E. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25% per year	2.50%
Active Member Payroll Growth	10.25% after one year of service to 3.00 after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Investment Rate of Return	7.00% per year	7.00%

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA healthy retiree mortality rates were based on the PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA beneficiary mortality rates were based on the Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA disabled retiree mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

Changes in Plan Provisions:

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

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

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Long-Term Expected Return on Investment

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

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 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 of the General Employees, Police and Fire, and Correctional Plans were 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.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following 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 paragraphs, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
GERF Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the GERV Net Pension Liability	\$ 9,408,885	\$ 4,307,780	\$ 111,656
TRA Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 48,308,659	\$ 27,431,604	\$ 10,249,292

I. Pension Plan Fiduciary Net Position

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-2088; or by calling 651-296-2409 or 1-800-657-3669.

NOTE 7 DEFINED CONTRIBUTION BENEFIT PLAN

The District has a retirement plan qualifying under the Internal Revenue Code 403(b) for the benefit of employees hired on or after July 1, 2002. For qualifying employees, the District's annual maximum contribution is based contractual requirements for the employee class. Maximum career contribution limits range from \$35,000 to no limit depending on the employee class.

The District contributions for the year ended June 30, 2025 were \$568,538. The related employee contributions were \$1,346,092 for the year ended June 30, 2025.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 560 active participants and 83 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. There are no assets accumulated in a trust and the Plan is currently being funded on a pay as you go basis.

B. Benefits Provided

Teachers hired before July 1, 2009, who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 10 years are also eligible, along with their spouses, to remain on the District's dental insurance for six years (nine years if hired before September 1, 1987). The District will pay dental insurance at the same rate as active employees.

Certain other nonteaching staff who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 10 years are eligible to remain on the District's health and dental insurance for three to nine years, depending on their contract group. The District will pay the health insurance premiums up to 80% of \$1,000 CMM health plan premium rate, limited to \$400 per month toward the Medicare supplement after age 65. The District will pay dental insurance at the same rate as active employees.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of July 1, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to periods included in the measurement date, unless specified otherwise.

Inflation	2.50 % The salary scales used to value GASB 75 liabilities are similar to the tables used to value pension liabilities for Minnesota school district employees. The rates for teachers, principals and the superintendent are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption.
Salary Increases	6.25% Decreasing to 5.00% over 5 years and then to 4.00% over the next 48 years (6.5% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years at the prior measurement date)
Healthcare Cost Trend Rates	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10% (3.90% at the prior measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at July 1, 2024	\$ 12,733,555
Changes for the Year:	
Service Cost	519,850
Interest on the Total OPEB Liability	486,875
Differences Between Expected and	
Actual Experience	1,182,149
Changes of Assumptions	43,680
Benefit Payments	<u>(1,553,728)</u>
Net Changes	<u>678,826</u>
Balances at July 1, 2025	<u><u>\$ 13,412,381</u></u>

E. Total OPEB Liability Sensitivity

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

	1% Decrease 3.10 %	Discount Rate 4.10 %	1% Increase 5.10 %
Total OPEB Liability	\$ 14,073,451	\$ 13,412,381	\$ 12,773,234

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate:

	Selected Trend Rates	
	1% Decrease	1% Increase
Healthcare Cost		
Trend Rate		
5.25% Decreasing to 4.00% then 3.00%	6.25% Decreasing to 5.00% then 4.00%	7.25% Decreasing to 6.00% then 5.00%
Dental Trend Rate	Dental Trend Rate	Dental Trend Rate
3%	4%	5%
Total OPEB Liability	\$ 12,727,464	\$ 13,412,381
	\$ 14,186,474	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of \$800,732. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,045,225	\$ 409,031
Changes of Assumptions	161,320	592,042
District Payment of Benefits Subsequent to the Measurement Date	1,730,746	-
Total	\$ 2,937,291	\$ 1,001,073

District payment of benefits of \$1,730,746 were made subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (96,766)
2027	(139,401)
2028	62,268
2029	37,084
2030	167,169
2031	175,118

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

NOTE 10 SELF-INSURED HEALTH AND DENTAL PLAN

The District has elected to self-insure their employee dental insurance program and their health insurance program. The District established an internal service fund to account for contributions from other funds for health and dental insurance. Contributions during the year were based on claims history. The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid at year-end. The District recorded total expenses of \$10,275,254 for the year ended June 30, 2025.

The liability for unpaid claims is included in the Internal Service Fund as accounts payable.

	2025	2024
Beginning Liability - July 1	\$ 565,003	\$ 779,419
Incurred Claims	8,919,182	9,534,871
Claims Payments	8,716,497	9,749,287
Ending Liability - June 30	<u><u>\$ 767,688</u></u>	<u><u>\$ 565,003</u></u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

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.

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS

The Cannon Valley Special Education Cooperative (CVSEC) was established by a joint powers agreement pursuant to Minnesota Statutes section 471.59. The purpose of the agreement was to optimize resources and increase efficiencies by creating a special education cooperative to serve children with low incidence disabilities. CVSEC is comprised of four member districts. Each member district shares in the costs of providing all off-site special education programs.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 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; injuries to employees; natural disasters and workers' compensation. The District purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The District self-insures for health and dental insurance offered to its employees. The District is covered by a specific stop-loss policy for health claims in excess of \$125,000 and dental claims in excess of \$1,500.

NOTE 14 STEWARDSHIP

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	\$ 4,267,822	\$ 4,316,592	\$ 48,770
Capital Projects Fund	578,306	2,213,501	1,635,195

These excess in the Capital Projects Fund and Community Funds' expenditures were funded with higher than anticipated revenues and existing fund balances.

NOTE 15 RESTATEMENT OF BEGINNING FUND BALANCE

Changes to or within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The Food Service Special Revenue Fund and Community Service Special Revenue Fund previously met the criteria to be reported as a major governmental funds. However, effective July 1, 2024, the funds no longer met the criteria to be reported as major funds and are reported as nonmajor governmental funds for the fiscal year ended June 30, 2025. The effect of that change within the financial reporting entity is shown in the table below:

	Food Service	Community Service	Nonmajor Governmental Funds
6/30/24, as Previously Presented	\$ 1,013,396	\$ 737,424	\$ -
Change from Major to Nonmajor Fund	<u>(1,013,396)</u>	<u>(737,424)</u>	<u>1,750,820</u>
6/30/24, as Restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,820</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 18,429,798	\$ 18,386,381	\$ 18,285,682	\$ (100,699)
Investment Income	350,000	500,000	778,114	278,114
Other	1,490,191	1,462,684	2,122,126	659,442
State Sources	46,103,824	46,452,052	48,158,297	1,706,245
Federal Sources	1,371,005	948,005	1,037,586	89,581
Total Revenues	67,744,818	67,749,122	70,381,805	2,632,683
EXPENDITURES				
Current:				
Administration	2,454,868	2,539,727	2,525,211	(14,516)
District Support Services	1,662,018	1,669,437	1,659,890	(9,547)
Elementary and Secondary Regular Instruction	31,592,506	31,910,766	31,511,425	(399,341)
Vocational Education Instruction	541,554	695,778	691,093	(4,685)
Special Education Instruction	13,743,762	14,340,306	14,258,015	(82,291)
Instructional Support Services	3,058,945	3,128,026	3,226,591	98,565
Pupil Support Services	5,542,069	6,115,047	5,989,706	(125,341)
Sites and Buildings	4,823,212	4,896,878	4,868,866	(28,012)
Fiscal and Other Fixed Cost Programs	285,002	359,205	357,148	(2,057)
Capital Outlay	2,146,847	1,683,375	2,143,340	459,965
Debt Service:				
Principal	953,731	953,731	681,241	(272,490)
Interest and Fiscal Charges	49,390	49,390	49,108	(282)
Total Expenditures	66,853,904	68,341,666	67,961,634	(380,032)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	890,914	(592,544)	2,420,171	3,012,715
OTHER FINANCING SOURCES				
Right-to-Use Lease Proceeds	-	-	192,162	192,162
Total Other Financing Sources	-	-	192,162	192,162
NET CHANGE IN FUND BALANCE				
	\$ 890,914	\$ (592,544)	2,612,333	\$ 3,204,877
Fund Balance - Beginning of Year			14,576,931	
FUND BALANCE - END OF YEAR				
			\$ 17,189,264	

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT MEASUREMENT PERIODS

Measurement Date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability:								
Service Cost	\$ 519,850	\$ 556,783	\$ 548,922	\$ 824,321	\$ 766,224	\$ 730,675	\$ 666,600	\$ 718,218
Interest	486,875	494,884	301,047	344,127	477,609	516,743	515,935	503,567
Changes of Benefit Terms	-	-	-	-	-	-	-	(845,157)
Difference Between Expected and Actual Experience	1,182,149	-	55,920	-	(1,431,607)	298,446	(718,209)	-
Changes of Assumptions	43,680	(55,648)	(966,514)	176,287	19,928	-	(46,383)	-
Benefit Payments	(1,553,728)	(1,444,431)	(1,082,447)	(1,061,683)	(854,835)	(1,020,426)	(766,961)	-
Net Change in Total OPEB Liability	<u>678,826</u>	<u>(448,412)</u>	<u>(1,143,072)</u>	<u>283,052</u>	<u>(1,022,681)</u>	<u>525,438</u>	<u>(349,018)</u>	<u>376,628</u>
Total OPEB Liability - Beginning	<u>12,733,555</u>	<u>13,181,967</u>	<u>14,325,039</u>	<u>14,041,987</u>	<u>15,064,668</u>	<u>14,539,230</u>	<u>14,888,248</u>	<u>14,511,620</u>
Total OPEB Liability - Ending	<u>\$ 13,412,381</u>	<u>\$ 12,733,555</u>	<u>\$ 13,181,967</u>	<u>\$ 14,325,039</u>	<u>\$ 14,041,987</u>	<u>\$ 15,064,668</u>	<u>\$ 14,539,230</u>	<u>\$ 14,888,248</u>
Covered-Employee Payroll	\$ 39,343,239	\$ 35,618,905	\$ 34,581,461	\$ 35,292,327	\$ 34,264,395	\$ 32,658,560	\$ 31,707,340	\$ 28,953,340
District's Net OPEB Liability as a Percentage of the Covered-Employee Payroll	34.09%	35.75%	38.12%	40.59%	40.98%	46.13%	45.85%	51.42%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

No assets are accumulated in a trust.

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
PERA										
District's Proportion of the Net Pension Liability	0.1165%	0.1216%	0.1259%	0.1186%	0.1245%	0.1204%	0.1211%	0.1306%	0.1171%	0.1188%
District's Proportionate Share of the Net Pension Liability	\$ 4,307,780	\$ 6,799,736	\$ 9,971,322	\$ 5,064,751	\$ 7,464,344	\$ 6,656,646	\$ 6,718,131	\$ 8,337,418	\$ 9,507,939	\$ 6,156,833
State's Proportionate Share of the Net Pension Liability										
Associated with District										
Total	\$ 111,390	\$ 187,367	\$ 292,124	\$ 230,104	\$ 230,104	\$ 206,991	\$ 220,416	\$ 104,856	\$ 124,147	\$ -
	\$ 4,419,170	\$ 6,987,103	\$ 10,263,446	\$ 5,294,855	\$ 7,694,448	\$ 6,863,637	\$ 6,938,547	\$ 8,442,274	\$ 9,632,086	\$ 6,156,833
District's Covered Payroll	\$ 9,861,963	\$ 9,666,573	\$ 9,427,509	\$ 8,534,878	\$ 8,875,532	\$ 8,521,586	\$ 8,076,280	\$ 8,479,931	\$ 7,264,732	\$ 6,969,875
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.81%	72.28%	108.87%	62.04%	86.69%	80.54%	85.91%	99.56%	132.59%	88.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.10%	79.50%	79.50%	75.90%	68.90%	78.20%
TRA										
District's Proportion of the Net Pension Liability	0.4317%	0.4355%	0.4501%	0.4351%	0.3742%	0.4373%	0.4314%	0.4442%	0.4014%	0.3928%
District's Proportionate Share of the Net Pension Liability	\$ 27,431,604	\$ 35,955,856	\$ 36,041,627	\$ 19,041,277	\$ 27,646,397	\$ 27,873,594	\$ 27,093,120	\$ 88,670,378	\$ 95,743,477	\$ 24,298,565
State's Proportionate Share of the Net Pension Liability										
Associated with District										
Total	\$ 1,794,003	\$ 2,518,657	\$ 2,672,806	\$ 1,605,932	\$ 2,317,082	\$ 2,466,730	\$ 2,545,572	\$ 8,570,788	\$ 9,610,363	\$ 2,980,581
	\$ 29,225,607	\$ 38,474,513	\$ 38,714,433	\$ 20,647,209	\$ 29,963,479	\$ 30,340,324	\$ 29,638,692	\$ 97,241,166	\$ 105,353,840	\$ 27,279,146
District's Covered Payroll	\$ 28,592,918	\$ 27,686,453	\$ 27,979,220	\$ 26,108,674	\$ 25,295,798	\$ 24,810,810	\$ 23,651,122	\$ 23,885,558	\$ 20,803,603	\$ 19,836,024
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.94%	129.87%	128.82%	72.93%	109.29%	112.34%	114.55%	371.23%	460.23%	122.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.07%	78.07%	51.57%	44.88%	76.80%

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PERA										
Statutorily Required Contribution	\$ 799,015	\$ 739,649	\$ 724,994	\$ 707,018	\$ 640,117	\$ 665,666	\$ 639,117	\$ 605,674	\$ 635,996	\$ 544,855
Contributions in Relation to the Statutorily Required Contribution	<u>(799,015)</u>	<u>(739,649)</u>	<u>(724,994)</u>	<u>(707,018)</u>	<u>(640,117)</u>	<u>(665,666)</u>	<u>(639,117)</u>	<u>(605,674)</u>	<u>(635,996)</u>	<u>(544,855)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>					
District's Covered Payroll	\$ 10,653,533	\$ 9,861,963	\$ 9,666,573	\$ 9,427,509	\$ 8,534,878	\$ 8,875,532	\$ 8,521,586	\$ 8,076,280	\$ 8,479,931	\$ 7,264,732
Contributions as a Percentage of Covered-Employee Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
TRA										
Statutorily Required Contribution	\$ 2,691,522	\$ 2,516,861	\$ 2,374,819	\$ 2,341,434	\$ 2,130,249	\$ 2,010,880	\$ 1,912,879	\$ 1,773,835	\$ 1,791,417	\$ 1,560,272
Contributions in Relation to the Statutorily Required Contribution	<u>(2,691,522)</u>	<u>(2,516,861)</u>	<u>(2,374,819)</u>	<u>(2,341,434)</u>	<u>(2,130,249)</u>	<u>(1,773,835)</u>	<u>(1,912,879)</u>	<u>(1,773,835)</u>	<u>(1,791,417)</u>	<u>(1,560,272)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ 237,045</u></u>	<u><u>\$ 121,462</u></u>	<u><u>\$ 213,563</u></u>	<u><u>\$ 303,711</u></u>	<u><u>\$ 72,566</u></u>				
District's Covered Payroll	\$ 30,253,245	\$ 28,592,918	\$ 27,686,453	\$ 27,979,220	\$ 26,108,674	\$ 25,295,798	\$ 24,810,810	\$ 23,651,122	\$ 23,885,558	\$ 20,803,603
Contributions as a Percentage of Covered-Employee Payroll	8.90%	8.80%	8.58%	8.37%	8.16%	7.95%	7.71%	7.50%	7.50%	7.50%

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.50% to 7.00%, for financial reporting purposes.

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.
- The one-time, noncompounding 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.

2022

Changes in Actuarial Assumptions

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5 % to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

Changes in Actuarial Assumptions

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Plan Provisions

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

2019

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

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% 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 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement 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 in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015 (Continued)

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.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, age 62 with 30 years of service credit are exempt).
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The State provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 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 is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% 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 in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- 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 nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 6 years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 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 adjustments.
- 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 forms of payment at retirement were made.

2015

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2014

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 3.90%.

2022

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 2.10% to 3.80%.

2021

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Plan Provisions

- There were no changes in plan provisions.
- Mortality rates were updated from MP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General Teachers) with MP-2019 Generational Improvement Scales.

Changes in Actuarial Assumptions

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

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.10%.

2018

Changes in Plan Provisions

- Postemployment subsidized payments for all head custodians are now paid for three years.

Changes in Actuarial Assumptions

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.

2017

Changes in Actuarial Assumptions

- The discount rate was changed from 3.00% to 3.40%.

SUPPLEMENTARY INFORMATION

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 3,346,396	\$ 3,346,396	\$ 3,038,227	\$ (308,169)
Earnings and Investments	50,000	50,000	145,686	95,686
State Sources	926,304	926,304	760,069	(166,235)
Total Revenues	4,322,700	4,322,700	3,943,982	(378,718)
EXPENDITURES				
Debt Service:				
Bond Principal	2,445,000	2,445,000	2,445,000	-
Bond Interest	1,575,009	1,575,009	1,575,009	-
Paying Agent Fees and Other	7,000	7,000	5,913	(1,087)
Total Expenditures	4,027,009	4,027,009	4,025,922	(1,087)
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>\$ 295,691</u>	<u>\$ 295,691</u>	<u>(81,940)</u>	<u>\$ (377,631)</u>
Fund Balance - Beginning of Year			<u>1,548,001</u>	
FUND BALANCE - END OF YEAR				
			<u>\$ 1,466,061</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF CHANGES IN FUND EQUITIES
YEAR ENDED JUNE 30, 2025**

	Fund Equities June 30, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Transfers	Fund Equities June 30, 2025
GOVERNMENTAL FUNDS					
General Fund:					
Nonspendable	\$ 110,344	\$ -	\$ -	\$ (47,446)	\$ 62,898
Restricted for Student Activities	245,422	197,433	203,519	4	239,340
Restricted for Scholarships	237,354	88,436	66,990	-	258,800
Restricted for Staff Development	-	606,734	606,734	-	-
Restricted for Capital Project Levy	(13,682)	1,906,488	1,906,488	-	(13,682)
Restricted for English Learner	-	1,137,415	1,137,415	-	-
Reserved for READ Act - Literacy Aid	-	154,768	-	-	154,768
Restricted for READ Act - Teacher Comp Aid	-	139,733	139,733	-	-
Restricted for Operating Capital	160,338	1,179,358	1,228,252	-	111,444
Reserved for Literacy Incentive Aid	-	188,999	188,999	-	-
Restricted for Learning and Development	-	794,867	794,867	-	-
Restricted for Area Learning Center	734,337	1,266,077	1,440,790	-	559,624
Reserved for American Indian Ed Aid	-	36,227	42,399	6,172	-
Restricted for Gifted and Talented	-	54,241	54,241	-	-
Restricted for Teacher Development and Evaluation	2,562	-	-	-	2,562
Restricted for Basic Skills	-	1,543,954	2,320,969	777,015	-
Restricted for School Library Aid	5,960	66,773	62,576	-	10,157
Reserved for Achievement and Integration	-	243,719	227,968	(15,751)	-
Restricted for Safe Schools	-	146,489	146,489	-	-
Restricted for LTFM	947,055	1,398,332	922,721	-	1,422,666
Student Support Personnel Aid	-	70,667	113,938	43,271	-
Restricted for Medical Assistance	-	680,165	630,365	-	49,800
Assigned for Severance	3,750,000	-	-	250,000	4,000,000
Assigned for Tobacco Settlement	17,827	59,030	49,577	(9,453)	17,827
Assigned for Carry-Over Funds	31,213	142,154	222,235	118,564	69,696
Unassigned	8,348,203	59,168,693	56,151,156	(1,122,376)	10,243,364
Total General Fund	14,576,933	71,270,752	68,658,421	-	17,189,264
Food Service Fund:					
Nonspendable	23,816	-	-	9,076	32,892
Restricted for Other Purposes	989,580	2,913,873	2,966,191	(9,076)	928,186
Total Food Service Fund	1,013,396	2,913,873	2,966,191	-	961,078
Community Service Fund:					
Nonspendable	3,693	-	-	(2,693)	1,000
Restricted for Community Education	273,618	3,370,151	3,476,878	2,693	169,584
Restricted for E.C.F.E.	406,444	296,753	273,217	-	429,980
Restricted for School Readiness	35,159	449,898	410,536	-	74,521
Reserved for Adult Basic Education	-	5,485	5,485	-	-
Reserved for Achievement and Integration	-	111,340	111,340	-	-
Restricted for Other Purposes	18,510	44,140	39,136	-	23,514
Unassigned	-	-	-	-	-
Total Community Service Fund	737,424	4,277,767	4,316,592	-	698,599
Capital Projects Fund					
Restricted for Other Purposes	-	41,021,638	2,213,501	-	38,808,137
Total Capital Projects Fund	-	41,021,638	2,213,501	-	38,808,137
Debt Service Fund:					
Restricted for Other Purposes	1,548,001	3,943,982	4,025,922	-	1,466,061
Total Debt Service Fund	1,548,001	3,943,982	4,025,922	-	1,466,061
TOTAL GOVERNMENT FUNDS	17,875,754	123,428,012	82,180,627	-	59,123,139
FIDUCIARY FUNDS					
Custodial Fund:					
Unassigned	-	5,250	5,250	-	-
Total Trust Fund	-	5,250	5,250	-	-
TOTAL FIDUCIARY FUNDS	-	5,250	5,250	-	-
PROPRIETARY FUNDS					
Internal Service Fund:					
Unassigned	3,466,296	11,149,502	10,275,254	-	4,340,544
Total Internal Service Fund	3,466,296	11,149,502	10,275,254	-	4,340,544
TOTAL PROPRIETARY FUNDS	3,466,296	11,149,502	10,275,254	-	4,340,544
GRAND TOTAL	\$ 21,342,050	\$ 134,582,764	\$ 92,461,131	\$ -	\$ 63,463,683

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET
YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds		Total Governmental Funds
	Food Service	Community Service	
ASSETS			
Cash and Investments	\$ 978,655	\$ 895,802	\$ 1,874,457
Receivables:			
Current Property Taxes	-	198,259	198,259
Delinquent Property Taxes	-	2,272	2,272
Accounts Receivable	345	212,048	212,393
Due from Other Minnesota School Districts	-	80,291	80,291
Due from Minnesota Department of Education	34,166	51,867	86,033
Due from Federal through Minnesota Department of Education	32,008	-	32,008
Due from Other Governmental Units	-	102,086	102,086
Inventory	32,892	-	32,892
Prepays	-	1,000	1,000
Total Assets	\$ 1,078,066	\$ 1,543,625	\$ 2,621,691
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Salaries and Payroll Deductions Payable	\$ 4,625	\$ 195,961	\$ 200,586
Accounts and Contracts Payable	24,437	89,465	113,902
Unearned Revenue	87,926	144,566	232,492
Total Liabilities	116,988	429,992	546,980
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes Levied for Subsequent Year	-	412,762	412,762
Unavailable Revenue - Delinquent Property Taxes	-	2,272	2,272
Total Deferred Inflows of Resources	-	415,034	415,034
FUND BALANCES			
Nonspendable:			
Inventory	32,892	-	32,892
Prepays	-	1,000	1,000
Restricted for:			
Community Education	-	169,584	169,584
Early Childhood and Family Education	-	429,980	429,980
School Readiness	-	74,521	74,521
Restricted for Other Purposes	928,186	23,514	951,700
Total Fund Balances	961,078	698,599	1,659,677
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,078,066	\$ 1,543,625	\$ 2,621,691

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds		
	Food Service	Community Service	Total
REVENUES			
Local Sources:			
Property Taxes	\$ -	\$ 381,313	\$ 381,313
Investment Income	40,933	30,198	71,131
Other	331,597	3,133,059	3,464,656
State Sources	1,416,538	719,192	2,135,730
Federal Sources	1,124,805	14,005	1,138,810
Total Revenues	<u>2,913,873</u>	<u>4,277,767</u>	<u>7,191,640</u>
EXPENDITURES			
Current:			
Food Service	2,918,787	-	2,918,787
Community Service	-	4,306,715	4,306,715
Capital Outlay	47,404	9,877	57,281
Total Expenditures	<u>2,966,191</u>	<u>4,316,592</u>	<u>7,282,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	(52,318)	(38,825)	(91,143)
Fund Balances - Beginning of Year, as Originally Reported	-	-	-
Change Within the Financial Reporting Entity	<u>1,013,396</u>	<u>737,424</u>	<u>1,750,820</u>
Fund Balances - Beginning of Year, as Adjusted	<u>1,013,396</u>	<u>737,424</u>	<u>1,750,820</u>
FUND BALANCES - END OF YEAR	<u>\$ 961,078</u>	<u>\$ 698,599</u>	<u>\$ 1,659,677</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Child Nutrition Fund				Over (Under) Final Budget	
	Budgeted Amounts		Actual Amounts			
	Original	Final				
REVENUES						
Local Sources:						
Investment Income	\$ 5,000	\$ 45,000	\$ 40,933	\$ (4,067)		
Other - Primarily Meal Sales	317,000	299,700	331,597	31,897		
State Sources	1,174,000	1,424,000	1,416,538	(7,462)		
Federal Sources	<u>1,054,906</u>	<u>1,095,920</u>	<u>1,124,805</u>	<u>28,885</u>		
Total Revenues	2,550,906	2,864,620	2,913,873	49,253		
EXPENDITURES						
Current:						
Food Service	2,678,877	3,046,321	2,918,787	(127,534)		
Capital Outlay	68,000	50,000	47,404	(2,596)		
Total Expenditures	<u>2,746,877</u>	<u>3,096,321</u>	<u>2,966,191</u>	<u>(130,130)</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$ (195,971)</u></u>	<u><u>\$ (231,701)</u></u>	<u><u>(52,318)</u></u>	<u><u>\$ 179,383</u></u>		
Fund Balance - Beginning of Year			<u><u>1,013,396</u></u>			
FUND BALANCE - END OF YEAR			<u><u>\$ 961,078</u></u>			

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Community Education Fund				Over (Under) Final Budget
	Budgeted Amounts	Actual	Amounts	Original	Final
REVENUES					
Local Sources:					
Property Taxes	\$ 396,647	\$ 396,647	\$ 381,313	\$ (15,334)	
Investment Income	25,000	25,000	30,198	5,198	
Other - Primarily Tuition and Fees	2,719,908	3,041,818	3,133,059	91,241	
State Sources	491,529	641,016	719,192	78,176	
Federal Sources	-	-	14,005	14,005	
Total Revenues	<u>3,633,084</u>	<u>4,104,481</u>	<u>4,277,767</u>		<u>173,286</u>
EXPENDITURES					
Current:					
Community Service	3,960,304	4,263,922	4,306,715	42,793	
Capital Outlay	3,900	3,900	9,877	5,977	
Total Expenditures	<u>3,964,204</u>	<u>4,267,822</u>	<u>4,316,592</u>		<u>48,770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (331,120)</u>	<u>\$ (163,341)</u>	<u>(38,825)</u>	<u>\$ 124,516</u>	
Fund Balance - Beginning of Year				<u>737,424</u>	
FUND BALANCE - END OF YEAR	<u>\$ 698,599</u>				

SINGLE AUDIT AND OTHER REQUIRED REPORTS

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Pass-Through Minnesota Department of Education				
Child Nutrition Cluster:				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	1-0659-000	\$ 183,594	
Cash Assistance:				
National School Lunch Program	10.555	1-0659-000	744,739	
After School Snack	10.555	1-0659-000	9,987	
Subtotal Assistance Listing No. 10.555			<u>\$ 938,320</u>	\$ -
School Breakfast Program	10.553	1-0659-000	141,658	
Summer Program	10.559	1-0659-000	44,827	
Total Child Nutrition Cluster			<u>1,124,805</u>	- -
Total U.S. Department of Agriculture			<u>1,124,805</u>	- -
U.S. Department of Education				
Pass-Through Minnesota Department of Education				
Title I, Part A - Grants to Local Educational Agencies	84.010	S010A210024	352,599	
Title II, Part A - Supporting Effective Instruction State Grant	84.367	S367A210022	110,737	
Title III, Part A - English Language Acquisition Grants	84.365	S365A210024	29,025	
Individuals with Disabilities Education Act (IDEA) Part C	84.181	H181A210029	18,287	
Title IV, Part B - Twenty-First Century Community Learning Centers	84.287	S287C190023	200,207	
COVID-19 - Elementary and Secondary School Emergency Relief Fund 3	84.425U	**	<u>70,222</u>	- -
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A210087	247,364	
Special Education - Preschool Grants	84.173	H173A210086	<u>17,634</u>	
Total Special Education Cluster			<u>264,998</u>	- -
Pass-Through Independent School District #917				
Carl Perkins Vocational Education Basic Grants to States	84.048	V048A190023A	5,516	
Total U.S. Department of Education			<u>1,051,591</u>	- -
Total Federal Awards Expended			<u>\$ 2,176,396</u>	\$ - -

** Not available

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northfield Public Schools (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 or changes in net position 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Independent School District No. 659
Northfield, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 659 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2025December 11, 2025December 11, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Rochester, Minnesota
December 11, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Independent School District No. 659
Northfield, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northfield Public Schools Independent School District No. 659's (the District) compliance with the types of compliance requirements identified as subject to audit in the 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, 2025. The District's major federal programs are identified in the summary of auditors' 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, 2025.

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; 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 Auditors' 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.

Auditors' 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 a 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.

Board of Education
Independent School District No. 659

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 11, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Independent School District No. 659
Northfield, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 659 (the District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 11, 2025

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
3. Noncompliance material to financial statements noted?	_____	yes	<input checked="" type="checkbox"/> no

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<input checked="" type="checkbox"/> no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II –Findings Related to Basic Financial Statements

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III –Findings and Questioned Costs – Major Federal Awards Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV –Findings and Questioned Costs – Minnesota Legal Compliance

None

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025**

	Audit	UFARS	Difference		Audit	UFARS	Difference
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 70,381,805	\$ 70,381,794	\$ 11	Total Revenue	\$ 1,101,029	\$ 1,101,031	\$ (2)
Total Expenditures	67,961,634	67,961,623	11	Total Expenditures	2,213,501	2,213,501	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	62,898	62,897	1	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activity	239,340	239,336	4	407 Capital Projects Levy	-	-	-
402 Scholarships	258,800	258,799	1	413 Projects Funded by COP	-	-	-
403 Staff Development	-	-	-	467 LTFM	-	-	-
406 Health and Safety	-	-	-	<i>Restricted:</i>			
407 Capital Project Levy	(13,682)	(13,682)	-	464 Restricted Fund Balance	38,808,137	38,808,138	(1)
408 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
413 Projects Funded by COP	-	-	-	463 Unassigned Fund Balance	-	-	-
414 Operating Debt	-	-	-				
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-				
424 Operating Capital	111,444	111,444	-				
426 \$25 Taconite	-	-	-				
427 Disabled Accessibility	-	-	-				
428 Learning and Development	-	-	-				
434 Area Learning Center	559,624	559,623	1				
435 Contracted Alternative Programs	-	-	-				
436 State Approved Alternative Programs	-	-	-				
438 Gifted and Talented	-	-	-				
440 Teacher Development and Evaluations	2,562	2,562	-				
441 Basic Skills Programs	-	-	-				
443 School Library Aid	10,157	10,157	-				
448 Achievement and Integration	-	-	-				
449 Safe Schools Crime Levy	-	-	-				
450 Pre-Kindergarten	-	-	-				
451 QZAB Payments	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-				
456 READ Act - Literacy Aid	154,768	154,768	-				
459 Basic Skills Extended Time	-	-	-				
467 LTFM	1,422,666	1,422,666	-				
472 Medical Assistance	49,800	49,800	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	-	-	-				
<i>Committed:</i>							
418 Committed for Separation	-	-	-				
461 Committed Fund Balance	-	-	-				
<i>Assigned:</i>							
462 Assigned Fund Balance	4,087,523	4,087,523	-				
<i>Unassigned:</i>							
422 Unassigned Fund Balance	10,243,364	10,243,370	(6)				
02 FOOD SERVICE				08 TRUST			
Total Revenue	2,913,873	2,913,871	2	Total Revenue	-	-	-
Total Expenditures	2,966,191	2,966,188	3	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	32,892	32,892	-	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
452 OPEB Liability Not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	928,186	928,186	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				
04 COMMUNITY SERVICE				25 OPEB REVOCABLE TRUST			
Total Revenue	4,277,767	4,277,770	(3)	Total Revenue	-	-	-
Total Expenditures	4,316,592	4,316,596	(4)	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	1,000	1,000	-	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	169,584	169,585	(1)				
432 E.C.F.E.	429,980	429,980	-				
440 Teacher Development and Evaluations	-	-	-				
444 School Readiness	74,521	74,521	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	23,514	23,512	2				
06 BUILDING CONSTRUCTION				45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-	Total Revenue	-	-	-
Total Expenditures	-	-	-	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	-	-	-	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
407 Capital Projects Levy	-	-	-				
413 Projects Funded by COP	-	-	-				
467 LTFM	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	38,808,137	38,808,138	(1)				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				
07 DEBT SERVICE				47 OPEB DEBT SERVICE			
Total Revenue	3,943,982	3,943,981	1	Total Revenue	-	-	-
Total Expenditures	4,025,922	4,025,921	1	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	-	-	-	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
425 Bond Refunding	-	-	-				
451 QZAB and QSCB Payments	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	1,466,061	1,466,061	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				
18 CUSTODIAL							
Total Revenue	5,250	5,250	-				
Total Expenditures	5,250	5,250	-				
<i>Net Position:</i>							
422 Net Position	-	-	-				
20 INTERNAL SERVICE							
Total Revenue	11,149,502	11,149,502	-				
Total Expenditures	10,275,254	10,275,254	-				
<i>Net Position:</i>							
422 Net Position	4,340,544	4,340,544	-				
25 OPEB REVOCABLE TRUST							
Total Revenue	-	-	-				
Total Expenditures	-	-	-				
<i>Net Position:</i>							
422 Net Position	-	-	-				
45 OPEB IRREVOCABLE TRUST							
Total Revenue	-	-	-				
Total Expenditures	-	-	-				
<i>Net Position:</i>							
422 Net Position	-	-	-				
47 OPEB DEBT SERVICE							
Total Revenue	-	-	-				
Total Expenditures	-	-	-				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	-	-	-				
<i>Restricted:</i>							
425 Bond Refunding	-	-	-				
464 Restricted Fund Balance	-	-	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				



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