2025-2026

Osseo Area Schools

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2026

OUR MISSION

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT 279
OSSEO AREA SCHOOLS
Maple Grove, Minnesota

Our Mission

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Osseo Area Schools

ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2026

INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North
Maple Grove, MN 55369

Prepared by:
Business Services Department

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Michael Hueller, CPA

Coordinator, Business Services:
Michelle Larson

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

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Osseo Area Schools

SECTION I

INTRODUCTION

Our Mission

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Osseo Area Schools

November 6, 2026

FISCAL YEAR 2026 ANNUAL COMPREHENSIVE FINANCIAL REPORT

To: Independent School District 279 – Osseo Area Schools School Board members and citizens

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2026, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2026. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statute § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

LB Carlson, LLP, has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2026. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) immediately follow the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

The District was incorporated in 1953. Osseo Area Schools is where students discover opportunities, build confidence, and prepare for bright futures. From early childhood to high school, we offer experiences inside and outside the classroom that help students grow into curious, capable and connected learners.

As Minnesota's fifth-largest school district, we proudly serve eight communities — including Brooklyn Park, Brooklyn Center, Maple Grove, Osseo, Plymouth, Corcoran, Dayton and Rogers—and offer specialized magnet programs in the Arts, STEM, STEAM, Health Science, and International Baccalaureate. Our full-time online school, 279Online, extends learning beyond district boundaries, providing students across Minnesota with a flexible, high-quality education.

An elected six-member School Board governs the District. The seated School Board consists of six members who are elected at large in even-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

In Osseo Area Schools, we inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning. Our scholars benefit from exceptional opportunities, support and partnerships that help them graduate with the confidence, courage, and competence to make their dreams a reality.

Our size is an advantage, allowing us to offer more academic and extracurricular opportunities for your child to thrive; greater access to technology to enhance learning; and more staff to support your student's individual learning needs.

Osseo Area Schools is where students discover opportunities, build confidence, and prepare for bright futures. From early childhood to high school, we offer experiences inside and outside the classroom that help students grow into curious, capable and connected learners.

With a student body representing over 125 languages and cultures, our schools reflect the global community, creating an inclusive, enriching environment that prepares students for today's world and tomorrow's opportunities.

Our passionate teachers and staff are dedicated to inspiring students every step of the way. Whether it is in academics, arts, or athletics, Osseo Area Schools provides the support and resources every student needs to succeed.

The District enrolled 20,810 students in fiscal year (FY) 2026 from a population of 156,574 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 16 elementary schools (PreK-5), four middle schools (6–8), three senior highs (9–12), an online learning school (6–12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

A child's first years of school provide a foundation for lifelong learning. Prekindergarten programming— available at every elementary school—incorporates research-based early learning standards developed by the Minnesota Department of Education. Our teachers and staff work together to ensure the concepts and skills taught in prekindergarten lay the groundwork for those taught in kindergarten.

Elementary programs provide a strong educational foundation through personalized learning and academic excellence. As a large district, we are able to offer all-day kindergarten at every elementary school and free or tuition-based prekindergarten at every elementary school. Schools offer services like special education and gifted programs, along with diverse extracurricular activities in sports, arts and clubs. A welcoming community values diversity and family involvement, fostering a safe and inclusive environment for all. Elementary students are introduced to a range of subjects, from reading/language arts to math, science, social studies, art, music (vocal and instrumental), and physical education. Students in fourth and fifth grade can audition for the Children's Chorus, a district-wide performing group that has served the community for more than 50 years.

In middle school, young minds thrive on active learning. Osseo Area Schools' middle schools offer a supportive environment focused on academic achievement and personal growth. Students are challenged through core subjects, honors courses and specialized services while exploring extracurriculars like music, arts and clubs. This helps them develop independence and leadership skills, preparing them for high school and beyond. While in middle school, your child may even take courses eligible for high school credit.

High school offers opportunities for students to explore, grow and prepare for entering the workplace or college. Osseo Area Schools' high schools provide a balanced education focused on academic and personal growth. Students can take Advanced Placement (AP) and college preparatory courses and join extracurricular activities like sports, music, arts and clubs to develop teamwork and leadership skills. With access to advanced technology and resources, they are prepared for future educational and career success. Students can even receive workplace-ready certifications in fields such as automotive technology, culinary arts, health care, and information technology.

Some of our special honors

- Almost 500 students named AP Scholars.
- Each year, Park Center has International Baccalaureate Diploma recipients.
- Seventy students at Osseo Senior High School earned a 30 or higher on one or more sections of the ACT.
- Ten seniors from Maple Grove Senior High School earned National Merit Commended honors.
- A number of students, schools and programs have been featured in CCX spotlights, including nutrition services' new food truck, Elm Creek Elementary School and the Park Center Senior High School counselor.
- Several high school sports teams/individuals had postseasons this fall, including cross country, football, soccer, girls' tennis, girls' swim and dive and adapted soccer.

- Talented and award-winning staff

    - Two Minnesota Teacher of the Year nominees.
    - Special Education Transportation Paraprofessional of the Year at the Minnesota Association of Pupil Transportation (MAPT) conference.
    - Director of Learning & Achievement Dr. Jill Kind graduated from the Learning Forward Academy.
    - Community relations team won nine awards from the National School Public Relations Association (NSPRA).
    - Minnesota School Business Official of the Year, Association of School Business Officials International Pinnacle of Achievement Recipient, and more.

- Partnerships that provide value

    - Four student School Board representatives.
    - Industry leaders continue to participate on career panels.
    - Osseo Senior High was named one of just five schools in the state recognized as a 2025 National Banner Unified Champion Schools by Special Olympics Minnesota.
    - Students from Ukraine visited Maple Grove Senior High, Osseo Senior High, Park Center Senior High and Oak View Elementary students and teachers, and experienced a day in our schools. Partnership with YouLEAD, which is sponsored by Global Synergy Group.

- Recognized for excellence in financial reporting by the Minnesota Department of Education and the Association of School Business Officials International

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

The District is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

LOCAL ECONOMY

The District had a budgeted enrollment of 20,967 adjusted average daily membership for FY 2026 and an actual enrollment of 20,810. The District's student enrollment for FY 2027 is projected to increase with an estimated student enrollment of 21,251. However, enrollment is lagging at the start of FY 2027 and will have to be considered in future projections. The current five-year enrollment projection shows a small increase in enrollment for FY 2028, followed by increases in enrollment through FY 2031.

The District's school buildings were built between 1952 and 2026. A new elementary was opened in the fall of 2026 to accommodate growth in the northwest corner of the District that has capacity to serve up to 1,026 students. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of $237 million for deferred maintenance and health and safety facility needs.

Osseo Area Schools intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authorities, such as operating referenda and building bonds, also require voter approval. Osseo Area Schools continues to rely heavily on state funding, and long-term inflationary erosion in the general education formula remains a major structural challenge. If the formula had kept pace with inflation since 2003, the FY 2026 allowance would have been $8,901 per ADM rather than $7,481, a difference of $1,420 per ADM, or approximately $29.6 million annually for the District. This underlying gap continues to shape the District's fiscal outlook entering FY 2027.

The state budget forecast for the FY 2026–27 biennium projected a surplus, but Minnesota Management and Budget cautioned that structural imbalances remain and that federal funding uncertainty, including the potential for Medicaid reductions, poses additional risk. The FY 2027 budget is based on statutes in effect through the close of the 2026 legislative session; however, pending outcomes from the compensatory funding and special education task forces could materially affect the District's future financial position.

Healthcare is another significant cost driver in FY 2027. Staff enrolled in the PEIP plan are expected to experience rate increases of 15 percent, while staff in the District's self-funded plan are expected to experience increases of 23 percent. These increases add substantial pressure to an already constrained operating environment.
Key factors to monitor include:

- State aid adequacy and unfunded mandates (e.g., special education).
- Federal funding uncertainty and potential grant rescissions.
- Healthcare cost increases and benefit plan sustainability.
- Enrollment trends and declining regional birth rates.
- Pension obligations and local taxpayer impact.

BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING

The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, Debt Service Fund. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Legal budgetary control is at the fund account level.

The budget planning steps began in October 2024, using the **Long-Range Financial Model (LRFM) and Annual Budget Framework** and **the FY 2026 Budget Planning Timeline**. The District implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2026 budget adjustment process:

Outcomes for budget adjustment process –

1. Create budget adjustment recommendations that align with our system's Mission and Strategic Priorities.
2. Involve school and community stakeholders in determining how to provide a quality education using available resources.
3. Provide budget recommendations for School Board approval that achieve a school district budget that maintains required fund balance.

Budget adjustment proposal process –

1. The system has identified legally required and mandated essential services and programs. These will not be considered for adjustment.
2. The analysis of budget adjustments will be based on a review of the effectiveness of specific programs or services. Information will be used to determine which program or initiatives are not getting expected results and should be considered for budget adjustments.
3. The analysis will consider the basic requirements for providing the educational program at sites. This analysis will establish the base quality education level that the District does not want to go below, and the essential support services required to deliver the base.
4. The analysis will consider the impact on our work to ensure equitable student achievement.
5. School Board policies will be considered to determine if they exceed legally required and mandated essential services and programs or the basic requirements for providing the education program. Do School Board policies and regulations have financial implications? If so, which policies and/or regulations might be changed?
6. All proposed adjustments will be evaluated using the Program Efficiency Abandonment and Redirection (PEAR) process. The process considers the impact of the enhancement, reduction, elimination, or restructuring of services on the education programs.
7. Staff and citizen idea input will be solicited and shared with the School Board for consideration in the budget planning process, through LRFP Advisory and FISCAL. In addition, other formal district advisory groups, such as DPAC, Core Planning, APAC, and CEPAC, inform our work regarding district program priorities which impact budget priorities.

The School Board reviewed FY 2026 budget proposals at a work session on February 11, 2025. These budget proposals followed the School Board direction that was provided at the November 12, 2024, work session. Budget proposals were approved February 25, 2025, at the regular School Board meeting and result in net adjustments of $2,937,680 to the General Fund. The General Fund amount is comprised of LRFP budget adjustments, including enrollment alignment of $2,147,741, state leaves of absence / time off requirements of $30,000, family medical leave act expansion of payroll taxes of $433,298, and operating capacity for new elementary of $326,641.

MISSION, VISION STATEMENT, CORE VALUES, AND STRATEGIC DIRECTIONS

The District's mission, core values, and strategic directions provide for the investment of human and financial resources across the system.

MISSION

Our mission is to inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

VISION STATEMENT

Unleash and enhance the brilliance of our scholars to thrive and change the world.

CORE VALUES

HONOR AND INTEGRITY
Holding ourselves, each other, and our system to the highest standards to create the best conditions for learning.

BELONGING
Developing meaningful relationships that build trust, understanding and community.

INCLUSION
Intentionally engaging diverse voices and perspectives equitably and respectfully.

INNOVATION AND EXCELLENCE
Cultivating creativity, ideas, confidence, and transformational growth.

TRANSPARENCY
Communicating, modeling, and making decisions clearly, equitably, and openly.

INTRINSIC VALUE
Each scholar, staff member and family is valued and respected for their perspective, experience, and contributions.

STRATEGIC DIRECTION

- Create safe, welcoming, and inclusive learning environments that foster global curiosity, belonging, innovation and engagement.
- Build and nurture a culture of achievement by providing content rich, rigorous, equitable and individualized pathways.
- Promote inclusive participation of all of our communities and provide timely, relevant, and easily accessible communication.
- Create a system of operational innovation, excellence, accountability, and sustainability.
- Address, acknowledge and reduce systemic disparities, barriers, and inequities as we lead, develop, and align our district toward continuous improvement.

RELEVANT FINANCIAL POLICIES

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

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statute § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81."

Unassigned fund balance in the General Fund Operating Account on June 30, 2026, was 24.2002 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

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

AWARDS AND ACKNOWLEDGEMENTS

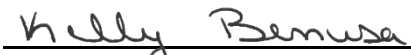
This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2025. To receive this award, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business Services Department. We want to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the School Board for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



John Morstad, SFO, CSRM
Executive Director of Finance & Operations



Kelly Benusa, CPA, RSBO, SFO
Director, Business Services

OSSEO AREA SCHOOLS
ISD 279

Organizational Chart 2025-26

SCHOOL BOARD

General Counsel

SUPERINTENDENT

Executive Director of School and Community Relations

HUMAN & ADMINISTRATIVE RESOURCES TEAM (HART)

- **Executive Director of Human Resources**
  - Director of Human Resources (Labor Relations)
  - Director of Human Resources
- **Executive Director of Finance and Operations**
  - Director of Business Services
  - Director of Food & Nutrition
  - Director of Transportation, Security & Emergency Management
  - Director of Facility Operations

DEPARTMENT OF LEADERSHIP, TEACHING & LEARNING (DLTL)

- **Assistant Superintendent of Elementary Schools**
  - Elementary Principals
- **Assistant Superintendent of Secondary Schools**
  - Middle School Principals
  - High School Principals
- **Assistant Superintendent of Equity and Achievement**
  - Director of Educational Equity
  - Director of Student Services
  - Director of Learning & Achievement
  - Principal of OALC/279Online
  - District Level Principals

COMMUNITY ENGAGEMENT (CEN)

- **Executive Director of Community Engagement**
  - Director of Community Engagement
  - Coordinator of Kidstop/Four Star
  - Coordinator of Enrichment
  - Coordinator of Facilities
  - Coordinator of Center for Enrollment Services
  - Coordinator of Adult Basic Ed
  - Coordinator of Early Childhood Programs

INSTRUCTIONAL & INFORMATION TECHNOLOGY TEAM (I2T2)

- **Executive Director of Technology**
  - Director of Technology
  - Director of Information Systems & Security

INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration
as of June 30, 2026

SCHOOL BOARD

	Board Position
Tanya Prince	Chairperson
Thomas Brooks	Vice Chairperson
Keith Tate	Clerk
Sarah Mitchell	Treasurer
Kelsey Dawson	Director
Erica Foster	Director

ADMINISTRATION

Cabinet

Kim Hiel	Superintendent
Bryan Bass	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
John Morstad, SFO, CSRM	Executive Director, Finance and Operations
Yvonne Shorts-Lind	Executive Director, Human Resources
Anthony Padrnos	Executive Director, Technology
Amy Moore	General Counsel
Kay Villella	Executive Director, School and Community Relations

Business Services

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Michael Hueller, CPA	Assistant Director, Business Services
Michelle Larson	Coordinator, Business Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Osseo Area Schools

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

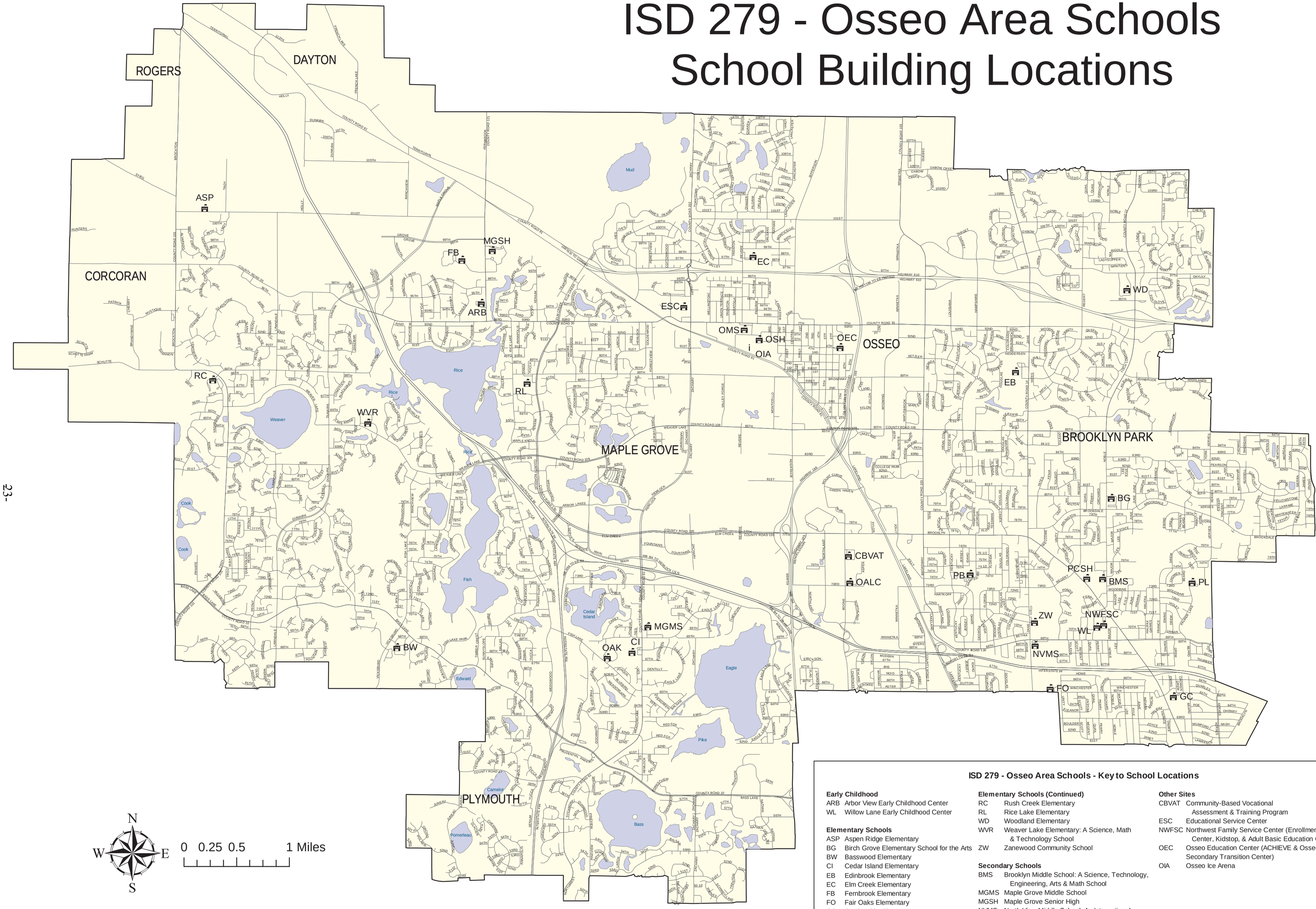
The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

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

ISD 279 - Osseo Area Schools
School Building Locations



N
W E
S

0 0.25 0.5 1 Miles

Updated May 20, 2025

ISD 279 - Osseo Area Schools - Key to School Locations

Early Childhood

- ARB Arbor View Early Childhood Center
- WL Willow Lane Early Childhood Center

Elementary Schools

- ASP Aspen Ridge Elementary
- BG Birch Grove Elementary School for the Arts
- BW Basswood Elementary
- CI Cedar Island Elementary
- EB Edinbrook Elementary
- EC Elm Creek Elementary
- FB Fernbrook Elementary
- FO Fair Oaks Elementary
- GC Garden City Elementary
- OAK Oak View Elementary
- PB Park Brook Elementary
- PL Palmer Lake Elementary

Elementary Schools (Continued)

- RC Rush Creek Elementary
- RL Rice Lake Elementary
- WD Woodland Elementary
- WVR Weaver Lake Elementary: A Science, Math & Technology School
- ZW Zanewood Community School

Secondary Schools

- BMS Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School
- MGMS Maple Grove Middle School
- MGSH Maple Grove Senior High
- NVMS North View Middle School: An International Baccalaureate World School
- OALC Osseo Area Learning Center
- OMS Osseo Middle School
- OSH Osseo Senior High
- PCSH Park Center Senior High: An International Baccalaureate World School

Other Sites

- CBVAT Community-Based Vocational Assessment & Training Program
- ESC Educational Service Center
- NWFSC Northwest Family Service Center (Enrollment Center, Kidstop, & Adult Basic Education Center)
- OEC Osseo Education Center (ACHIEVE & Osseo Secondary Transition Center)
- OIA Osseo Ice Arena

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

SECTION II

FINANCIAL

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 279 – Osseo Area Schools
Maple Grove, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 279 – Osseo Area Schools (the District) as of and for the year ended June 30, 2026, 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, 2026, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphases of Matter

CHANGE IN ACCOUNTING PRINCIPLE

In 2026, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

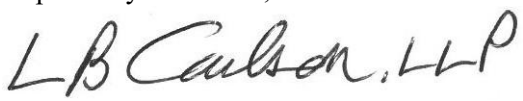
We have previously audited the District's 2025 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 3, 2025. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

November 6, 2026

The purpose of this Management's Discussion and Analysis (MD&A) is to help the citizens, taxpayers, and other stakeholders of Independent School District No. 279's (the District) understand what the basic financial statements in this Annual Comprehensive Financial Report (ACFR) say about the District's financial health as of the current year-end and why it changed since last year. It contains information drawn from the basic financial statements, with accompanying explanations provided by management based on its knowledge of the District's finances. We encourage readers to consider the information presented here in conjunction with the other components of the District's ACFR, including the letter of transmittal located in the introductory section.

If you have questions about this report, or need additional financial information, contact the District's Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

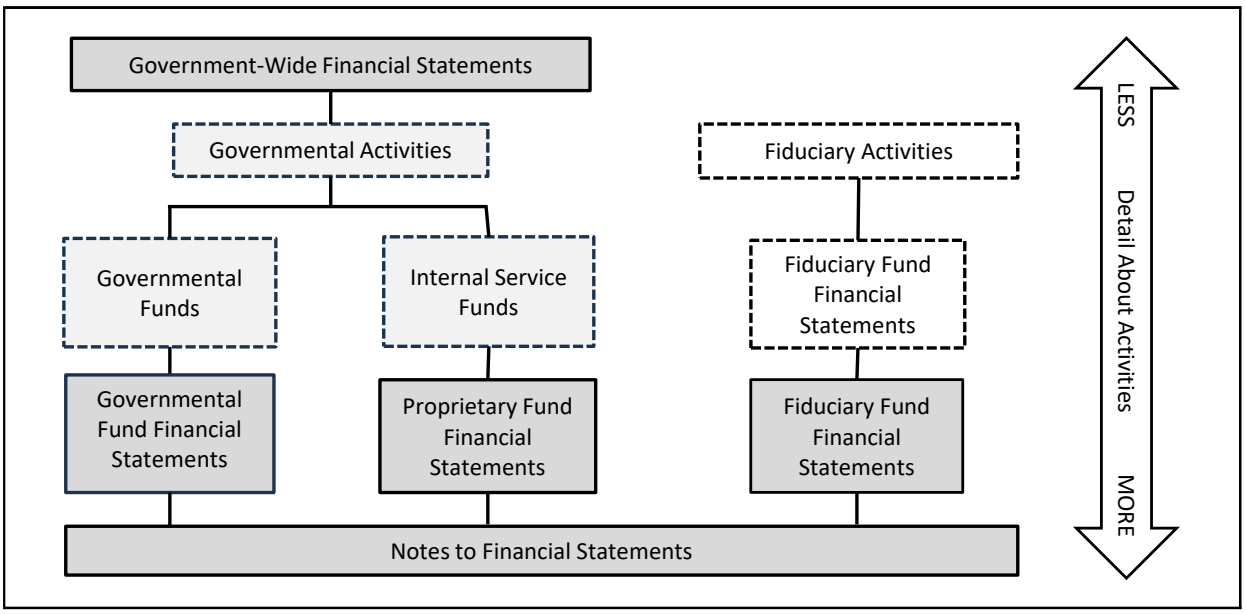
OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements consist of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information, which further explains and supports the information in the basic financial statements.

CONTENTS OF THE BASIC FINANCIAL STATEMENTS

The basic financial statements present the District's finances at both an overall and a detailed level. See Figure A below:

Figure A – Contents of the Basic Financial Statements



The first two basic financial statements are the *government-wide financial statements* (Statement of Net Position and Statement of Activities), which report information about the District as a whole. In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aid and property taxes.

The remaining basic financial statements present the District's finances in greater detail and include fiduciary activities. The *fund financial statements* disaggregate financial information into separate funds to report on the specific purpose for which resources are used or restricted, focusing on its most significant or "major" funds. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds and presented in a single column in the basic financial statements. Detailed financial information for nonmajor funds can be found in the supplementary information section.

Minnesota schools must establish funds within the guidelines of the state's Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District reports three types of funds:

Governmental Funds – The governmental fund financial statements report all governmental activities of the District except those that involve providing services to its own departments or functions. In addition to the District's main operating fund – the General Fund – these financial statements include: a capital projects fund to account for debt proceeds or tax levies used for the acquisition, construction, or improvement of facilities and infrastructure; a debt service fund to account for resources accumulated to repay outstanding bonds and certain other debt; and (nonmajor) special revenue funds to track restricted resources supporting the District's food and nutrition services and community service programs.

Proprietary Funds – Proprietary fund financial statements report services provided to the District's own departments or functions. The District currently maintains four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.. These services are included within governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary fund financial statements report resources held for others for which the District acts as a trustee or custodian, including the Northwest Family Service Center and Local Collaborative Time Study. The resources in fiduciary funds do not belong to the District and cannot be used to support the basic services it provides, which is why they are excluded from the government-wide financial statements.

The last component of the basic financial statements contains *notes to basic financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is important to gain a full understanding of the District's finances. The notes: 1) present information in greater detail than is possible within the financial statements themselves, 2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and 3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE BASIC FINANCIAL STATEMENTS

Figure B – Information Reported in the Basic Financial Statements

	Financial Statements			
	Government-Wide	Proprietary Fund	Fiduciary Fund	Governmental Fund
Types of Assets and Liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term			Only current financial resources, such as cash, current receivables, and current payables
Types of Revenues/Additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received			Only revenues that are measurable and available to finance expenditures of that year
Types of Expenses/Deductions/Expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid			Only expenditures for which the related governmental fund liability is incurred in that year
Types of Deferred Outflows/Inflows of Resources	All types of resources that flow into and out of the government during the year that relate to a future year			Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

All of the District's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus* and *accrual basis of accounting.* In other words, they comprehensively report all types of financial statement elements:

- *Assets* – Resources the District controls, including short-term assets like cash to long-term assets like buildings and infrastructure.
- *Liabilities* – Amounts the District owes, including short-term liabilities like salaries payable and long-term liabilities like outstanding debt or future employee pension benefits.
- *Deferred outflows/inflows of resources* – Flows that occurred during the year, or in prior years, that will not be reported as revenues or expenses until the future year to which they are related.
- *Revenues and expenses* – Inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus* and *modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. Governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as outstanding general obligation bonds. They do, however, report the flows of current financial resources related to these long-term items, such as the proceeds from issuing bonds or selling equipment, and expenditures for bond principal and interest payments or to acquire capital assets. Because this information does not encompass the additional long-term focus of the government-wide financial statements, reconciliation schedules are provided immediately following the governmental fund financial statements to explain the relationship (or differences) between these two types of financial statement presentations.

ANALYSIS OF THE DISTRICT'S FINANCES

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

Table 1
Summary Statement of Net Position
as of June 30,

	Governmental Activities		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 452,996,690	$ 545,422,774	(16.9) %
Capital assets, net	674,227,293	523,459,499	28.8 %
Total assets	$ 1,127,223,983	$ 1,068,882,273	5.5 %
Deferred outflows of resources	$ 59,882,183	$ 67,007,173	(10.6) %
Liabilities			
Current and other liabilities	$ 45,676,278	$ 33,276,328	37.3 %
Long-term liabilities	644,091,130	625,944,338	2.9 %
Total liabilities	$ 689,767,408	$ 659,220,666	4.6 %
Deferred inflows of resources	$ 209,668,843	$ 204,605,449	2.5 %
Net position			
Net investment in capital assets	$ 319,950,462	$ 311,758,545	2.6 %
Restricted	36,505,572	33,846,238	7.9 %
Unrestricted	(68,786,119)	(73,541,452)	(6.5) %
Total net position	$ 287,669,915	$ 272,063,331	5.7 %

Total net position improved by $15,606,584 in the current year, with improvement in all components of net position as shown above.

Current assets were lower than last year, primarily due to the spend down of bond proceeds used for construction. Significant construction activity in the current year accounts for the increase in net capital assets. Current and other liabilities increased related to increased accounts payable from building construction activity. Long-term liabilities increased from the issuance of building bonds during the year. The decrease in the General Fund balance also impacted unrestricted net position. Changes in the District's proportionate share of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) state-wide pension plans contributed to the differences in deferred outflows and inflows of resources, long-term liabilities, and unrestricted net position.

Table 2 presents a condensed version of the Change in Net Position of the District:

Table 2
Change in Net Position
for the Years Ended June 30,

	Governmental Activities		Percentage
	2026	2025	Change
Revenues			
Program revenues			
Charges for services	$ 15,896,573	$ 14,460,961	9.9 %
Operating grants and contributions	144,405,876	136,914,475	5.5
Capital grants and contributions	2,054,613	2,299,644	(10.7)
General revenues			
Property taxes	141,713,278	142,864,941	(0.8)
General grants and aids	171,649,915	172,353,648	(0.4)
Other	16,473,860	22,377,994	(26.4)
Total revenues	492,194,115	491,271,663	0.2
Expenses			
Administration	15,574,425	15,461,959	0.7
District support services	15,658,420	14,092,921	11.1
Elementary and secondary regular instruction	175,461,600	174,487,712	0.6
Vocational education instruction	5,553,283	5,320,293	4.4
Special education instruction	73,285,001	70,712,137	3.6
Instructional support services	35,677,016	34,555,417	3.2
Pupil support services	42,253,876	38,002,119	11.2
Sites and buildings	44,652,158	30,757,389	45.2
Fiscal and other fixed cost programs	994,832	1,496,844	(33.5)
Food service	17,835,516	17,145,853	4.0
Community service	21,393,800	21,065,208	1.6
Unallocated depreciation and amortization expense	14,858,772	13,721,998	8.3
Interest and fiscal charges	13,388,832	14,175,289	(5.5)
Total expenses	476,587,531	450,995,139	5.7
Change in net position	15,606,584	40,276,524	(61.3)
Net position – beginning	272,063,331	231,786,807	17.4
Net position – ending	$ 287,669,915	$ 272,063,331	5.7

Governmental activities revenues exceeded expenses in the current year, resulting in an increase of $15,606,584 in total net position. Revenues and expenses were both higher than the prior year, with revenues increasing by $922,452 (0.2 percent) and expenses increasing by $25,592,392 (5.7 percent).

The primary factors affecting the current year's change in net position and the change in activity compared to the prior year included:

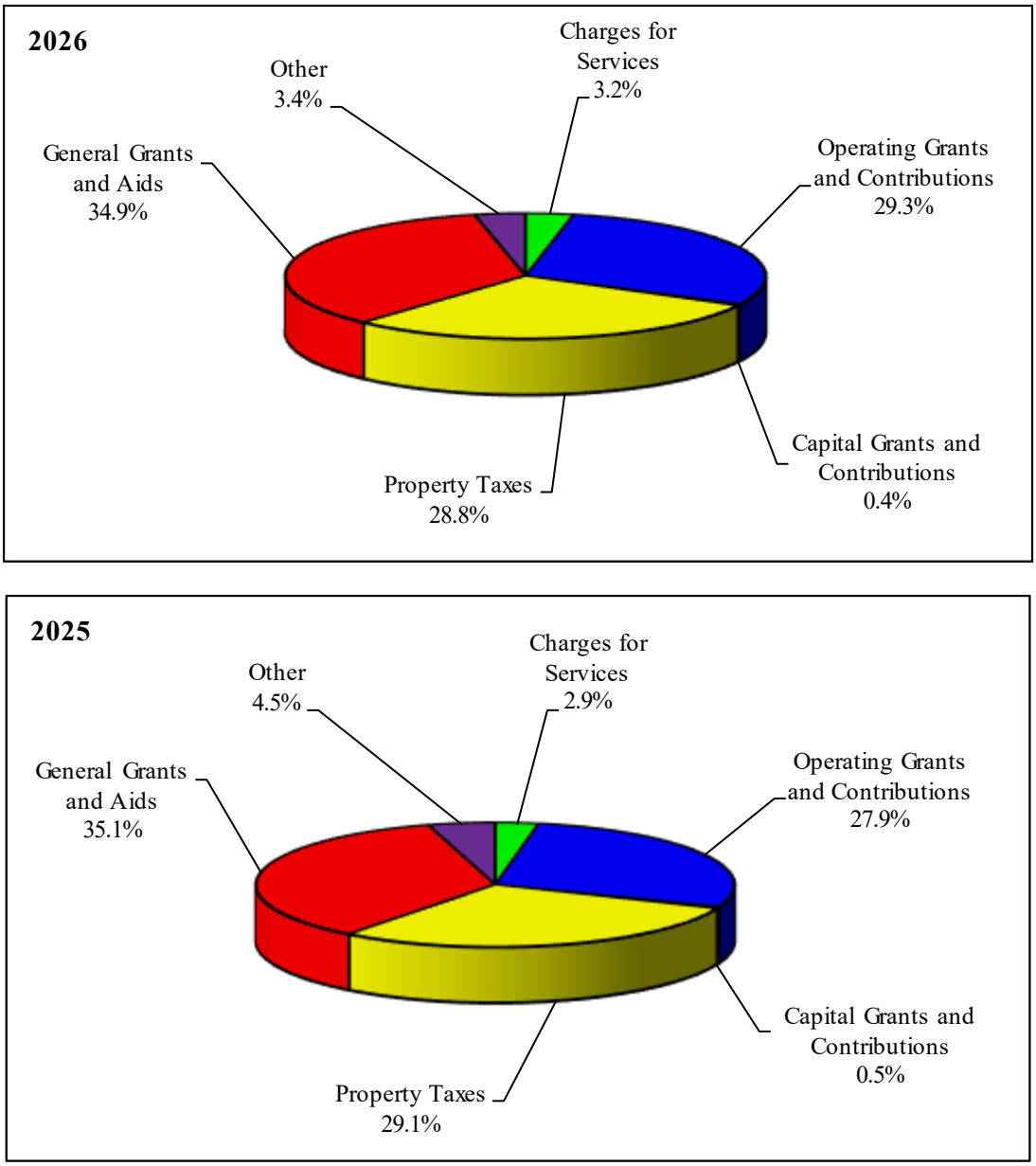
Revenues

- Operating grants and contributions increased primarily from higher general education and state special education funding.
- Other general revenues decreased as investment earnings declined following the spend-down of recent bond proceeds.

Expenses

- Contract salary and benefit improvements increased spending mostly impacting elementary and secondary regular instruction and special education instruction.
- A 32.5 percent first-year contract transportation settlement under a 10-year agreement increased pupil support services spending.
- Raising the capitalization threshold from $5,000 to $10,000 increased current year expenses, as did ancillary costs from numerous completed and ongoing construction projects which impacted sites and buildings.
- The District's share of the PERA and the TRA state-wide pension expense decreased expenses in elementary and secondary regular instruction and special education instruction.
- Deletions of capital assets totaling approximately $3.6 million increased sites and buildings expense.
- Increased purchased service costs for contracted staffing increased expenses for special education.

Figure C – Governmental Activities Revenue by Source – Fiscal Years 2026 and 2025

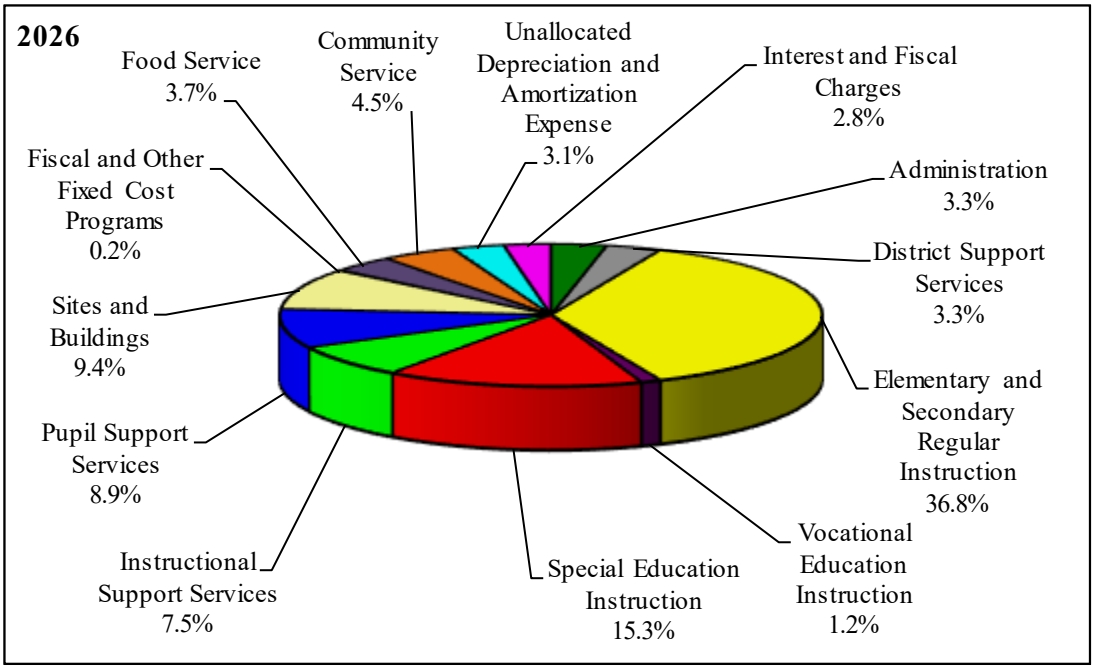


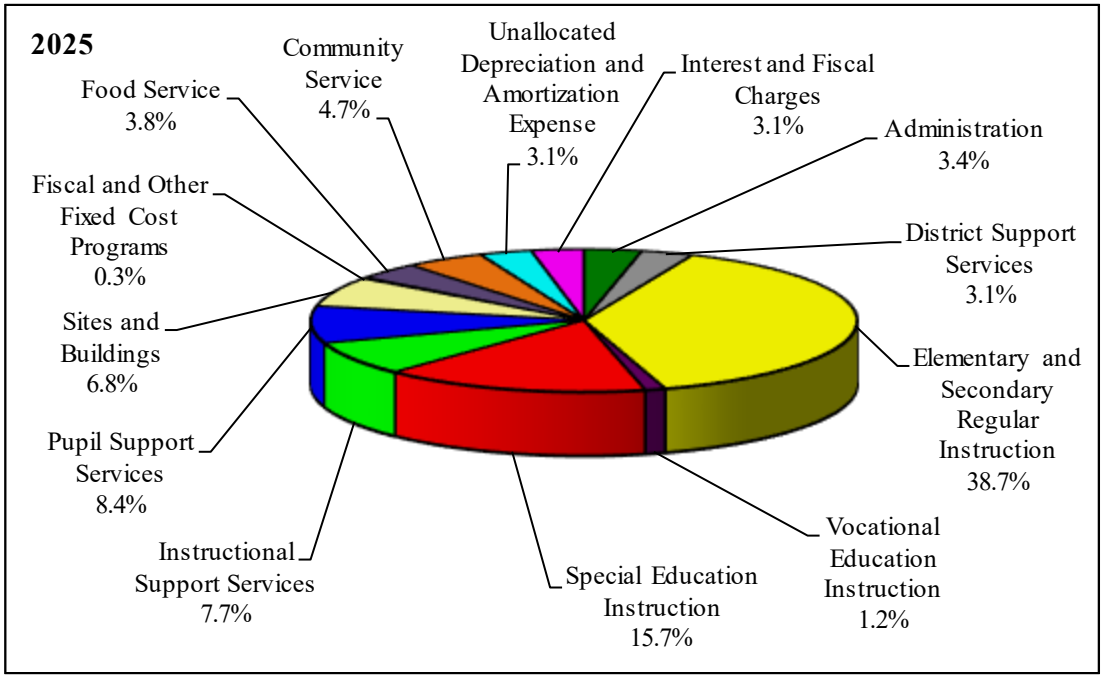
The largest share of the District's revenue is received from the state, including the majority of both the general grants and aids and the operating grants and contributions as shown in Figure C above. As seen in the above graphs, the split of revenues by source remained consistent between the two fiscal years shown. Operating grants and contributions increased through greater use of the special education federal tuition adjustment combined with increased special education costs from the previous year.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also on legislative decisions impacting the mix of state aid and local effort in a variety of funding formulas. Property tax revenue represented a smaller share of total revenue than in the prior year, as lower general levies were partially offset by higher debt service levies for building, refunding, and long-term facility bonds issued over the past three fiscal years.

A decrease in investment earnings caused by a spend down of bond proceeds in addition to less favorable interest rates and market conditions was the primary factor behind the decline in the "other" revenue category in the graphs above.

Figure D – Governmental Activities Expenses by Function – Fiscal Years 2026 and 2025





The District's expenses are predominately related to educating students. The majority of the District's expenses were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services.

The largest expense change compared to the prior year was in sites and buildings from construction activity and deletions of capital assets, as previously mentioned. Other changes were in elementary and secondary regular instruction and special education instruction, for reasons previously mentioned.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reports three individual major funds in the governmental fund financial statements, the General, Capital Projects – Building Construction, and Debt Service Funds. Most of the previous discussion regarding the governmental activities is also applicable to the finances of the governmental funds. However, certain factors relevant to the District's current financial health are more apparent in the fund financial statements.

Fund balance represents the financial standing of a governmental funds as of the end of the fiscal year from a short-term perspective. Table 3 shows the changes in the fund balances of the District's governmental funds:

Table 3
Governmental Fund Balances
as of June 30,

	2026	2025	Change
Major funds			
General	$ 128,071,813	$ 134,496,392	$ (6,424,579)
Capital Projects – Building Construction	94,341,188	199,686,359	(105,345,171)
Debt Service	6,525,500	5,553,081	972,419
Nonmajor funds	9,613,674	10,578,221	(964,547)
Total governmental funds	$ 238,552,175	$ 350,314,053	$(111,761,878)

At June 30, 2026, the District's governmental funds reported combined fund balances of $238,552,175, a decrease of $111,761,878 in comparison with the prior year. The majority of the decrease was in the Capital Projects – Building Construction and General Funds.

Unassigned fund balance at year-end was $92,076,202, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – $4,037,783, 2) externally restricted for particular purposes – $123,767,115, or 3) internally assigned for particular purposes – $18,671,075.

Table 4 and the following discussion provides more detail of the fund balance changes of the major funds:

Table 4
Revenues, Expenditures, and Changes in Fund Balances – Major Governmental Funds
for the Years Ended June 30,

	General Fund		Capital Projects – Building Construction Fund		Debt Service Fund	
	2026	2025	2026	2025	2026	2025
Total revenues	$ 409,723,642	$ 414,351,444	$ 6,274,128	$ 11,069,990	$ 34,694,133	$ 19,965,446
Total expenditures	417,439,939	408,072,254	173,723,702	60,456,375	34,001,673	25,694,665
Excess (deficiency) of revenues over expenditures	(7,716,297)	6,279,190	(167,449,574)	(49,386,385)	692,460	(5,729,219)
Other financing sources (uses)						
Debt issued (net)	1,074,956	3,752,975	62,307,308	–	42,764,959	–
Payment on refunded debt	–	–	–	–	(42,485,000)	–
Sale of capital assets	21,172	526,427	–	–	–	–
Transfers in	202,905	1,183,221	–	–	–	–
Transfers (out)	(7,315)	–	(202,905)	(1,183,221)	–	–
Total other financing sources (uses)	1,291,718	5,462,623	62,104,403	(1,183,221)	279,959	–
Net change in fund balances	$ (6,424,579)	$ 11,741,813	$(105,345,171)	$ (50,569,606)	$ 972,419	$ (5,729,219)

General Fund

The total fund balances of the General Fund decreased by $6,424,579 during the current year. General Fund revenues were $4,627,802 lower than the prior year in total, mainly from the decreased tax levy of $15,179,949. This is offset by increased state source revenue of $10,067,976 from increased general education and special education aid. General Fund expenditures were $9,367,685 higher than the previous year. Most of the overall increase was due to increased salary, benefit, and purchased services costs for elementary and secondary regular instructional programs and special educational programs. Increases in purchased services within pupil support services related to increased costs for transportation previously mentioned. These increases were partially offset by decreases in capital expenditures for sites and buildings.

Capital Projects – Building Construction Fund

The total fund balances of the Capital Projects – Building Construction Fund decreased by $105,345,171 during the current year, mainly due to capital project expenditures exceeding debt proceeds. Revenues were $4,795,862 lower than the prior year due to lower investment income caused by market conditions and less cash on hand to invest. Expenditures increased $113,267,327 compared to the prior year due to an increase in capital project activity related to the issuance of general obligation school building bonds with a par value of $60 million in addition to spending of general obligation facilities maintenance bonds issued in a prior year.

Debt Service Fund

Debt Service Fund revenues and other financing sources exceeded expenditures by $972,419, increasing fund balance to $6,525,500 at year-end. The activity in this fund is largely controlled by the financing plan approved with the issuance of each individual debt obligation. Revenues increased by $14,728,687 compared to last year, related to an increase in the levy for previously approved debt issues. Expenditures increased by $8,307,008 due to recent bond issues, which resulted in additional scheduled debt levies along with higher principal and interest costs. The District also issued refunding bonds with a par value of $39,145,000 in the current year to refinance outstanding debt totaling $42,485,000.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The total carrying value – original cost minus accumulated depreciation/amortization – of the District's governmental activities capital asset was $674,227,293 at year-end, which represents a net increase of $150,767,794, or 28.8 percent, from the previous year-end.

Table 5 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2026 and 2025:

Table 5
Capital Assets
as of June 30,

	2026	2025	Change
Land	$ 8,973,417	$ 8,973,417	$ –
Construction in progress	160,422,079	46,822,724	113,599,355
Land improvements	45,059,405	40,148,716	4,910,689
Buildings	699,444,976	654,454,765	44,990,211
Furniture and equipment	39,511,898	38,515,417	996,481
Technonogy subscriptions	3,234,919	2,766,677	468,242
Less accumulated depreciation/amortization	(282,419,401)	(268,222,217)	(14,197,184)
Total	$ 674,227,293	$ 523,459,499	$ 150,767,794
Depreciation/amortization expense	$ 20,291,439	$ 19,063,716	$ 1,227,723

Most of the activity in capital assets is related to school building and facilities maintenance projects at several school sites financed with bonds issued at the end of the fiscal 2024 and in the current year, as previously mentioned. Other significant additions in the current year included constructed buildings placed into service, purchases of technology and grounds equipment, and technology subscriptions.

Long-Term Financing Activity

The District's outstanding bonds and other long-term financing agreements totaled $448,618,019 at year-end, an increase of $37,230,706, or 9.1 percent, from the previous year-end. Table 6 shows the components of the District's long-term financing liabilities and the change from the prior year:

Table 6
Outstanding Bonds and Other Long-Term Financing Agreements
as of June 30,

	2026	2025	Change
General obligation bonds payable	$ 396,880,000	$ 358,685,000	$ 38,195,000
Certificates of participation	10,685,000	12,260,000	(1,575,000)
Premium (discount) on bonds	29,737,416	26,801,268	2,936,148
Financed purchases	3,091,607	5,076,944	(1,985,337)
Subscription liabilities	767,930	828,497	(60,567)
Arbitrage liabilities	7,456,066	7,735,604	(279,538)
Total	$ 448,618,019	$ 411,387,313	$ 37,230,706

The overall increase in long-term liabilities was due to new debt issued during the year exceeding scheduled debt service payments. Increases to the District's long-term financing liabilities during the year included the general obligation school building and refunding bonds, financed purchases, and subscription liabilities discussed previously. Principal payments on outstanding debt totaled $65,645,860 during the year.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 7). The District's applicable outstanding debt financing liability balance was well below the legal debt limit presented in the following table.

Table 7
Limitations on Debt

District's market value	$ 26,803,271,525
Limit rate	15.0%
Legal debt limit	$ 4,020,490,729

Additional details of the District's capital assets and long-term debt activity can be found in Notes 3 and 4 of the notes to basic financial statements, respectively.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District is aware of the following developments that will have an impact on its finances in the future and have been incorporated into next year's budget:

1) The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature increased the per pupil to the formula funding allowance by 2.7 percent for fiscal year 2027.

2) The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The District's enrollment for fiscal 2027 is projected to increase by 448 compared to the current year actual ADM of 20,810.

3) In October 2026, the District awarded the sale of $77,310,000 of General Obligation School Building and Tax Abatement Bonds, Series 2026B. The bonds bear interest at varying rates ranging from 4.875 percent to 5.500 percent and mature in 2047.

Our Mission

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Osseo Area Schools

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
as of June 30, 2026
(With Partial Comparative Information as of June 30, 2025)

	Governmental Activities	
	2026	2025
Assets		
Cash and temporary investments	$ 310,672,187	$ 401,827,714
Receivables		
Current taxes	72,796,366	69,695,908
Delinquent taxes	902,920	939,169
Accounts, notes, and interest	5,257,910	9,160,689
Due from other governmental units	31,343,757	33,055,726
Inventory	548,937	607,922
Prepaid items	3,606,246	3,225,086
Restricted assets – temporarily restricted		
Cash and investments for OPEB	27,638,812	26,692,430
Interest receivable for OPEB	229,555	218,130
Total restricted assets – temporarily restricted	27,868,367	26,910,560
Capital assets		
Not depreciated/amortized	169,395,496	55,796,141
Depreciated/amortized, net	504,831,797	467,663,358
Total capital assets, net of accumulated depreciation/amortization	674,227,293	523,459,499
Total assets	1,127,223,983	1,068,882,273
Deferred outflows of resources		
OPEB plan deferments	6,895,984	7,256,881
Pension plan deferments – PERA and TRA	52,986,199	59,750,292
Total deferred outflows of resources	59,882,183	67,007,173
Total assets and deferred outflows of resources	$ 1,187,106,166	$ 1,135,889,446
Liabilities		
Salaries payable	$ 1,171,787	$ 2,707,980
Accounts and contracts payable	34,342,917	21,947,422
Due to other governmental units	2,236,078	1,681,724
Unearned revenue	1,247,768	536,729
Accrued interest payable	6,677,728	6,402,473
Long-term liabilities		
Due within one year	26,753,244	26,590,313
Due in more than one year	617,337,886	599,354,025
Total long-term liabilities	644,091,130	625,944,338
Total liabilities	689,767,408	659,220,666
Deferred inflows of resources		
Property taxes levied for subsequent year	143,986,014	137,616,701
OPEB plan deferments	1,931,189	1,453,956
Pension plan deferments – PERA and TRA	63,751,640	65,534,792
Total deferred inflows of resources	209,668,843	204,605,449
Net position		
Net investment in capital assets	319,950,462	311,758,545
Restricted for		
Capital asset acquisition	5,320,316	6,347,244
Food service	7,374,575	6,447,488
Community service	2,258,216	4,152,922
Employee benefits	13,395,656	11,794,398
Other purposes (state funding restrictions and debt service)	8,156,809	5,104,186
Unrestricted	(68,786,119)	(73,541,452)
Total net position	287,669,915	272,063,331
Total liabilities, deferred inflows of resources, and net position	$ 1,187,106,166	$ 1,135,889,446

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Activities
Year Ended June 30, 2026
(With Partial Comparative Information for the Year Ended June 30, 2025)

	2026					2025
		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	$ 15,574,425	$ 134,506	$ 25,841	$ –	$ (15,414,078)	$ (15,289,956)
District support services	15,658,420	20,420	502,103	–	(15,135,897)	(13,633,252)
Elementary and secondary regular instruction	175,461,600	1,671,689	46,322,453	–	(127,467,458)	(125,156,511)
Vocational education instruction	5,553,283	–	167,278	–	(5,386,005)	(4,931,249)
Special education instruction	73,285,001	8,930	64,639,282	–	(8,636,789)	(12,331,518)
Instructional support services	35,677,016	1,070,362	4,729,240	–	(29,877,414)	(30,354,541)
Pupil support services	42,253,876	–	3,760,126	–	(38,493,750)	(34,087,939)
Sites and buildings	44,652,158	41,342	1,365,243	2,054,613	(41,190,960)	(28,161,702)
Fiscal and other fixed cost programs	994,832	–	–	–	(994,832)	(1,496,844)
Food service	17,835,516	1,387,576	17,464,901	–	1,016,961	662,225
Community service	21,393,800	11,561,748	5,429,409	–	(4,402,643)	(4,641,485)
Unallocated depreciation and amortization expense (excludes amounts directly allocated)	14,858,772	–	–	–	(14,858,772)	(13,721,998)
Interest and fiscal charges	13,388,832	–	–	–	(13,388,832)	(14,175,289)
Total governmental activities	$ 476,587,531	$ 15,896,573	$ 144,405,876	$ 2,054,613	(314,230,469)	(297,320,059)
		General revenues				
		Taxes				
		Property taxes, levied for general purposes			105,811,740	121,454,672
		Property taxes, levied for community service			2,992,199	2,859,625
		Property taxes, levied for debt service			32,909,339	18,550,644
		General grants and aids			171,649,915	172,353,648
		Other general revenues			1,087,592	1,070,172
		Investment earnings			15,386,268	20,790,822
		Gain on sale of assets			–	517,000
		Total general revenues			329,837,053	337,596,583
		Change in net position			15,606,584	40,276,524
		Net position – beginning			272,063,331	231,786,807
		Net position – ending			$ 287,669,915	$ 272,063,331

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Balance Sheet
Governmental Funds
as of June 30, 2026
(With Partial Comparative Information as of June 30, 2025)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 154,290,813	$ 116,290,934	$ 24,940,076
Receivables			
Current taxes	53,579,333	–	17,708,250
Delinquent taxes	709,475	–	174,234
Accounts, notes, and interest	3,842,686	1,188,685	–
Due from other governmental units	30,131,078	–	103,985
Inventory	350,534	–	–
Prepaid items	3,488,846	–	–
Total assets	$ 246,392,765	$ 117,479,619	$ 42,926,545
Liabilities			
Salaries payable	$ 529,891	$ 2,880	$ –
Accounts and contracts payable	9,768,091	23,135,551	–
Due to other governmental units	1,385,422	–	–
Unearned revenue	1,200,000	–	–
Total liabilities	12,883,404	23,138,431	–
Deferred inflows of resources			
Property taxes levied for subsequent year	104,731,381	–	36,227,850
Unavailable revenue – delinquent taxes	706,167	–	173,195
Total deferred inflows of resources	105,437,548	–	36,401,045
Fund balances (deficits)			
Nonspendable	3,839,380	–	–
Restricted	13,456,158	94,341,188	6,525,500
Assigned	18,671,075	–	–
Unassigned	92,105,200	–	–
Total fund balances	128,071,813	94,341,188	6,525,500
Total liabilities, deferred inflows of resources, and fund balances	$ 246,392,765	$ 117,479,619	$ 42,926,545

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 10,887,556	$ 306,409,379	$ 397,570,975
1,508,783	72,796,366	69,695,908
19,211	902,920	939,169
209,808	5,241,179	9,151,506
1,108,694	31,343,757	33,055,726
198,403	548,937	607,922
–	3,488,846	3,107,686
$ 13,932,455	$ 420,731,384	$ 514,128,892
$ 639,016	$ 1,171,787	$ 2,707,980
586,097	33,489,739	21,117,032
–	1,385,422	831,470
47,768	1,247,768	536,729
1,272,881	37,294,716	25,193,211
3,026,783	143,986,014	137,616,701
19,117	898,479	1,004,927
3,045,900	144,884,493	138,621,628
198,403	4,037,783	3,715,608
9,444,269	123,767,115	227,128,924
–	18,671,075	23,174,861
(28,998)	92,076,202	96,294,660
9,613,674	238,552,175	350,314,053
$ 13,932,455	$ 420,731,384	$ 514,128,892

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2026
(With Partial Comparative Information as of June 30, 2025)

	2026	2025
Total fund balances – governmental funds	$ 238,552,175	$ 350,314,053
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	956,646,694	791,681,716
Accumulated depreciation and amortization	(282,419,401)	(268,222,217)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(396,880,000)	(358,685,000)
Certificates of participation	(10,685,000)	(12,260,000)
Financed purchases	(3,091,607)	(5,076,944)
Subscription liabilities	(767,930)	(828,497)
Arbitrage liabilities	(7,456,066)	(7,735,604)
Premiums (discounts) on debt issued	(29,737,416)	(26,801,268)
Compensated absences	(6,195,195)	(6,023,789)
Net pension liability – PERA	(23,920,582)	(26,280,276)
Net pension liability – TRA	(145,017,738)	(159,811,173)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(6,677,728)	(6,402,473)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities, and deferred outflows/inflows of the internal service funds are included in the governmental activities in the Statement of Net Position.	15,186,671	12,974,376
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	52,986,199	59,750,292
Deferred inflows of resources – pension plans	(63,751,640)	(65,534,792)
Deferred inflows of resources – delinquent property taxes	898,479	1,004,927
Total net position – governmental activities	$ 287,669,915	$ 272,063,331

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2026
(With Partial Comparative Information for the Year Ended June 30, 2025)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 105,955,554	$ –	$ 32,868,901
Investment earnings	5,202,311	6,274,128	695,429
Other	7,744,920	–	–
State sources	279,273,074	–	1,129,803
Federal sources	11,547,783	–	–
Total revenue	409,723,642	6,274,128	34,694,133
Expenditures			
Current			
Administration	15,573,145	–	–
District support services	13,540,766	–	–
Elementary and secondary regular instruction	184,030,222	–	–
Vocational education instruction	5,584,469	–	–
Special education instruction	75,416,417	–	–
Instructional support services	34,486,906	–	–
Pupil support services	42,194,060	–	–
Sites and buildings	40,296,267	–	–
Fiscal and other fixed cost programs	994,832	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	173,503,136	–
Debt service			
Principal	4,695,860	–	18,465,000
Interest and fiscal charges	626,995	220,566	15,536,673
Total expenditures	417,439,939	173,723,702	34,001,673
Excess (deficiency) of revenue over expenditures	(7,716,297)	(167,449,574)	692,460
Other financing sources (uses)			
Transfers in	202,905	–	–
Transfers (out)	(7,315)	(202,905)	–
Bonds issued	–	60,000,000	39,145,000
Issuance of financed purchases	301,774	–	–
Issuance of subscription liabilities	773,182	–	–
Premium on bonds issued	–	2,307,308	3,619,959
Payment on refunded debt	–	–	(42,485,000)
Insurance recoveries	–	–	–
Sale of capital assets	21,172	–	–
Total other financing sources (uses)	1,291,718	62,104,403	279,959
Net change in fund balances	(6,424,579)	(105,345,171)	972,419
Fund balances			
Beginning of year	134,496,392	199,686,359	5,553,081
End of year	$ 128,071,813	$ 94,341,188	$ 6,525,500

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 2,995,271	$ 141,819,726	$ 142,487,742
350,074	12,521,942	18,710,623
13,132,015	20,876,935	18,909,771
11,512,554	291,915,431	281,517,155
11,343,109	22,890,892	21,443,834
39,333,023	490,024,926	483,069,125
–	15,573,145	15,460,679
–	13,540,766	11,801,016
–	184,030,222	174,880,367
–	5,584,469	5,369,686
–	75,416,417	71,021,159
–	34,486,906	35,893,932
–	42,194,060	37,917,820
–	40,296,267	48,448,590
–	994,832	1,496,844
17,750,404	17,750,404	16,979,735
22,031,584	22,031,584	21,306,639
522,897	174,026,033	61,049,970
–	23,160,860	16,144,610
–	16,384,234	15,332,216
40,304,885	665,470,199	533,103,263
(971,862)	(175,445,273)	(50,034,138)
7,315	210,220	1,183,221
–	(210,220)	(1,183,221)
–	99,145,000	–
–	301,774	2,340,861
–	773,182	1,412,114
–	5,927,267	–
–	(42,485,000)	–
–	–	56,445
–	21,172	526,427
7,315	63,683,395	4,335,847
(964,547)	(111,761,878)	(45,698,291)
10,578,221	350,314,053	396,012,344
$ 9,613,674	$ 238,552,175	$ 350,314,053

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2026
(With Partial Comparative Information for the Year Ended June 30, 2025)

	2026	2025
Total net change in fund balances – governmental funds	$ (111,761,878)	$ (45,698,291)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlay	174,675,319	82,720,338
Depreciation and amortization expense	(20,291,439)	(19,063,716)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(3,616,086)	(182,388)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations, including arbitrage liabilities, are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(99,145,000)	–
Financed purchases	(301,774)	(2,340,861)
Subscription liabilities	(773,182)	(1,412,114)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	2,212,295	876,449
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds, notes, and certificates of participation	62,525,000	12,545,000
Financed purchases	2,287,111	2,855,233
Subscription liabilities	833,749	744,377
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(275,255)	(700,720)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(2,936,148)	1,957,569
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liabilities	279,538	(99,922)
Compensated absences	(171,406)	(865,075)
Net pension liability – PERA	2,359,694	11,599,173
Net pension liability – TRA	14,793,435	48,377,771
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	(6,764,093)	(7,649,650)
Deferred inflows of resources – pension plans	1,783,152	(43,763,848)
Deferred inflows of resources – delinquent property taxes	(106,448)	377,199
Change in net position – governmental activities	$ 15,606,584	$ 40,276,524

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
Proprietary Funds
Internal Service Funds
as of June 30, 2026
(With Partial Comparative Information as of June 30, 2025)

	2026	2025
Assets		
Current assets		
Cash and temporary investments	$ 4,262,808	$ 4,256,739
Accounts and interest receivable	16,731	9,183
Prepaid items	117,400	117,400
Total current assets	4,396,939	4,383,322
Noncurrent assets – temporarily restricted		
Cash and investments held by trustee	27,638,812	26,692,430
Interest receivable	229,555	218,130
Total noncurrent assets	27,868,367	26,910,560
Total assets	32,265,306	31,293,882
Deferred outflows of resources		
OPEB plan deferments	6,895,984	7,256,881
Liabilities		
Current liabilities		
Accounts and contracts payable	853,178	830,390
Due to other governmental units	850,656	850,254
Post-employment severance benefits payable	170,616	424,315
OPEB obligation	2,113,542	2,174,819
Long-term liabilities		
Post-employment severance benefits payable	1,582,130	1,948,639
OPEB obligation	16,473,308	17,894,014
Total liabilities	22,043,430	24,122,431
Deferred inflows of resources		
OPEB plan deferments	1,931,189	1,453,956
Net position		
Restricted for employee benefits	13,395,656	11,794,398
Unrestricted	1,791,015	1,179,978
Total net position	$ 15,186,671	$ 12,974,376

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2026
(With Comparative Information for the Year Ended June 30, 2025)

	2026	2025
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 10,797,993	$ 10,082,160
Operating expenses		
Dental benefit claims	2,285,873	2,174,173
Medical benefit claims	6,373,529	6,566,866
Administrative costs	1,580,865	1,561,546
Post-employment severance benefits	73,386	130,298
OPEB	1,136,371	853,027
Total operating expenses	11,450,024	11,285,910
Operating (loss)	(652,031)	(1,203,750)
Nonoperating revenue		
Investment earnings	2,864,326	2,080,199
Change in fund net position	2,212,295	876,449
Fund net position		
Beginning of year	12,974,376	12,097,927
End of year	$ 15,186,671	$ 12,974,376

See notes to basic financial statements

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Cash Flows
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2026
(With Partial Comparative Information for the Year Ended June 30, 2025)

	2026	2025
Cash flows from operating activities		
Contributions from governmental funds	$ 10,790,445	$ 10,081,349
Payments for dental claims	(2,296,238)	(2,175,300)
Payments for medical claims	(6,340,376)	(6,424,420)
Payments for administrative costs	(1,580,865)	(1,561,546)
Post-employment severance and OPEB benefit payments	(2,473,416)	(1,696,678)
Net cash flows from operating activities	(1,900,450)	(1,776,595)
Cash flows from investing activities		
Investment income received	2,852,901	2,068,164
Net change in cash and cash equivalents	952,451	291,569
Cash and cash equivalents		
Beginning of year	30,949,169	30,657,600
End of year	$ 31,901,620	$ 30,949,169
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating (loss)	$ (652,031)	$ (1,203,750)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(7,548)	(811)
Deferred outflows of resources	360,897	(2,166,954)
Accounts and contracts payable	22,788	141,319
Due to other governmental units	402	28,602
Post-employment severance benefits payable	(620,208)	(744,728)
Total OPEB obligation	(1,481,983)	2,958,377
Deferred inflows of resources	477,233	(788,650)
Net cash flows from operating activities	$ (1,900,450)	$ (1,776,595)
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	$ 4,262,808	$ 4,256,739
Cash and investments held by trustee	27,638,812	26,692,430
Total cash and cash equivalents	$ 31,901,620	$ 30,949,169

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Fiduciary Net Position
as of June 30, 2026

Assets		
Cash and temporary investments	$	2,221,441
Receivables		
Accounts and interest		142,264
Total assets		2,363,705
Liabilities		
Accounts and contracts payable		10,518
Net position		
Restricted for Local Collaborative Time Study		1,395,056
Restricted for Northwest Family Service Center		958,131
Total net position	$	2,353,187

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2026

Additions		
Investment earnings	$	54,937
Rents		474,964
Grants		693,413
Total additions		1,223,314
Deductions		
Elementary and secondary regular instruction		
Salaries		108,333
Employee benefits		41,472
Purchased services		511,792
Supplies and materials		554
Total elementary and secondary regular instruction		662,151
Sites and buildings		
Purchased services		322,283
Total deductions		984,434
Net change in fiduciary net position		238,880
Net position		
Beginning of year		2,114,307
End of year	$	2,353,187

See notes to basic financial statements

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 279 – Osseo Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. 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. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, including the District's custodial funds. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statements of the internal service funds are 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 funds are charges to customers (other District funds) for service. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District's General Fund maintains two accounts:

1. **Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.

2. **Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, and safety and accessibility projects.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by debt issue or levy issuance program.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, pre-K–8 extended day programs, or other similar services.

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District has four internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs, retirement incentive pay, and post-employment benefits revocable trust activity.

Fiduciary Funds

Custodial Funds – The custodial funds were established to account for cash and other assets held by the District as the agent for others. These funds are used to account for a Local Collaborative Time Study and the Northwest Family Service Center.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future other post-employment benefits (OPEB) obligations. Interest earned on these investments were allocated directly to those accounts.

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

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

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

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

F. Receivables

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The receivables not expected to be fully collected within one year are property taxes receivable.

Amounts reported in due from other governmental units include amounts due from other Minnesota school districts of $66,455, due from the state of Minnesota $25,582,756, due from the federal government $3,456,775, and due from other governments totaling $2,237,771.

The District has entered into note receivable agreements for the expansion of two capital projects totaling $1,900,000. The note terms do not require interest and have final maturities through 2028 and 2036, respectively. During the current year, the District received principal payments of $600,000 on these agreements.

Amounts reported in accounts, notes, and interest include accounts receivable of $879,517, interest receivable of $2,478,393, and notes receivable of $1,900,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Minnesota Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $4,710,352 of the property tax levy collectible in 2026 as revenue to the District in fiscal year 2026. The remaining portion of the taxes collectible in 2026 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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. Leases and technology subscription capital assets are recorded based on the measurement of payments applicable to the lease or subscription term. The District maintains a threshold level of $10,000 or more for capitalizing capital assets. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if costs of the assets are considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 3 to 15 years for furniture and equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets.

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 or other land improvements are considered to be part of the cost of buildings or other improvable property.

K. Accounts and Contracts Payable

At year-end, accounts and contracts payable are $28,931,573 and $5,411,344, respectively, within the Statement of Net Position.

L. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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. Arbitrage liabilities are reported as expenditures when paid.

M. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain technology subscriptions for education solutions and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3. SBITAs reported in Note 4 include the terms and related disclosures associated with any subscription liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

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

O. Vacation, Personal Leave, and Paid Time Off

The District's policy permits employees to accumulate earned but unused vacation, personal leave, and paid time off benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

P. Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligations exist. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. Additionally, unused sick leave enters into the calculation of post-employment severance benefits for some employees upon termination.

Q. Post-Employment Severance Benefits

The District provides post-employment severance benefits to certain eligible employees through various early retirement incentive payment plans for its employee groups. The amount of the early retirement incentive payment is calculated using balances in accrued sick leave and also based on years of service. No employee can receive a payment exceeding one year's salary. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 37 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

R. State-Wide Pension Plans

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

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

S. Risk Management

General Insurance – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

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

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

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

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2025	$ 175,031	$ 2,298,145	$ 2,299,272	$ 173,904
2026	$ 173,904	$ 2,418,180	$ 2,428,545	$ 163,539

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2025	$ 514,040	$ 6,566,866	$ 6,424,420	$ 656,486
2026	$ 656,486	$ 6,373,529	$ 6,340,376	$ 689,639

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

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

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

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

U. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent. The cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

V. Restricted Assets

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

W. Net Position

In the government-wide, internal service fund, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

X. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself.

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

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

When nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

Y. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding capital programs. At June 30, 2026, the unassigned fund balance (excluding restricted account deficits) of the General Fund – Operating Account was 24.2 percent of the fiscal 2026 General Fund – Operating Account expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

AA. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	79,905,190
Investments		260,625,025
Cash on hand		2,225
Total	$	340,532,440

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

Statement of Net Position		
Cash and temporary investments	$	310,672,187
Statement of Net Position – restricted assets – temporarily restricted		
Cash and investments for OPEB		27,638,812
Statement of Fiduciary Net Position – Custodial Funds		
Cash and temporary investments		2,221,441
Total	$	340,532,440

B. Deposits

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount and the bank balance of the District's deposits was $79,905,190 and $80,837,553, respectively. At June 30, 2026, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years				
Investment Type	Rating	Agency	Using	Less Than 1	1 to 5	5 to 10	More Than 10	Total
U.S. treasury securities	AA	S&P	Level 1	$ 13,109,115	$ 516,634	$ 751,664	$ 2,864,916	$ 17,242,329
U.S. government agencies	AA	S&P	Level 2	$ –	$ 123,854	$ 142,607	$ 311,769	578,230
Municipal bonds	AAA	S&P	Level 2	$ 2,153,603	$ 144,008	$ 600,110	$ 286,584	3,184,305
Municipal bonds	AA	S&P	Level 2	$ –	$ 418,424	$ 502,709	$ 610,298	1,531,431
Municipal bonds	Aa	Moody's	Level 2	$ –	$ 428,588	$ 157,189	$ 127,877	713,654
Municipal bonds	A	S&P	Level 2	$ –	$ –	$ –	$ 236,828	236,828
Municipal bonds	A	Moody's	Level 2	$ –	$ –	$ 284,187	$ –	284,187
Corporate obligations	AA	S&P	Level 1	$ –	$ –	$ 542,838	$ 264,120	806,958
Corporate obligations	A	S&P	Level 1	$ –	$ 1,606,124	$ 2,365,410	$ 1,937,236	5,908,770
Corporate obligations	A	Moody's	Level 1	$ 198,208	$ –	$ –	$ –	198,208
Corporate obligations	BBB	S&P	Level 1	$ –	$ 1,147,540	$ 1,200,601	$ 987,103	3,335,244
Equities	N/A	N/A	Level 1	N/A	N/A	N/A	N/A	8,817,329
Exchange traded fund	N/R	N/R	Level 2	N/A	N/A	N/A	N/A	407,044
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund (MSDLAF)								
Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	13,611,306
MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	3,568,109
First American Government Obligation Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	3,716
Sachs Financial Square Governmental Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	586,583
MNTrust								
Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	134,563,212
Limited Term Duration	N/R	N/R	Amortized Cost	N/A	N/A	N/A	N/A	22,547,582
Term Series	N/R	N/R	Amortized Cost	$ 21,500,000	$ 21,000,000	$ –	$ –	42,500,000
Total investments								$ 260,625,025

N/R – Not Rated
N/A – Not Applicable

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio, Minnesota School District Liquid Asset Fund (MSDLAF), MNTrust Limited Term Duration, and MNTrust Term Series, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these funds is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

For MNTrust accounts and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class and early redemption will likely cause a penalty. MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District has an internal investment policy that limits investment choices and addresses these potential risks beyond the statutory limitations described above. The District's policy requires that investments be diversified to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. No more than 66 percent of the total portfolio can be placed with any one depository. The maximum percentage in which the portfolio can be invested in specific instruments is as follows:

U.S. treasury obligations	100%
U.S. government agency securities and instrumentalities of government sponsored corporations	75%
Repurchase agreements	25%
Certificates of deposit – federal deposit insurance covered	100%
Certificates of deposit – savings and loans	75%
Local government investment pool	75%
Money market funds	75%

For assets held in the Post-Employment Benefits Revocable Trust Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investment.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy addresses concentration risk as discussed in the credit risk paragraph on the previous page.

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

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation and amortization activity for the current year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 8,973,417	$ –	$ –	$ –	$ 8,973,417
Construction in progress	46,822,724	155,151,150	–	(41,551,795)	160,422,079
Total capital assets, not depreciated/amortized	55,796,141	155,151,150	–	(41,551,795)	169,395,496
Capital assets, depreciated and amortized					
Land improvements	40,148,716	2,435,286	(297,644)	2,773,047	45,059,405
Buildings	654,454,765	13,861,209	(7,187,057)	38,316,059	699,444,976
Furniture and equipment	38,515,417	2,117,055	(1,583,263)	462,689	39,511,898
Technology subscriptions	2,766,677	1,110,619	(642,377)	–	3,234,919
Total capital assets, depreciated and amortized	735,885,575	19,524,169	(9,710,341)	41,551,795	787,251,198
Less accumulated depreciation and amortization for					
Land improvements	(14,983,633)	(1,946,384)	201,159	–	(16,728,858)
Buildings	(234,280,231)	(13,334,925)	3,681,043	–	(243,934,113)
Furniture and equipment	(17,804,477)	(3,905,156)	1,569,676	–	(20,139,957)
Technology subscriptions	(1,153,876)	(1,104,974)	642,377	–	(1,616,473)
Total accumulated depreciation and amortization	(268,222,217)	(20,291,439)	6,094,255	–	(282,419,401)
Net capital assets, depreciated and amortized	467,663,358	(767,270)	(3,616,086)	41,551,795	504,831,797
Total capital assets, net	$ 523,459,499	$ 154,383,880	$ (3,616,086)	$ –	$ 674,227,293

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

Administration	$ 1,280
District support services	2,473,918
Elementary and secondary regular instruction	242,931
Vocational education instruction	37,870
Special education instruction	61,352
Community service	65,321
Instructional support services	2,160,560
Pupil support services	99,596
Food service	289,839
Unallocated depreciation and amortization expense	14,858,772
Total depreciation and amortization expense	$ 20,291,439

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds, including refunding bonds					
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	$ 5,770,000	02/01/2029	$ 1,360,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	$ 43,340,000	02/01/2037	39,945,000
2020A G.O. Facilities Maintenance and Refunding Bonds	11/12/2020	1.50%–2.00%	$ 36,465,000	02/01/2038	22,060,000
2022A G.O. Facilities Maintenance Bonds	09/22/2022	3.25%–5.00%	$ 11,505,000	02/01/2034	10,535,000
2024A Building Bonds	02/29/2024	4.00%–5.00%	$ 100,000,000	02/01/2044	92,485,000
2024A Facilities Maintenance Bonds	02/29/2024	4.00%–5.00%	$ 138,350,000	02/01/2039	131,350,000
2026A Building Bonds	03/19/2026	3.875%–5.00%	$ 60,000,000	02/01/2046	60,000,000
2026A Refunding Bonds	03/19/2026	5.00%	$ 39,145,000	02/01/2032	39,145,000
Total general obligation bonds					$ 396,880,000

B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	$ 14,085,000	02/01/2030	$ 4,570,000
2021A Certificates of Participation	02/18/2021	1.00%–3.00%	$ 8,715,000	04/01/2036	6,115,000
Total certificates of participation					$ 10,685,000

C. Financed Purchases Payable

The District currently has the following financed purchases payable outstanding:

Description	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Lighting equipment	12/01/2022	4.83%	$ 2,757,591	12/20/2031	$ 1,724,196
Copier/printers	07/10/2023	7.93%	$ 945,321	07/10/2027	390,841
Technology equipment	07/15/2024	4.76%	$ 2,340,861	07/15/2028	779,724
Ground equipment	07/15/2025	4.38%	$ 301,774	07/15/2027	196,846
Total financed purchases payable					$ 3,091,607

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Subscription Liabilities

The District currently has the following subscription liabilities outstanding:

Description	Interest Rate	Issue Date	Original Issue	Final Maturity	Principal Outstanding
Software	4.38%	07/01/2024	$ 769,737	06/30/2027	$ 264,259
Software	3.62%	07/01/2025	$ 161,949	06/30/2030	129,169
Software	3.62%	07/01/2025	$ 249,686	06/30/2030	191,835
Software	3.62%	07/01/2025	$ 361,547	06/30/2027	182,667
Total software subscriptions					$ 767,930

E. Description of Long-Term Liabilities

General Obligation Bonds – These obligations were issued to finance acquisition and/or construction of capital facilities, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In March 2026, the District issued $99,145,000 of General Obligation School Building and Refunding Bonds, Series 2026A. A portion of the proceeds of this issue and a portion of the interest earned thereon were used to refund, in advance of their stated maturities, the 2027 through 2032 maturities of the District's 2016A Bonds totaling $42,770,919 (including $42,485,000 of principal and $285,919 of interest) on April 23, 2026. This current refunding will reduce the District's total future debt service payments by approximately $1,072,079 and will result in present value savings of approximately $921,769.

Certificates of Participation – In November 2014 and February 2021, the District sold $14,085,000 and $8,715,000, respectively, of certificates of participation to finance construction at various district sites. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

Financed Purchases Payable – The District entered into financed purchase agreements to finance equipment purchases, which call for monthly principal and interest payments. These debt agreements are paid by the General Fund. Amortization of the equipment required to be capitalized is included in depreciation and amortization expense.

Failure by the District to pay any payments under these agreements, or upon the occurrence of an continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) may repossess the assets by giving the District written notice to surrender the assets and; 3) will thereafter use its best efforts to sell or lease its interest in the assets, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in these agreements.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Subscription Liabilities – The District entered into agreements to finance the use of software, which calls for monthly principal and interest payments through June 2030. The subscription liabilities are paid by the General Fund. The total amount of the underlying technology subscriptions capital assets and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements.

Arbitrage Liabilities – The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund. Arbitrage liabilities relate to the 2024A and 2026A bonds.

Post-Employment Severance Benefits Payable – Post-employment severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Post-employment severance benefits are paid by the Retirement Incentive Pay Internal Service Fund.

Compensated Absences – Based on criteria listed in Note 1 of the notes to basic financial statements, two types of leave qualify for liability recognition for compensated absences—vacation and sick leave.

Net Pension Liability and Total OPEB Obligation – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Internal Service Fund, respectively.

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2026:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 23,920,582	$ 9,634,057	$ 15,571,724	$ (395,276)
State-wide, multiple-employer – TRA	145,017,738	43,352,142	48,179,916	11,698,714
Total	$ 168,938,320	$ 52,986,199	$ 63,751,640	$ 11,303,438

F. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds, certificates of participation, financed purchases, and subscription liabilities:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Financed Purchases		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 19,755,000	$ 16,904,552	$ 1,635,000	$ 270,488	$ 1,318,602	$ 159,961	$ 521,445	$ 29,794
2028	17,780,000	16,533,463	1,695,000	210,637	570,286	91,422	78,229	8,923
2029	20,080,000	15,653,562	1,755,000	148,587	279,765	58,054	82,104	6,091
2030	20,875,000	14,658,862	1,810,000	93,025	293,269	44,550	86,152	3,119
2031	22,610,000	13,615,113	615,000	47,813	307,424	30,394	–	–
2032–2036	140,250,000	51,277,775	3,175,000	131,455	322,261	15,555	–	–
2037–2041	110,795,000	20,105,375	–	–	–	–	–	–
2042–2046	44,735,000	4,303,075	–	–	–	–	–	–
	$ 396,880,000	$ 153,051,777	$ 10,685,000	$ 902,005	$ 3,091,607	$ 399,936	$ 767,930	$ 47,927

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

G. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds	$ 358,685,000	$ 99,145,000	$ 60,950,000	$ 396,880,000	$ 19,755,000
Certificates of participation	12,260,000	–	1,575,000	10,685,000	1,635,000
Financed purchases	5,076,944	301,774	2,287,111	3,091,607	1,318,602
Subscription liabilities	828,497	773,182	833,749	767,930	521,445
Arbitrage liabilities	7,735,604	–	279,538	7,456,066	–
Unamortized premiums (discounts) on debt issued	26,801,268	5,927,267	2,991,119	29,737,416	–
Compensated absences	6,023,789	171,406	–	6,195,195	1,239,039
Net pension liability	186,091,449	189,752,851	206,905,980	168,938,320	–
Post-employment severance benefits payable	2,372,954	–	620,208	1,752,746	170,616
Total OPEB obligation	20,068,833	1,136,371	2,618,354	18,586,850	2,113,542
	$ 625,944,338	$ 297,207,851	$ 279,061,059	$ 644,091,130	$ 26,753,244

NOTE 5 – FUND BALANCES

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

Classifications

At June 30, 2026, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 350,534	$ –	$ –	$ 198,403	$ 548,937
Prepaid items	3,488,846	–	–	–	3,488,846
Total nonspendable	3,839,380	–	–	198,403	4,037,783
Restricted					
Student activities	245,311	–	–	–	245,311
Capital projects levy	1,270,731	–	–	–	1,270,731
Operating capital	5,320,316	–	–	–	5,320,316
Gifted and talented	211,557	–	–	–	211,557
Basic skills programs	3,764,668	–	–	–	3,764,668
Safe schools revenue	398,634	–	–	–	398,634
Literacy aid	829,794	–	–	–	829,794
Teacher compensation READ Act	95,216	–	–	–	95,216
Long-term facilities maintenance	–	41,756,527	–	–	41,756,527
Medical Assistance	1,319,931	–	–	–	1,319,931
Projects funded by certificates of participation	–	3,716	–	–	3,716
Food service	–	–	–	7,176,172	7,176,172
Community education	–	–	–	1,802,181	1,802,181
Early childhood family education programs	–	–	–	461,295	461,295
Adult basic education	–	–	–	4,621	4,621
Debt service	–	–	6,525,500	–	6,525,500
Capital projects	–	52,580,945	–	–	52,580,945
Total restricted	13,456,158	94,341,188	6,525,500	9,444,269	123,767,115
Assigned					
Assigned for subsequent year budget	18,171,075	–	–	–	18,171,075
Strategic priorities	500,000	–	–	–	500,000
Total assigned	18,671,075	–	–	–	18,671,075
Unassigned					
Long-term facilities maintenance restricted account deficit	(135,726)	–	–	–	(135,726)
School readiness restricted account deficit	–	–	–	(28,998)	(28,998)
Unassigned	92,240,926	–	–	–	92,240,926
Total unassigned	92,105,200	–	–	(28,998)	92,076,202
Total	$ 128,071,813	$ 94,341,188	$ 6,525,500	$ 9,613,674	$ 238,552,175

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

The District provides post-employment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. The plan does not issue a publicly available financial report. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

Others' Post-Employment Medical Plan – All retirees of the District have the option to continue their medical coverage into retirement. Retirees must pay the full district premium rate for their coverage and dependent coverage. Coverage in the District's plan ends at age 65.

Teachers' Post-Employment Medical Plan – Teachers with 15 continuous years of service are eligible to receive a contribution towards the teacher's health insurance after retirement from age 55 to 65. The amount will be determined by multiplying the teacher's daily rate of pay at the time of retirement times the number of the teacher's accumulated sick leave days in excess of 123 days as of the date of retirement. However, the total amount will not exceed $37,800. The monthly district contribution toward the premium will be determined using the cumulative total amount earned divided by the number of months until the teacher qualifies for Medicare. The benefit amount will not exceed 100 percent of the premium of the insurance plan selected by the teacher. If the teacher's full-time equivalent (FTE) status is not full-time at the time of retirement, the benefit will be prorated according to the teacher's current FTE.

Administrators' Post-Employment Medical Plan – The District pays for full medical plan coverage after retirement for certain administrators and their spouses and dependents up to age 65.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled $1,780,224 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

C. Membership

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

Retirees and beneficiaries receiving benefits	167
Active plan members	2,826
Total members	2,993

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

D. Total OPEB Liability of the District

The District's total OPEB liability of $18,586,850 at year-end was measured as of June 30, 2025, and was determined by an actuarial valuation date of June 30, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date since the actuarial valuation date is not the same as the measurement date.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.20%
20-year municipal bond yield	5.20%
Inflation rate	2.50%
Healthcare cost trend rate	8.60% grading to 3.90% over 51 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 20,068,833
Changes for the year	
Service cost	1,028,623
Interest	792,456
Differences between expected and actual experience	131,257
Changes in assumptions	(1,161,642)
Benefit payments	(2,272,677)
Total net changes	(1,481,983)
Ending balance	$ 18,586,850

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.97 percent to 5.20 percent based on updated 20-year municipal bond rates.

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.20%	5.20%	6.20%
Total OPEB liability	$ 19,528,451	$ 18,586,850	$ 17,676,085

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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	7.60% decreasing to 2.90% over 51 years	8.60% decreasing to 3.90% over 51 years	9.60% decreasing to 4.90% over 51 years
Total OPEB liability	$ 17,190,246	$ 18,586,850	$ 20,170,721

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

For the current year ended, the District recognized OPEB expense of $1,136,371. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	$ 3,669,646	$ 44,085
Change of assumptions	1,446,114	1,887,104
District's contributions to the OPEB subsequent to the measurement date	1,780,224	–
Total	$ 6,895,984	$ 1,931,189

A total of $1,780,224 reported as deferred outflows of resources related to district contributions for OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2027.

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2027	$ 1,040,189
2028	893,722
2029	399,901
2030	356,034
2031	298,228
Thereafter	196,497
	$ 3,184,571

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities [Minnesota State]). 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 (DCR) Plan administered by Minnesota State. A teacher employed by Minnesota State and electing the DCR Plan is not a member of the TRA except for purposes of Social Security coverage.

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

B. Benefits Provided

1. GERF Benefits

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

The General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 percent of the highest average salary for each of the first 10 years of service and 1.70 percent for each additional year. Under the Level formula, General Plan members receive 1.70 percent of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.00 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2025 annual increase was 1.25 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a prorated increase.

2. TRA Benefits

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

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

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

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 60 with 30 or more years of allowable service.

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

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

Or

For years of service prior to July 1, 2006, a Level formula of 1.70 percent per year for Coordinated members and 2.70 percent per year for Basic members is applied. For years of service July 1, 2006 and after, a Level formula of 1.90 percent per year for Coordinated members and 2.70 percent per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Beginning June 30, 2025, new reduction factors will apply, including special factors for members retiring at age 60 or later with at least 30 years of service.

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 65 effective July 1, 2024. An early retirement reduction is applied to members retiring before age 65. Beginning June 30, 2025, new reduction factors will apply, including special factors for members retiring at age 60 or later with at least 30 years of service.

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2026 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2026, were $5,256,763. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2026 Coordinated Plan were 8.00 percent for the employee and 9.81 percent for the employer. Basic Plan rates were 11.50 percent for the employee and 13.00 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2026, were $17,812,702. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2026, the District reported a liability of $23,920,582 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 $16.0 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 $577,039.

District's proportionate share of the net pension liability	$	23,920,582
State's proportionate share of the net pension liability associated with the District		577,039
Total	$	24,497,621

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.7218 percent at the end of the measurement period and 0.7109 percent for the beginning of the period.

For the year ended June 30, 2026, the District recognized negative pension expense of $306,766 for its proportionate share of the GERF's pension expense. The District also recognized an additional $88,510 as negative pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16.0 million contribution.

At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,279,108	$ –
Changes in actuarial assumptions	576,347	5,504,043
Net difference between projected and actual earnings on pension plan investments	–	9,518,228
Changes in proportion	1,521,839	549,453
District's contributions to the GERF subsequent to the measurement date	5,256,763	–
Total	$ 9,634,057	$ 15,571,724

The $5,256,763 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. 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
2027	$ (2,552,160)
2028	$ (3,820,734)
2029	$ (3,121,232)
2030	$ (1,700,304)

2. TRA Pension Costs

At June 30, 2026, the District reported a liability of $145,017,738 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 2.5305 percent at the end of the measurement period and 2.5150 percent for the beginning of the period.

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

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

District's proportionate share of the net pension liability	$ 145,017,738
State's proportionate share of the net pension liability associated with the District	9,006,631
Total	$ 154,024,369

For the year ended June 30, 2026, the District recognized pension expense of $11,924,266. It also recognized $225,552 of negative pension expense for the support provided by direct aid.

During the plan year ended June 30, 2025, the state of Minnesota contributed $28.5 million to the Fund. The state of Minnesota is not included as a nonemployer contributing entity in the plan pension allocation schedules for the $28.5 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $720,223 for the year ended June 30, 2026 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, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 6,687,281	$ 1,424,226
Changes in actuarial assumptions	8,191,571	15,340,132
Net difference between projected and actual investment earnings on pension plan investments	–	29,118,735
Changes in proportion	10,660,588	2,296,823
District's contributions to the TRA subsequent to the measurement date	17,812,702	–
Total	$ 43,352,142	$ 48,179,916

The $17,812,702 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2027	$ 11,202,907
2028	$ (14,739,130)
2029	$ (11,773,648)
2030	$ (7,775,513)
2031	$ 444,908

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERF

The total pension liability was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 percent. The 7.00 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.50 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 11.50 percent after one year of service to 3.00 percent after 27 years of service.

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

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

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

2. TRA

The total pension liability in the July 1, 2025 actuarial valuation was determined using the entry-age normal method and actuarial assumptions, applied to all periods included in the measurement. Key assumptions used in the valuation of the total pension liability are as follows:

Actuarial Assumptions Used in Valuation of Total Pension Liability

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

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase formula changed to 100.00 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85.00 percent for the last two consecutive annual valuations or is less than 80.00 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50.00 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98.00 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100.00 percent funded status.

CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loading factors increased from 15.00 percent to 19.00 percent for vested terminated members and from 3.00 percent to 44.00 percent for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Liability load for inactive nonvested members changed from 9.00 percent to 13.00 percent to and the liability load for inactive vested members changed from 7.00 percent to 6.00 percent.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2025 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2025 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.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability (asset)	$ 58,099,341	$ 23,920,582	$ (3,806,083)
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 273,543,802	$ 145,017,738	$ 39,241,614

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

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Contingencies

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Construction Contracts

At June 30, 2026, the District had commitments totaling $105,331,703 under various construction contracts for which the work was not yet completed.

D. Guaranteed Energy Savings Commitment

The District has entered into guaranteed energy savings agreements under Minnesota Statutes, Section 471.345, Subd. 13. These agreements are for the purpose of utility cost-saving measures to improve energy efficiency of district facilities. As of June 30, 2026, the District has recorded $8,693,700 of capital assets related to these energy savings contracts. The District is also required to purchase energy generated by the solar panels that are installed on various buildings of the District.

NOTE 9 – SUBSEQUENT EVENT

In October 2026, the District awarded the sale of $77,310,000 of General Obligation School Building and Tax Abatement Bonds, Series 2026B. The bonds bear interest at varying rates ranging from 4.875 percent to 5.500 percent and mature in 2047.

NOTE 10 – NET POSITION

The District's net investments in capital assets in the government-wide Statement of Net Position at June 30, 2026, are calculated as follows:

Capital assets, net of accumulated depreciation/amortization	$ 674,227,293
General obligation bonds and notes	(396,880,000)
Certificates of participation	(10,685,000)
Financed purchases	(3,091,607)
Subscription liabilities	(767,930)
Arbitrage liabilities	(7,456,066)
Unamortized premiums (discounts) on debt issued	(29,737,416)
Unused bond proceeds	94,341,188
Total net investment in capital assets	$ 319,950,462

NOTE 11 – INTERFUND TRANSFERS

During the year ended June 30, 2026, the District transferred $202,905 from the Capital Projects – Building Construction Fund to the General Fund – Capital Expenditure Account to finance debt service paid by the General Fund, and $7,315 from the General Fund to the Community Service Fund to cover the unreimbursed cost for preschool screenings. Transfers reported in the fund financial statements are eliminated in the government-wide financial statements.

NOTE 12 – BUDGETARY COMPLIANCE

Actual expenditures for the current year exceeded budgeted amounts in the General Fund – Capital Expenditure Account by $2,155,153 and the Debt Service Fund by $300,160.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Final Budget Over (Under)	Actual	Actual Amounts Over (Under)
	Original	Final	Original Budget	Amounts	Final Budget
Revenue					
Local sources					
Property taxes	$ 96,073,444	$ 105,346,128	$ 9,272,684	$ 105,955,554	$ 609,426
Investment earnings	4,220,000	4,890,000	670,000	5,202,311	312,311
Other	2,642,485	6,983,283	4,340,798	7,744,920	761,637
State sources	245,416,153	279,010,359	33,594,206	279,273,074	262,715
Federal sources	–	11,836,775	11,836,775	11,547,783	(288,992)
Total revenue	348,352,082	408,066,545	59,714,463	409,723,642	1,657,097
Expenditures					
Current					
Administration	11,920,852	15,724,768	3,803,916	15,573,145	(151,623)
District support services	12,388,059	13,945,613	1,557,554	13,540,766	(404,847)
Elementary and secondary regular instruction	130,515,904	191,127,209	60,611,305	184,030,222	(7,096,987)
Vocational education instruction	4,057,061	5,475,506	1,418,445	5,584,469	108,963
Special education instruction	49,943,056	73,820,549	23,877,493	75,416,417	1,595,868
Instructional support services	21,708,177	36,765,314	15,057,137	34,486,906	(2,278,408)
Pupil support services	40,798,453	44,293,286	3,494,833	42,194,060	(2,099,226)
Sites and buildings	19,840,273	37,563,177	17,722,904	40,296,267	2,733,090
Fiscal and other fixed cost programs	74,002,316	1,039,250	(72,963,066)	994,832	(44,418)
Debt service					
Principal	4,470,734	4,695,859	225,125	4,695,860	1
Interest and fiscal charges	1,087,331	626,995	(460,336)	626,995	–
Total expenditures	370,732,216	425,077,526	54,345,310	417,439,939	(7,637,587)
Excess (deficiency) of revenue over expenditures	(22,380,134)	(17,010,981)	5,369,153	(7,716,297)	9,294,684
Other financing sources (uses)					
Transfer in	–	202,905	202,905	202,905	–
Transfer (out)	–	–	–	(7,315)	(7,315)
Issuance of financed purchases	–	–	–	301,774	301,774
Issuance of subscription liabilities	–	–	–	773,182	773,182
Sale of capital assets	–	–	–	21,172	21,172
Total other financing sources (uses)	–	202,905	202,905	1,291,718	1,088,813
Net change in fund balances	$ (22,380,134)	$ (16,808,076)	$ 5,572,058	(6,424,579)	$ 10,383,497
Fund balances					
Beginning of year				134,496,392	
End of year				$ 128,071,813	

See accompanying notes to budgetary comparison schedule

BUDGETARY COMPARISON SCHEDULE

BUDGETARY PROCESS AND LEGAL COMPLIANCE

The School Board adopts an annual budget for all of the District's governmental funds (including separate budgets for the General Fund Operating and Capital Expenditures Accounts), which are prepared on the same modified accrual basis of accounting as the fund financial statements in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. Budgeted expenditure appropriations lapse at year-end. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization.

- The budget is adopted by June 30th of each year and amended as needed during the fiscal year of its implementation.

- Legal budgetary control is at the fund level. Expenditures may only exceed appropriations at the fund level if approved by the School Board by resolution or through the disbursement approval process.

- Actual expenditures for the current year exceeded budgeted amounts in the General Fund – Capital Expenditure Account by $2,155,153 and the Debt Service Fund by $300,160.

SIGNIFICANT VARIANCES IN BUDGETARY COMPARISON SCHEDULE

1. Significant variances between the General Fund original budget and final budget include:

a. Overall, the revision reflects updated assumptions and estimates, employment contract settlements, staffing adjustments, and prior year audit results.
b. Revenue adjustments were due to updated information on assumptions and prior year results updated to current year's estimates.
c. Revenues and expenditures changes are incorporated as federal, state, and local grant awards are finalized.
d. Expenditure adjustments reflect finalized contract settlements, staffing changes, and current spending trends.
e. Expenditure adjustments for benefit costs were reallocated from fiscal and other fixed-cost programs to the appropriate programs.

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

SIGNIFICANT VARIANCES IN BUDGETARY COMPARISON SCHEDULE (CONTINUED)

2. Significant variances between the General Fund final budget and actual amounts include:

a. Revenues from other local sources reported actual results more than budget. This is due to the District's practice of taking a conservative budgeting approach for actual amounts to be reported for these sources.

b. Elementary and secondary regular instruction spending was under budget due to open positions and unused budget capacity for salaries and related benefits and carryover of grant funds.

c. Instructional support services actual results were less than budget due to unspent curriculum materials budget capacity.

d. Special education instruction spending exceeded budget due to an increased federal tuition allocation.

e. Pupil support services actual results were less than projected for transportation contracted services and snow removal. Transportation contracted services costs were lower due to service optimization, contract management, and ongoing expenditure controls.

f. Sites and buildings spending was over budget due to the timing of long-term facilities maintenance costs as they occurred earlier than planned.

g. Other financing sources were over budget related to debt issuance not anticipated in the budget.

INDEPENDENT SCHOOL DISTRICT NO. 279

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2026

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2017	06/30/2016	0.7462%	$ 60,587,736	$ 791,251	$ 61,378,987	$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	$ 48,505,128	$ 609,916	$ 49,115,044	$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	$ 42,067,376	$ 1,379,755	$ 43,447,131	$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	$ 40,647,562	$ 1,263,278	$ 41,910,840	$ 52,027,292	78.13%	80.20%
06/30/2021	06/30/2020	0.7357%	$ 44,108,575	$ 1,360,176	$ 45,468,751	$ 52,432,906	84.12%	79.10%
06/30/2022	06/30/2021	0.6883%	$ 29,393,493	$ 897,592	$ 30,291,085	$ 49,455,038	59.43%	87.00%
06/30/2023	06/30/2022	0.7137%	$ 56,525,275	$ 1,657,099	$ 58,182,374	$ 53,450,989	105.75%	76.70%
06/30/2024	06/30/2023	0.6774%	$ 37,879,449	$ 1,044,095	$ 38,923,544	$ 53,823,539	70.38%	83.10%
06/30/2025	06/30/2024	0.7109%	$ 26,280,276	$ 679,554	$ 26,959,830	$ 60,162,583	43.68%	89.08%
06/30/2026	06/30/2025	0.7218%	$ 23,920,582	$ 577,039	$ 24,497,621	$ 65,304,507	36.63%	90.78%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2026

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2017	$ 3,667,745	$ 3,667,745	$ –	$ 48,899,109	7.50%
06/30/2018	$ 3,813,782	$ 3,813,782	$ –	$ 50,835,205	7.50%
06/30/2019	$ 3,902,412	$ 3,902,412	$ –	$ 52,027,292	7.50%
06/30/2020	$ 3,932,259	$ 3,932,259	$ –	$ 52,432,906	7.50%
06/30/2021	$ 3,709,133	$ 3,709,133	$ –	$ 49,455,038	7.50%
06/30/2022	$ 4,009,173	$ 4,009,173	$ –	$ 53,450,989	7.50%
06/30/2023	$ 4,036,859	$ 4,036,859	$ –	$ 53,823,539	7.50%
06/30/2024	$ 4,512,234	$ 4,512,234	$ –	$ 60,162,583	7.50%
06/30/2025	$ 4,898,091	$ 4,898,091	$ –	$ 65,304,507	7.50%
06/30/2026	$ 5,256,763	$ 5,256,763	$ –	$ 70,088,761	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 279

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2026

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2017	06/30/2016	2.2898%	$546,171,934	$ 54,820,624	$600,992,558	$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	$472,256,596	$ 45,651,630	$517,908,226	$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	$147,514,063	$ 13,859,624	$161,373,687	$129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	$149,821,364	$ 13,258,675	$163,080,039	$133,428,902	112.29%	78.21%
06/30/2021	06/30/2020	2.3501%	$173,628,538	$ 14,550,315	$188,178,853	$136,565,103	127.14%	75.48%
06/30/2022	06/30/2021	2.3280%	$101,880,241	$ 8,592,317	$110,472,558	$139,314,570	73.13%	86.63%
06/30/2023	06/30/2022	2.2826%	$182,778,533	$ 13,554,785	$196,333,318	$141,095,721	129.54%	76.17%
06/30/2024	06/30/2023	2.5216%	$208,188,944	$ 14,583,156	$222,772,100	$160,340,902	129.84%	76.42%
06/30/2025	06/30/2024	2.5150%	$159,811,173	$ 10,452,339	$170,263,512	$166,571,753	95.94%	82.07%
06/30/2026	06/30/2025	2.5305%	$145,017,738	$ 9,006,631	$154,024,369	$175,994,292	82.40%	84.51%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2026

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2017	$ 9,552,598	$ 9,552,598	$ –	$127,198,277	7.51%
06/30/2018	$ 9,734,349	$ 9,734,349	$ –	$129,737,193	7.50%
06/30/2019	$ 10,294,789	$ 10,294,789	$ –	$133,428,902	7.72%
06/30/2020	$ 10,815,614	$ 10,815,614	$ –	$136,565,103	7.92%
06/30/2021	$ 11,324,179	$ 11,324,179	$ –	$139,314,570	8.13%
06/30/2022	$ 11,764,475	$ 11,764,475	$ –	$141,095,721	8.34%
06/30/2023	$ 13,706,535	$ 13,706,535	$ –	$160,340,902	8.55%
06/30/2024	$ 14,577,722	$ 14,577,722	$ –	$166,571,753	8.75%
06/30/2025	$ 15,400,154	$ 15,400,154	$ –	$175,994,292	8.75%
06/30/2026	$ 17,812,702	$ 17,812,702	$ –	$181,575,980	9.81%

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2026

	District Fiscal Year-End Date								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total OPEB liability									
Service cost	$ 1,361,945	$ 1,207,403	$ 701,553	$ 792,980	$ 980,932	$ 1,086,412	$ 835,049	$ 838,960	$ 1,028,623
Interest	558,450	662,144	518,383	438,714	450,174	346,818	652,116	652,726	792,456
Differences between expected and actual experience	–	(1,127,935)	–	3,745,353	(122,810)	2,139,477	12,351	2,165,843	131,257
Changes of assumptions	(584,138)	(2,712,171)	301,086	997,623	409,614	(1,575,858)	(141,791)	1,379,683	(1,161,642)
Changes of benefit terms	–	–	–	227,952	–	–	–	–	–
Benefit payments	(2,047,574)	(1,990,043)	(1,932,465)	(1,899,488)	(2,165,617)	(2,103,239)	(2,169,507)	(2,078,835)	(2,272,677)
Net change in total OPEB liability	(711,317)	(3,960,602)	(411,443)	4,303,134	(447,707)	(106,390)	(811,782)	2,958,377	(1,481,983)
Total OPEB liability – beginning of year	19,256,563	18,545,246	14,584,644	14,173,201	18,476,335	18,028,628	17,922,238	17,110,456	20,068,833
Total OPEB liability – end of year	$ 18,545,246	$ 14,584,644	$ 14,173,201	$ 18,476,335	$ 18,028,628	$ 17,922,238	$ 17,110,456	$ 20,068,833	$ 18,586,850
Covered-employee payroll	$130,286,782	$158,757,096	$167,369,946	$173,754,599	$183,575,354	$199,502,673	$200,625,333	$226,232,231	$231,700,398
Total OPEB liability as a percentage of covered-employee payroll	14.23%	9.19%	8.47%	10.63%	9.82%	8.98%	8.53%	8.87%	8.02%

Note: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2025 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase formula changed to 100.00 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85.00 percent for the last two consecutive annual valuations or is less than 80.00 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50.00 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98.00 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100.00 percent funded status.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loading factors increased from 15.00 percent to 19.00 percent for vested terminated members and from 3.00 percent to 44.00 percent for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

2024 CHANGES IN PLAN PROVISIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- Liability load for inactive nonvested members changed from 9.00 percent to 13.00 percent and the liability load for inactive vested members changed from 7.00 percent to 6.00 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2026 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.97 percent to 5.20 percent based on updated 20-year municipal bond rates.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.86 percent to 3.97 percent.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs updated.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated to the rates used in the 2023 experience studies.
- The percent of future retirees not eligible for a subsidized premium assumed to elect coverage at retirement changed from 30.00 percent to 25.00 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.69 percent to 3.86 percent based on updated 20-year municipal bond rates.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.92 percent to 3.69 percent.
- Healthcare trend rates were reset.
- Medical per capita claims costs updated.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated to the rates used in the July 1, 2022 TRA and PERA valuations.
- The percent of future retirees eligible for an explicit subsidy assumed to elect coverage at retirement changed from 90.00 percent to 80.00 percent.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.45 percent to 1.92 percent based on updated 20-year municipal bond rates.

2021 CHANGES IN BENEFIT TERMS

- The teacher explicit subsidy contribution was revised based on updated contract information.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent based on updated 20-year municipal bond rates.
- Healthcare cost trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.
- The 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- The inflation rate changed from 2.75 percent to 2.50 percent.
- The healthcare cost trend rate changed from 6.80 percent grading to 4.40 percent over 58 years, to 6.90 percent grading to 4.00 percent over 58 years.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

SUPPLEMENTARY INFORMATION

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Osseo Area Schools

NONMAJOR GOVERNMENTAL FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2026
(With Partial Comparative Information as of June 30, 2025)

	Special Revenue Funds		Totals	
	Food Service	Community Service	2026	2025
Assets				
Cash and temporary investments	$ 7,026,700	$ 3,860,856	$ 10,887,556	$ 11,942,747
Receivables				
Current taxes	–	1,508,783	1,508,783	1,476,050
Delinquent taxes	–	19,211	19,211	20,894
Accounts and interest	2,357	207,451	209,808	234,163
Due from other governmental units	513,559	595,135	1,108,694	1,123,215
Inventory	198,403	–	198,403	195,596
Total assets	$ 7,741,019	$ 6,191,436	$ 13,932,455	$ 14,992,665
Liabilities				
Salaries payable	$ 49,975	$ 589,041	$ 639,016	$ 908,025
Accounts and contracts payable	268,701	317,396	586,097	446,091
Unearned revenue	47,768	–	47,768	30,229
Total liabilities	366,444	906,437	1,272,881	1,384,345
Deferred inflows of resources				
Property taxes levied for subsequent year	–	3,026,783	3,026,783	3,007,910
Unavailable revenue – delinquent taxes	–	19,117	19,117	22,189
Total deferred inflows of resources	–	3,045,900	3,045,900	3,030,099
Fund balances (deficits)				
Nonspendable for inventory	198,403	–	198,403	195,596
Restricted	7,176,172	2,268,097	9,444,269	10,382,625
Unassigned	–	(28,998)	(28,998)	–
Total fund balances	7,374,575	2,239,099	9,613,674	10,578,221
Total liabilities, deferred inflows of resources, and fund balances	$ 7,741,019	$ 6,191,436	$ 13,932,455	$ 14,992,665

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2026
(With Partial Comparative Information for the Year Ended June 30, 2025)

	Special Revenue Funds			
		Community	Totals	
	Food Service	Service	2026	2025
Revenue				
Local sources				
Property taxes	$ –	$ 2,995,271	$ 2,995,271	$ 2,854,428
Investment earnings	201,852	148,222	350,074	512,280
Other	1,456,330	11,675,685	13,132,015	12,466,601
State sources	6,248,285	5,264,269	11,512,554	11,523,071
Federal sources	11,141,362	201,747	11,343,109	10,325,865
Total revenue	19,047,829	20,285,194	39,333,023	37,682,245
Expenditures				
Current				
Food service	17,750,404	–	17,750,404	16,979,735
Community service	–	22,031,584	22,031,584	21,306,639
Capital outlay	370,338	152,559	522,897	593,595
Total expenditures	18,120,742	22,184,143	40,304,885	38,879,969
Excess (deficiency) of revenue over expenditures	927,087	(1,898,949)	(971,862)	(1,197,724)
Other financing sources				
Transfer in	–	7,315	7,315	–
Insurance recoveries	–	–	–	56,445
Total other financing sources	–	7,315	7,315	56,445
Net change in fund balances	927,087	(1,891,634)	(964,547)	(1,141,279)
Fund balances				
Beginning of year	6,447,488	4,130,733	10,578,221	11,719,500
End of year	$ 7,374,575	$ 2,239,099	$ 9,613,674	$ 10,578,221

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

GOVERNMENTAL FUNDS

INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 7,026,700	$ 5,949,488
Receivables		
Accounts and interest	2,357	59,243
Due from other governmental units	513,559	479,257
Inventory	198,403	195,596
Total assets	$ 7,741,019	$ 6,683,584
Liabilities		
Salaries payable	$ 49,975	$ 28,007
Accounts and contracts payable	268,701	177,860
Unearned revenue	47,768	30,229
Total liabilities	366,444	236,096
Fund balances		
Nonspendable for inventory	198,403	195,596
Restricted	7,176,172	6,251,892
Total fund balances	7,374,575	6,447,488
Total liabilities and fund balances	$ 7,741,019	$ 6,683,584

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 175,000	$ 201,852	$ 26,852	$ 227,229
Other – primarily meal sales	1,663,809	1,456,330	(207,479)	1,379,419
State sources	6,351,527	6,248,285	(103,242)	6,249,592
Federal sources	11,228,361	11,141,362	(86,999)	10,178,217
Total revenue	19,418,697	19,047,829	(370,868)	18,034,457
Expenditures				
Current				
Salaries	5,702,373	5,580,101	(122,272)	5,518,043
Employee benefits	1,873,173	1,784,567	(88,606)	1,732,396
Purchased services	760,259	733,573	(26,686)	717,579
Supplies and materials	9,827,466	9,299,981	(527,485)	8,860,026
Other expenditures	394,000	352,182	(41,818)	151,691
Capital outlay	433,400	370,338	(63,062)	427,568
Total expenditures	18,990,671	18,120,742	(869,929)	17,407,303
Excess of revenue over expenditures	428,026	927,087	499,061	627,154
Other financing sources				
Insurance recoveries	–	–	–	56,445
Net change in fund balances	$ 428,026	927,087	$ 499,061	683,599
Fund balances				
Beginning of year		6,447,488		5,763,889
End of year		$ 7,374,575		$ 6,447,488

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 3,860,856	$ 5,993,259
Receivables		
Current taxes	1,508,783	1,476,050
Delinquent taxes	19,211	20,894
Accounts and interest	207,451	174,920
Due from other governmental units	595,135	643,958
Total assets	$ 6,191,436	$ 8,309,081
Liabilities		
Salaries payable	$ 589,041	$ 880,018
Accounts and contracts payable	317,396	268,231
Total liabilities	906,437	1,148,249
Deferred inflows of resources		
Property taxes levied for subsequent year	3,026,783	3,007,910
Unavailable revenue – delinquent taxes	19,117	22,189
Total deferred inflows of resources	3,045,900	3,030,099
Fund balances (deficits)		
Restricted for community education	1,802,181	3,201,752
Restricted for early childhood family education programs	461,295	685,748
Restricted for school readiness	–	238,612
Restricted for adult basic education	4,621	4,621
Unassigned – school readiness restricted account deficit	(28,998)	–
Total fund balances	2,239,099	4,130,733
Total liabilities, deferred inflows of resources, and fund balances	$ 6,191,436	$ 8,309,081

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 3,013,917	$ 2,995,271	$ (18,646)	$ 2,854,428
Investment earnings	235,000	148,222	(86,778)	285,051
Other – primarily tuition and fees	11,745,041	11,675,685	(69,356)	11,087,182
State sources	5,414,334	5,264,269	(150,065)	5,273,479
Federal sources	345,162	201,747	(143,415)	147,648
Total revenue	20,753,454	20,285,194	(468,260)	19,647,788
Expenditures				
Current				
Salaries	13,900,693	14,062,164	161,471	13,542,079
Employee benefits	4,400,232	4,215,602	(184,630)	3,917,003
Purchased services	2,951,893	2,735,608	(216,285)	2,945,649
Supplies and materials	1,026,117	985,918	(40,199)	869,109
Other expenditures	41,077	32,292	(8,785)	32,799
Capital outlay	268,869	152,559	(116,310)	166,027
Total expenditures	22,588,881	22,184,143	(404,738)	21,472,666
Excess (deficiency) of revenue over expenditures	(1,835,427)	(1,898,949)	(63,522)	(1,824,878)
Other financing sources				
Transfers in	–	7,315	7,315	–
Net change in fund balances	$ (1,835,427)	(1,891,634)	$ (56,207)	(1,824,878)
Fund balances				
Beginning of year		4,130,733		5,955,611
End of year		$ 2,239,099		$ 4,130,733

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 154,290,813	$ 157,642,157
Receivables		
Current taxes	53,579,333	51,904,314
Delinquent taxes	709,475	794,172
Accounts, notes, and interest	3,842,686	2,187,756
Due from other governmental units	30,131,078	31,853,233
Inventory	350,534	412,326
Prepaid items	3,488,846	3,107,686
Total assets	$ 246,392,765	$ 247,901,644
Liabilities		
Salaries payable	$ 529,891	$ 1,795,276
Accounts and contracts payable	9,768,091	8,117,178
Due to other governmental units	1,385,422	831,470
Unearned revenue	1,200,000	506,500
Total liabilities	12,883,404	11,250,424
Deferred inflows of resources		
Property taxes levied for subsequent year	104,731,381	101,304,847
Unavailable revenue – delinquent taxes	706,167	849,981
Total deferred inflows of resources	105,437,548	102,154,828
Fund balances (deficits)		
Nonspendable for inventory	350,534	412,326
Nonspendable for prepaid items	3,488,846	3,107,686
Restricted for student activities	245,311	232,117
Restricted for capital projects levy	1,270,731	566,078
Restricted for operating capital	5,320,316	6,347,244
Restricted for gifted and talented	211,557	229,271
Restricted for basic skills programs	3,764,668	1,827,941
Restricted for safe schools revenue	398,634	278,850
Restricted for literacy aid	829,794	829,793
Restricted for teacher compensation READ Act	95,216	556,323
Restricted for Medical Assistance	1,319,931	639,242
Assigned for subsequent year budget	18,171,075	22,674,861
Assigned for strategic priorities	500,000	500,000
Unassigned – long-term facilities maintenance restricted account deficit	(135,726)	(55,429)
Unassigned	92,240,926	96,350,089
Total fund balances	128,071,813	134,496,392
Total liabilities, deferred inflows of resources, and fund balances	$ 246,392,765	$ 247,901,644

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 105,346,128	$ 105,955,554	$ 609,426	$ 121,135,503
Investment earnings	4,890,000	5,202,311	312,311	6,444,704
Other	6,983,283	7,744,920	761,637	6,443,170
State sources	279,010,359	279,273,074	262,715	269,210,098
Federal sources	11,836,775	11,547,783	(288,992)	11,117,969
Total revenue	408,066,545	409,723,642	1,657,097	414,351,444
Expenditures				
Current				
Administration				
Salaries	11,429,057	11,380,175	(48,882)	11,379,255
Employee benefits	3,809,782	3,783,907	(25,875)	3,633,977
Purchased services	254,315	210,641	(43,674)	243,597
Supplies and materials	96,364	113,432	17,068	111,863
Other expenditures	135,250	84,990	(50,260)	91,987
Total administration	15,724,768	15,573,145	(151,623)	15,460,679
District support services				
Salaries	8,171,515	7,873,859	(297,656)	7,490,534
Employee benefits	2,707,247	2,667,418	(39,829)	2,558,918
Purchased services	(327,478)	(501,123)	(173,645)	(316,898)
Supplies and materials	3,425,370	3,343,441	(81,929)	1,510,921
Capital expenditures	615,046	739,741	124,695	797,337
Other expenditures	(646,087)	(582,570)	63,517	(239,796)
Total district support services	13,945,613	13,540,766	(404,847)	11,801,016
Elementary and secondary regular instruction				
Salaries	128,793,214	124,205,093	(4,588,121)	119,608,813
Employee benefits	47,959,441	46,655,608	(1,303,833)	43,682,725
Purchased services	6,218,287	6,924,663	706,376	5,785,600
Supplies and materials	4,375,864	4,173,868	(201,996)	3,756,680
Capital expenditures	2,667,588	1,022,881	(1,644,707)	1,053,370
Other expenditures	1,112,815	1,048,109	(64,706)	993,179
Total elementary and secondary regular instruction	191,127,209	184,030,222	(7,096,987)	174,880,367

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	3,380,787	3,383,319	2,532	3,302,268
Employee benefits	1,398,374	1,388,194	(10,180)	1,332,160
Purchased services	341,769	407,191	65,422	364,404
Supplies and materials	289,472	256,419	(33,053)	189,366
Capital expenditures	62,104	149,346	87,242	181,488
Other expenditures	3,000	–	(3,000)	–
Total vocational education instruction	5,475,506	5,584,469	108,963	5,369,686
Special education instruction				
Salaries	47,895,039	47,424,581	(470,458)	45,806,310
Employee benefits	18,353,855	17,970,014	(383,841)	16,697,730
Purchased services	6,751,738	9,244,446	2,492,708	7,574,893
Supplies and materials	377,689	420,007	42,318	416,275
Capital expenditures	33,146	24,678	(8,468)	197,663
Other expenditures	409,082	332,691	(76,391)	328,288
Total special education instruction	73,820,549	75,416,417	1,595,868	71,021,159
Instructional support services				
Salaries	19,828,917	19,006,602	(822,315)	18,596,325
Employee benefits	6,878,319	6,761,005	(117,314)	6,585,088
Purchased services	2,549,212	2,190,670	(358,542)	1,849,475
Supplies and materials	7,287,551	5,549,027	(1,738,524)	5,164,211
Capital expenditures	197,848	958,239	760,391	3,691,954
Other expenditures	23,467	21,363	(2,104)	6,879
Total instructional support services	36,765,314	34,486,906	(2,278,408)	35,893,932
Pupil support services				
Salaries	12,094,835	11,663,592	(431,243)	11,486,974
Employee benefits	4,554,953	4,362,964	(191,989)	4,157,627
Purchased services	27,309,828	25,884,980	(1,424,848)	21,930,496
Supplies and materials	321,020	189,078	(131,942)	127,234
Capital expenditures	10,000	67,524	57,524	156,736
Other expenditures	2,650	25,922	23,272	58,753
Total pupil support services	44,293,286	42,194,060	(2,099,226)	37,917,820

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	9,965,987	10,643,250	677,263	10,269,431
Employee benefits	4,074,388	4,352,415	278,027	4,271,893
Purchased services	5,503,058	5,862,935	359,877	6,008,394
Supplies and materials	1,549,687	1,982,964	433,277	1,780,943
Capital expenditures	12,194,213	13,151,489	957,276	26,082,594
Other expenditures	4,275,844	4,303,214	27,370	35,335
Total sites and buildings	37,563,177	40,296,267	2,733,090	48,448,590
Fiscal and other fixed cost programs				
Purchased services	1,035,000	990,582	(44,418)	985,937
Other expenditures	4,250	4,250	–	510,907
Total fiscal and other fixed cost programs	1,039,250	994,832	(44,418)	1,496,844
Debt service				
Principal	4,695,859	4,695,860	1	5,119,610
Interest and fiscal charges	626,995	626,995	–	662,551
Total debt service	5,322,854	5,322,855	1	5,782,161
Total expenditures	425,077,526	417,439,939	(7,637,587)	408,072,254
Excess (deficiency) of revenue over expenditures	(17,010,981)	(7,716,297)	9,294,684	6,279,190
Other financing sources (uses)				
Transfers in	202,905	202,905	–	1,183,221
Transfers (out)	–	(7,315)	(7,315)	–
Issuance of financed purchases	–	301,774	301,774	2,340,861
Issuance of subscription liabilities	–	773,182	773,182	1,412,114
Sale of capital assets	–	21,172	21,172	526,427
Total other financing sources	202,905	1,291,718	1,088,813	5,462,623
Net change in fund balances	$ (16,808,076)	(6,424,579)	$ 10,383,497	11,741,813
Fund balances				
Beginning of year		134,496,392		122,754,579
End of year		$ 128,071,813		$ 134,496,392

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 146,495,516	$ 144,297,055
Receivables		
Current taxes	53,579,333	51,904,314
Delinquent taxes	709,475	794,172
Accounts, notes, and interest	1,640,785	2,152,197
Due from other governmental units	30,131,078	31,853,233
Inventory	240,104	216,220
Prepaid items	3,475,681	3,107,686
Total assets	$ 236,271,972	$ 234,324,877
Liabilities		
Salaries payable	$ 509,210	$ 1,711,816
Accounts and contracts payable	8,342,322	3,073,939
Due to other governmental units	1,319,789	765,194
Unearned revenue	–	6,500
Total liabilities	10,171,321	5,557,449
Deferred inflows of resources		
Property taxes levied for subsequent year	104,731,381	101,304,847
Unavailable revenue – delinquent taxes	706,167	849,981
Total deferred inflows of resources	105,437,548	102,154,828
Fund balances		
Nonspendable for inventory	240,104	216,220
Nonspendable for prepaid items	3,475,681	3,107,686
Restricted for student activities	245,311	232,117
Restricted for gifted and talented	211,557	229,271
Restricted for basic skills programs	3,764,668	1,827,941
Restricted for safe schools revenue	398,634	278,850
Restricted for teacher compensation READ Act	95,216	556,323
Restricted for Medical Assistance	1,319,931	639,242
Assigned for subsequent year budget	18,171,075	22,674,861
Assigned for strategic priorities	500,000	500,000
Unassigned	92,240,926	96,350,089
Total fund balances	120,663,103	126,612,600
Total liabilities, deferred inflows of resources, and fund balances	$ 236,271,972	$ 234,324,877

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 76,365,096	$ 76,645,817	$ 280,721	$ 78,310,707
Investment earnings	4,850,000	5,156,114	306,114	6,379,389
Other	4,937,627	5,195,351	257,724	5,588,637
State sources	276,932,327	277,271,512	339,185	266,136,176
Federal sources	11,836,775	11,547,783	(288,992)	11,117,969
Total revenue	374,921,825	375,816,577	894,752	367,532,878
Expenditures				
Current				
Administration				
Salaries	11,429,057	11,380,175	(48,882)	11,379,255
Employee benefits	3,809,782	3,783,907	(25,875)	3,633,977
Purchased services	254,315	210,641	(43,674)	243,597
Supplies and materials	96,364	113,432	17,068	111,863
Other expenditures	135,250	84,990	(50,260)	91,987
Total administration	15,724,768	15,573,145	(151,623)	15,460,679
District support services				
Salaries	7,563,221	7,270,484	(292,737)	6,946,571
Employee benefits	2,503,718	2,463,198	(40,520)	2,388,820
Purchased services	(348,478)	(530,993)	(182,515)	(342,018)
Supplies and materials	476,500	359,932	(116,568)	439,955
Capital expenditures	5,551	166,786	161,235	–
Other expenditures	(646,087)	(582,570)	63,517	(239,796)
Total district support services	9,554,425	9,146,837	(407,588)	9,193,532
Elementary and secondary regular instruction				
Salaries	128,793,214	124,205,093	(4,588,121)	119,608,813
Employee benefits	47,959,441	46,655,608	(1,303,833)	43,682,725
Purchased services	6,173,287	6,800,548	627,261	5,785,600
Supplies and materials	3,293,575	2,843,065	(450,510)	2,854,659
Capital expenditures	118,012	115,000	(3,012)	45,139
Other expenditures	1,112,815	1,048,109	(64,706)	993,179
Total elementary and secondary regular instruction	187,450,344	181,667,423	(5,782,921)	172,970,115

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	3,380,787	3,383,319	2,532	3,302,268
Employee benefits	1,398,374	1,388,194	(10,180)	1,332,160
Purchased services	341,769	407,191	65,422	364,404
Supplies and materials	103,472	126,167	22,695	130,793
Capital expenditures	37,104	36,670	(434)	145,166
Other expenditures	3,000	–	(3,000)	–
Total vocational education instruction	5,264,506	5,341,541	77,035	5,274,791
Special education instruction				
Salaries	47,895,039	47,424,581	(470,458)	45,806,310
Employee benefits	18,353,855	17,970,014	(383,841)	16,697,730
Purchased services	6,751,738	9,244,446	2,492,708	7,574,893
Supplies and materials	377,123	419,191	42,068	416,275
Capital expenditures	28,028	18,138	(9,890)	180,729
Other expenditures	409,082	332,691	(76,391)	328,288
Total special education instruction	73,814,865	75,409,061	1,594,196	71,004,225
Instructional support services				
Salaries	17,613,197	16,818,880	(794,317)	16,426,474
Employee benefits	6,024,841	5,933,176	(91,665)	5,741,610
Purchased services	2,549,212	2,190,670	(358,542)	1,844,725
Supplies and materials	3,301,835	1,791,383	(1,510,452)	633,883
Capital expenditures	10,000	–	(10,000)	–
Other expenditures	23,467	21,363	(2,104)	6,879
Total instructional support services	29,522,552	26,755,472	(2,767,080)	24,653,571
Pupil support services				
Salaries	12,094,835	11,663,592	(431,243)	11,486,974
Employee benefits	4,554,953	4,362,964	(191,989)	4,157,627
Purchased services	27,309,828	25,884,980	(1,424,848)	21,930,496
Supplies and materials	286,020	178,148	(107,872)	121,570
Capital expenditures	–	57,846	57,846	148,782
Other expenditures	2,650	25,922	23,272	58,753
Total pupil support services	44,248,286	42,173,452	(2,074,834)	37,904,202

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	9,965,987	9,602,818	(363,169)	9,274,139
Employee benefits	4,074,388	4,009,556	(64,832)	3,927,436
Purchased services	4,838,679	4,788,645	(50,034)	5,046,248
Supplies and materials	1,543,809	1,758,841	215,032	1,551,596
Capital expenditures	6,600	4,760	(1,840)	3,396
Other expenditures	4,256,844	4,286,180	29,336	1,747
Total sites and buildings	24,686,307	24,450,800	(235,507)	19,804,562
Fiscal and other fixed cost programs				
Purchased services	1,035,000	990,582	(44,418)	985,937
Other expenditures	4,250	4,250	–	510,907
Total fiscal and other fixed cost programs	1,039,250	994,832	(44,418)	1,496,844
Debt service				
Principal	310,069	310,069	–	307,247
Interest and fiscal charges	98,075	98,075	–	106,132
Total debt service	408,144	408,144	–	413,379
Total expenditures	391,713,447	381,920,707	(9,792,740)	358,175,900
Excess (deficiency) of revenue over expenditures	(16,791,622)	(6,104,130)	10,687,492	9,356,978
Other financing sources (uses)				
Transfers (out)	–	(7,315)	(7,315)	–
Issuance of subscription liabilities	–	161,948	161,948	223,704
Total other financing sources (uses)	–	154,633	154,633	223,704
Net change in fund balances	$ (16,791,622)	(5,949,497)	$ 10,842,125	9,580,682
Fund balances				
Beginning of year		126,612,600		117,031,918
End of year		$ 120,663,103		$ 126,612,600

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 7,795,297	$ 13,345,102
Receivables		
Accounts and interest	2,201,901	35,559
Inventory	110,430	196,106
Prepaid items	13,165	–
Total assets	$ 10,120,793	$ 13,576,767
Liabilities		
Salaries payable	$ 20,681	$ 83,460
Accounts and contracts payable	1,425,769	5,043,239
Due to other governmental units	65,633	66,276
Unearned revenue	1,200,000	500,000
Total liabilities	2,712,083	5,692,975
Fund balances (deficit)		
Nonspendable for inventory	110,430	196,106
Nonspendable for prepaid items	13,165	–
Restricted for capital projects levy	1,270,731	566,078
Restricted for operating capital	5,320,316	6,347,244
Restricted for literacy aid	829,794	829,793
Unassigned – long-term facilities maintenance restricted account deficit	(135,726)	(55,429)
Total fund balances	7,408,710	7,883,792
Total liabilities and fund balances	$ 10,120,793	$ 13,576,767

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 28,981,032	$ 29,309,737	$ 328,705	$ 42,824,796
Investment earnings	40,000	46,197	6,197	65,315
Other	2,045,656	2,549,569	503,913	854,533
State sources	2,078,032	2,001,562	(76,470)	3,073,922
Total revenue	33,144,720	33,907,065	762,345	46,818,566
Expenditures				
Current				
District support services				
Salaries	608,294	603,375	(4,919)	543,963
Employee benefits	203,529	204,220	691	170,098
Purchased services	21,000	29,870	8,870	25,120
Supplies and materials	2,948,870	2,983,509	34,639	1,070,966
Capital expenditures	609,495	572,955	(36,540)	797,337
Total district support services	4,391,188	4,393,929	2,741	2,607,484
Elementary and secondary regular instruction				
Purchased services	45,000	124,115	79,115	–
Supplies and materials	1,082,289	1,330,803	248,514	902,021
Capital expenditures	2,549,576	907,881	(1,641,695)	1,008,231
Total elementary and secondary regular instruction	3,676,865	2,362,799	(1,314,066)	1,910,252
Vocational education instruction				
Supplies and materials	186,000	130,252	(55,748)	58,573
Capital expenditures	25,000	112,676	87,676	36,322
Total vocational education services	211,000	242,928	31,928	94,895
Special education instruction				
Supplies and materials	566	816	250	–
Capital expenditures	5,118	6,540	1,422	16,934
Total special education instruction	5,684	7,356	1,672	16,934
Instructional support services				
Salaries	2,215,720	2,187,722	(27,998)	2,169,851
Employee benefits	853,478	827,829	(25,649)	843,478
Purchased services	–	–	–	4,750
Supplies and materials	3,985,716	3,757,644	(228,072)	4,530,328
Capital expenditures	187,848	958,239	770,391	3,691,954
Total instructional support services	7,242,762	7,731,434	488,672	11,240,361

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Pupil support services				
Supplies and materials	35,000	10,930	(24,070)	5,664
Capital expenditures	10,000	9,678	(322)	7,954
Total pupil support services	45,000	20,608	(24,392)	13,618
Sites and buildings				
Salaries	–	1,040,432	1,040,432	995,292
Employee benefits	–	342,859	342,859	344,457
Purchased services	664,379	1,074,290	409,911	962,146
Supplies and materials	5,878	224,123	218,245	229,347
Capital expenditures	12,187,613	13,146,729	959,116	26,079,198
Other expenditures	19,000	17,034	(1,966)	33,588
Total sites and buildings	12,876,870	15,845,467	2,968,597	28,644,028
Debt service				
Principal	4,385,790	4,385,791	1	4,812,363
Interest and fiscal charges	528,920	528,920	–	556,419
Total debt service	4,914,710	4,914,711	1	5,368,782
Total expenditures	33,364,079	35,519,232	2,155,153	49,896,354
Excess (deficiency) of revenue over expenditures	(219,359)	(1,612,167)	(1,392,808)	(3,077,788)
Other financing sources				
Transfers in	202,905	202,905	–	1,183,221
Issuance of financed purchases	–	301,774	301,774	2,340,861
Issuance of subscription liabilities	–	611,234	611,234	1,188,410
Sale of capital assets	–	21,172	21,172	526,427
Total other financing sources	202,905	1,137,085	934,180	5,238,919
Net change in fund balances	$ (16,454)	(475,082)	$ (458,628)	2,161,131
Fund balances				
Beginning of year		7,883,792		5,722,661
End of year		$ 7,408,710		$ 7,883,792

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 116,290,934	$ 205,515,214
Receivables		
Accounts and interest	1,188,685	6,729,587
Total assets	$ 117,479,619	$ 212,244,801
Liabilities		
Salaries payable	$ 2,880	$ 4,679
Accounts and contracts payable	23,135,551	12,553,763
Total liabilities	23,138,431	12,558,442
Fund balances		
Restricted for long-term facilities maintenance	41,756,527	115,104,849
Restricted for projects funded by certificates of participation	3,716	229,831
Restricted for capital projects	52,580,945	84,351,679
Total fund balances	94,341,188	199,686,359
Total liabilities and fund balances	$ 117,479,619	$ 212,244,801

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2026 and 2025

	2026	2025
Revenue		
Local sources		
Investment earnings	$ 6,274,128	$ 11,069,990
Expenditures		
Capital outlay		
Salaries	119,223	111,149
Employee benefits	36,338	27,068
Purchased services	56,340	44,250
Supplies and materials	460,848	25,051
Capital expenditures	172,557,458	60,248,857
Other expenditures	272,929	–
Total capital outlay	173,503,136	60,456,375
Debt service		
Interest and fiscal charges	220,566	–
Total expenditures	173,723,702	60,456,375
Excess (deficiency) of revenue over expenditures	(167,449,574)	(49,386,385)
Other financing sources (uses)		
Transfers (out)	(202,905)	(1,183,221)
Bonds issued	60,000,000	–
Premium on bonds issued	2,307,308	–
Total other financing sources (uses)	62,104,403	(1,183,221)
Net change in fund balances	(105,345,171)	(50,569,606)
Fund balances		
Beginning of year	199,686,359	250,255,965
End of year	$ 94,341,188	$ 199,686,359

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2026 and 2025

	2026	2025
Assets		
Cash and temporary investments	$ 24,940,076	$ 22,470,857
Receivables		
Current taxes	17,708,250	16,315,544
Delinquent taxes	174,234	124,103
Due from other governmental units	103,985	79,278
Total assets	$ 42,926,545	$ 38,989,782
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 36,227,850	$ 33,303,944
Unavailable revenue – delinquent taxes	173,195	132,757
Total deferred inflows of resources	36,401,045	33,436,701
Fund balances		
Restricted for debt service	6,525,500	5,553,081
Total deferred inflows of resources and fund balances	$ 42,926,545	$ 38,989,782

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026
(With Comparative Actual Amounts for the Year Ended June 30, 2025)

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 33,176,558	$ 32,868,901	$ (307,657)	$ 18,497,811
Investment earnings	500,000	695,429	195,429	683,649
State sources	1,133,892	1,129,803	(4,089)	783,986
Total revenue	34,810,450	34,694,133	(116,317)	19,965,446
Expenditures				
Debt service				
Principal	18,465,000	18,465,000	–	11,025,000
Interest and fiscal charges	15,236,513	15,536,673	300,160	14,669,665
Total expenditures	33,701,513	34,001,673	300,160	25,694,665
Excess (deficiency) of revenue over expenditures	1,108,937	692,460	(416,477)	(5,729,219)
Other financing sources (uses)				
Refunding bonds issued	–	39,145,000	39,145,000	–
Premium on bonds issued	–	3,619,959	3,619,959	–
Payment on refunded debt	–	(42,485,000)	(42,485,000)	–
Total other financing sources (uses)	–	279,959	279,959	–
Net change in fund balances	$ 1,108,937	972,419	$ (136,518)	(5,729,219)
Fund balances				
Beginning of year		5,553,081		11,282,300
End of year		$ 6,525,500		$ 5,553,081

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Osseo Area Schools

PROPRIETARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
Internal Service Funds
Combining Statement of Net Position
as of June 30, 2026
(With Comparative Totals as of June 30, 2025)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Assets			
Current assets			
Cash and temporary investments	$ 684,355	$ 973,015	$ 2,605,438
Accounts and interest receivable	8,460	8,271	–
Prepaid items	–	117,400	–
Total current assets	692,815	1,098,686	2,605,438
Noncurrent assets – temporarily restricted			
Cash and investments held by trustee	–	–	–
Interest receivable	–	–	–
Total noncurrent assets	–	–	–
Total assets	692,815	1,098,686	2,605,438
Deferred outflow of resources			
OPEB plan deferments	–	–	–
Liabilities			
Current liabilities			
Accounts and contracts payable	163,539	689,639	–
Due to other governmental units	–	–	–
Post-employment severance benefits payable	–	–	170,616
OPEB obligation	–	–	–
Long-term liabilities			
Post-employment severance benefits payable	–	–	1,582,130
OPEB obligation	–	–	–
Total liabilities	163,539	689,639	1,752,746
Deferred inflows of resources			
OPEB plan deferments	–	–	–
Net position			
Restricted for employee benefits	–	–	–
Unrestricted	529,276	409,047	852,692
Total net position	$ 529,276	$ 409,047	$ 852,692

Post-Employment Benefits Revocable Trust	Totals 2026	2025
$ –	$ 4,262,808	$ 4,256,739
–	16,731	9,183
–	117,400	117,400
–	4,396,939	4,383,322
27,638,812	27,638,812	26,692,430
229,555	229,555	218,130
27,868,367	27,868,367	26,910,560
27,868,367	32,265,306	31,293,882
6,895,984	6,895,984	7,256,881
–	853,178	830,390
850,656	850,656	850,254
–	170,616	424,315
2,113,542	2,113,542	2,174,819
–	1,582,130	1,948,639
16,473,308	16,473,308	17,894,014
19,437,506	22,043,430	24,122,431
1,931,189	1,931,189	1,453,956
13,395,656	13,395,656	11,794,398
–	1,791,015	1,179,978
$ 13,395,656	$ 15,186,671	$ 12,974,376

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2026
(With Comparative Totals for the Year Ended June 30, 2025)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Operating revenue			
Contributions from governmental funds	$ 2,462,734	$ 8,335,259	$ –
Operating expenses			
Dental benefit claims	2,285,873	–	–
Medical benefit claims	–	6,373,529	–
Administrative costs	132,307	1,448,558	–
Post-employment severance benefits	–	–	73,386
OPEB	–	–	–
Total operating expenses	2,418,180	7,822,087	73,386
Operating income (loss)	44,554	513,172	(73,386)
Nonoperating revenue			
Investment earnings	14,406	20,321	91,970
Change in fund net position	58,960	533,493	18,584
Fund net position			
Beginning of year	470,316	(124,446)	834,108
End of year	$ 529,276	$ 409,047	$ 852,692

Post-Employment Benefits Revocable Trust	Totals 2026	2025
$ –	$ 10,797,993	$ 10,082,160
–	2,285,873	2,174,173
–	6,373,529	6,566,866
–	1,580,865	1,561,546
–	73,386	130,298
1,136,371	1,136,371	853,027
1,136,371	11,450,024	11,285,910
(1,136,371)	(652,031)	(1,203,750)
2,737,629	2,864,326	2,080,199
1,601,258	2,212,295	876,449
11,794,398	12,974,376	12,097,927
$ 13,395,656	$ 15,186,671	$ 12,974,376

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2026
(With Comparative Totals for the Year Ended June 30, 2025)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	$ 2,460,588	$ 8,329,857	$ –
Payments for dental claims	(2,296,238)	–	–
Payments for medical claims	–	(6,340,376)	–
Payments for administrative costs	(132,307)	(1,448,558)	–
Post-employment severance and OPEB benefit payments	–	–	(693,594)
Net cash flows from operating activities	32,043	540,923	(693,594)
Cash flows from investing activities			
Investment earnings	14,406	20,321	91,970
Net change in cash and cash equivalents	46,449	561,244	(601,624)
Cash and cash equivalents			
Beginning of year	637,906	411,771	3,207,062
End of year	$ 684,355	$ 973,015	$ 2,605,438
Reconciliation of operating (loss) to net cash flows from operating activities			
Operating (loss)	$ 44,554	$ 513,172	$ (73,386)
Adjustments to reconcile operating (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	(2,146)	(5,402)	–
Deferred outflow of resources	–	–	–
Accounts and contracts payable	(10,365)	33,153	–
Due to other governmental units	–	–	–
Post-employment severance benefits payable	–	–	(620,208)
Total OPEB obligation	–	–	–
Deferred inflows of resources	–	–	–
Net cash flows from operating activities	$ 32,043	$ 540,923	$ (693,594)
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	$ 684,355	$ 973,015	$ 2,605,438
Cash and investments held by trustee	–	–	–
Total cash and cash equivalents	$ 684,355	$ 973,015	$ 2,605,438

Post-Employment Benefits Revocable Trust	Totals 2026	2025
$ –	$ 10,790,445	$ 10,081,349
–	(2,296,238)	(2,175,300)
–	(6,340,376)	(6,424,420)
–	(1,580,865)	(1,561,546)
(1,779,822)	(2,473,416)	(1,696,678)
(1,779,822)	(1,900,450)	(1,776,595)
2,726,204	2,852,901	2,068,164
946,382	952,451	291,569
26,692,430	30,949,169	30,657,600
$ 27,638,812	$ 31,901,620	$ 30,949,169
$ (1,136,371)	$ (652,031)	$ (1,203,750)
–	(7,548)	(811)
360,897	360,897	(2,166,954)
–	22,788	141,319
402	402	28,602
–	(620,208)	(744,728)
(1,481,983)	(1,481,983)	2,958,377
477,233	477,233	(788,650)
$ (1,779,822)	$ (1,900,450)	$ (1,776,595)
$ –	$ 4,262,808	$ 4,256,739
27,638,812	27,638,812	26,692,430
$ 27,638,812	$ 31,901,620	$ 30,949,169

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Osseo Area Schools

FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Combining Statement of Fiduciary Net Position
as of June 30, 2026

	Northwest Family Service Center	Local Collaborative Time Study	Total
Assets			
Cash and temporary investments	$ 815,867	$ 1,405,574	$ 2,221,441
Receivables			
Accounts and interest	142,264	–	142,264
Total assets	958,131	1,405,574	2,363,705
Liabilities			
Accounts and contracts payable	–	10,518	10,518
Net position			
Restricted for Local Collaborative Time Study	–	1,395,056	1,395,056
Restricted for Northwest Family Service Center	958,131	–	958,131
Total net position	$ 958,131	$ 1,395,056	$ 2,353,187

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2026

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	$ –	$ 54,937	$ 54,937
Rents	474,964	–	474,964
Grants	–	693,413	693,413
Total additions	474,964	748,350	1,223,314
Deductions			
Elementary and secondary regular instruction			
Salaries	–	108,333	108,333
Employee benefits	–	41,472	41,472
Purchased services	–	511,792	511,792
Supplies and materials	–	554	554
Total elementary and secondary regular instruction	–	662,151	662,151
Sites and buildings			
Purchased services	322,283	–	322,283
Total deductions	322,283	662,151	984,434
Net change in fiduciary net position	152,681	86,199	238,880
Net position			
Beginning of year	805,450	1,308,857	2,114,307
End of year	$ 958,131	$ 1,395,056	$ 2,353,187

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Osseo Area Schools

SECTION III

STATISTICAL

Our Mission

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Osseo Area Schools

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2017	2018	2019	2020
Governmental activities				
Net investment in capital assets	$ 201,669,570	$ 209,642,657	$ 217,683,814	$ 233,739,330
Restricted	19,153,181	19,443,331	21,207,005	17,275,589
Unrestricted	(169,293,406)	(246,677,152)	(172,104,081)	(175,063,914)
Total governmental activities net position	$ 51,529,345	$ (17,591,164)	$ 66,786,738	$ 75,951,005

Note 1: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately $8.8 million.

Note 2: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by $424,121.

Note 3: The District implemented GASB Statement No. 87 in fiscal 2022. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by $1,067,175.

Note 4: The District implemented new GASB authoritative literature which changed the requirements for the capitalization of groups of similar capital assets purchased at the same time in fiscal 2024. The District reported a change in accounting principle as a result of implementing this new accounting guidance that increased unrestricted net position by $4,307,750.

Note 5: The District implemented GASB Statement No. 101 in fiscal 2025. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by $5,158,714.

2021	2022	2023	2024	2025	2026
$ 240,761,946	$ 251,841,254	$ 268,802,808	$ 284,604,635	$ 311,758,545	$ 319,950,462
32,967,515	33,722,595	32,179,593	36,498,735	33,846,238	36,505,572
(185,958,423)	(171,898,524)	(124,174,706)	(84,157,849)	(73,541,452)	(68,786,119)
$ 87,771,038	$ 113,665,325	$ 176,807,695	$ 236,945,521	$ 272,063,331	$ 287,669,915

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fisal Year			
	2017	2018	2019	2020
Expenses				
Governmental activities				
Administration	$ 11,001,338	$ 11,514,189	$ 11,579,014	$ 12,045,309
District support services	8,567,156	9,685,524	9,161,865	9,664,778
Elementary and secondary regular instruction	199,497,344	201,729,524	96,467,422	156,972,364
Vocational education instruction	3,512,275	3,877,502	3,896,875	3,816,686
Special education instruction	63,245,199	63,405,079	37,278,468	58,331,647
Instructional support services	19,301,766	19,776,626	20,153,137	21,783,939
Pupil support services	21,774,370	23,150,650	24,378,844	25,046,915
Sites and buildings	20,886,238	24,049,266	26,923,739	21,518,505
Fiscal and other fixed cost programs	501,639	437,569	478,592	578,794
Food service	12,579,723	12,641,891	11,725,300	11,787,601
Community service	19,965,214	20,570,178	17,988,019	18,797,900
Unallocated depreciation/amortization expense (excluding amounts directly allocated)	8,015,144	8,217,000	8,572,041	9,336,423
Interest and fiscal charges on debt	4,456,962	4,678,075	4,273,134	3,931,328
Total governmental activities expenses	393,304,368	403,733,073	272,876,450	353,612,189
Program revenues				
Governmental activities				
Charges for services				
Food service	5,324,443	5,426,342	5,311,834	3,778,743
Community service	9,954,275	10,433,494	10,655,483	8,177,105
All other	2,240,416	2,173,310	1,885,473	1,522,171
Operating grants and contributions	70,475,866	71,983,248	94,288,399	89,989,964
Capital grants and contributions	8,419,910	8,401,701	9,709,050	9,463,840
Total governmental activities program revenues	96,414,910	98,418,095	121,850,239	112,931,823
Net (expense) revenue	(296,889,458)	(305,314,978)	(151,026,211)	(240,680,366)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	64,372,997	69,614,963	70,139,704	77,069,829
Property taxes, levied for community service	2,435,152	2,584,830	2,751,535	2,964,636
Property taxes, levied for debt service	17,843,905	18,036,264	19,383,439	20,009,035
General grants and aids	150,549,947	150,314,612	135,755,407	143,538,316
Other general revenues	1,212,290	1,837,047	1,097,917	694,465
Investment earnings	2,143,300	2,669,993	6,076,426	5,144,231
Gain on sale of capital assets	–	–	199,685	–
Total governmental activities	238,557,591	245,057,709	235,404,113	249,420,512
Change in net position	$ (58,331,867)	$ (60,257,269)	$ 84,377,902	$ 8,740,146

2021	2022	2023	2024	2025	2026
$ 12,618,772	$ 13,265,447	$ 13,705,585	$ 14,763,586	$ 15,461,959	$ 15,574,425
9,774,932	9,665,973	10,612,245	12,613,970	14,092,921	15,658,420
150,649,757	132,679,526	115,585,085	159,054,375	174,487,712	175,461,600
3,506,547	4,431,862	4,036,605	5,112,060	5,320,293	5,553,283
59,143,900	56,663,872	50,189,664	61,730,953	70,712,137	73,285,001
34,930,503	32,168,972	36,209,514	31,409,570	34,555,417	35,677,016
25,441,090	29,065,764	32,245,839	32,534,952	38,002,119	42,253,876
24,052,035	21,801,400	22,698,059	22,271,774	30,757,389	44,652,158
612,385	665,539	770,720	873,998	1,496,844	994,832
10,579,695	13,787,275	15,578,299	16,753,806	17,145,853	17,835,516
12,283,972	13,561,234	15,570,524	18,289,620	21,065,208	21,393,800
10,014,580	10,781,321	11,678,097	12,460,321	13,721,998	14,858,772
3,781,858	4,869,711	5,131,297	15,924,423	14,175,289	13,388,832
357,390,026	343,407,896	334,011,533	403,793,408	450,995,139	476,587,531
246,038	782,730	4,014,642	1,189,767	1,325,714	1,387,576
4,227,651	8,157,627	8,136,580	8,504,744	11,023,319	11,561,748
1,427,488	4,037,675	2,020,544	1,758,660	2,111,928	2,947,249
105,334,938	107,415,958	118,091,828	142,310,164	136,914,475	144,405,876
7,183,646	7,778,430	7,807,982	2,863,548	2,299,644	2,054,613
118,419,761	128,172,420	140,071,576	156,626,883	153,675,080	162,357,062
(238,970,265)	(215,235,476)	(193,939,957)	(247,166,525)	(297,320,059)	(314,230,469)
75,604,475	81,661,917	83,093,050	110,965,789	121,454,672	105,811,740
3,059,339	3,086,670	3,166,148	3,182,011	2,859,625	2,992,199
22,837,182	15,583,464	14,818,612	11,821,650	18,550,644	32,909,339
144,806,099	142,401,547	148,877,949	162,251,730	172,353,648	171,649,915
730,287	1,496,502	808,313	546,960	1,070,172	1,087,592
3,752,916	(4,167,512)	6,318,255	14,228,461	20,790,822	15,386,268
–	–	–	–	517,000	–
250,790,298	240,062,588	257,082,327	302,996,601	337,596,583	329,837,053
$ 11,820,033	$ 24,827,112	$ 63,142,370	$ 55,830,076	$ 40,276,524	$ 15,606,584

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2017	2018	2019	2020
General Fund				
Nonspendable				
Operating Account	$ 257,014	$ 292,548	$ 295,095	$ 413,056
Capital Expenditure Account	40,940	84,682	131,966	110,522
Restricted				
Operating Account	1,587,675	1,177,620	1,379,098	2,582,371
Capital Expenditure Account	9,051,446	10,237,338	9,521,802	8,157,746
Assigned				
Operating Account	4,258,291	3,634,947	825,755	3,926,582
Unassigned				
Operating Account	63,266,128	67,945,278	75,714,545	81,696,260
Capital Expenditure Account	(35,548)	(137,035)	(695,873)	(294,564)
Total General Fund	$ 78,425,946	$ 83,235,378	$ 87,172,388	$ 96,591,973
All other governmental funds				
Nonspendable				
Special revenue funds	$ 2,575	$ 1,934	$ 131,065	$ 184,505
Restricted				
Special revenue funds	6,745,866	7,320,744	7,943,920	5,347,134
Capital Projects – Building Construction Fund	43,249,779	12,985,125	38,626,107	14,209,126
Debt Service Fund	4,105,000	16,589,246	5,842,002	3,509,367
Unassigned				
Special revenue funds	–	–	–	–
Total all other governmental funds	$ 54,103,220	$ 36,897,049	$ 52,543,094	$ 23,250,132
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	24.7%	25.7%	27.8%	29.3%

Note: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased the General Fund Unassigned – Operating Account fund balance by $424,121.

2021	2022	2023	2024	2025	2026
$ 217,512	$ 440,231	$ 434,679	$ 869,772	$ 3,323,906	$ 3,715,785
93,218	29,293	25,287	139,463	196,106	123,595
2,635,666	1,664,876	2,240,884	2,767,927	3,763,744	6,035,317
8,533,571	9,518,503	7,759,473	5,583,198	7,743,115	7,420,841
16,452,233	14,669,070	500,000	2,159,105	23,174,861	18,671,075
77,400,156	77,005,186	89,241,546	111,235,114	96,350,089	92,240,926
(641,535)	–	–	–	(55,429)	(135,726)
$ 104,690,821	$ 103,327,159	$ 100,201,869	$ 122,754,579	$ 134,496,392	$ 128,071,813
$ 134,382	$ 111,869	$ 123,217	$ 213,414	$ 195,596	$ 198,403
7,271,216	11,601,580	10,949,127	11,506,086	10,382,625	9,444,269
25,068,151	9,273,212	9,654,295	250,255,965	199,686,359	94,341,188
4,729,348	4,304,441	4,028,370	11,282,300	5,553,081	6,525,500
–	–	–	–	–	(28,998)
$ 37,203,097	$ 25,291,102	$ 24,755,009	$ 273,257,765	$ 215,817,661	$ 110,480,362
26.8%	25.9%	27.9%	33.0%	26.9%	24.2%

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2017	2018	2019	2020
Revenues				
Local sources				
Taxes	$ 84,767,898	$ 90,260,977	$ 91,750,858	$ 100,328,694
Investment earnings (losses)	974,405	1,604,857	3,652,156	2,833,396
Other	22,410,973	22,858,261	23,739,973	17,114,579
State sources	202,174,527	209,621,427	218,164,915	224,158,572
Federal sources	16,625,266	17,198,842	16,798,675	15,891,453
Total revenues	326,953,069	341,544,364	354,106,577	360,326,694
Expenditures				
Current				
Administration	11,001,338	11,514,189	11,579,014	12,045,309
District support services	6,460,730	6,903,161	7,122,254	7,631,179
Elementary and secondary regular instruction	136,536,746	141,017,874	144,692,508	143,989,921
Vocational education instruction	3,509,419	3,874,646	3,907,331	3,888,466
Special education instruction	48,194,816	49,252,014	51,507,841	55,159,242
Instructional support services	19,265,127	19,713,175	26,200,345	23,051,707
Pupil support services	21,774,370	23,150,650	24,378,844	25,060,178
Sites and buildings	23,465,235	26,295,190	30,083,755	27,088,116
Fiscal and other fixed cost programs	501,639	437,569	478,592	578,794
Food service	12,142,784	12,369,060	11,900,447	11,756,680
Community service	17,937,598	18,835,328	19,669,050	18,413,160
Capital outlay	14,429,416	30,922,886	18,468,568	25,628,871
Debt service				
Principal	16,908,235	17,825,824	17,802,872	20,491,339
Interest and fiscal charges	5,519,548	6,692,091	5,942,637	7,140,795
Total expenditures	337,647,001	368,803,657	373,734,058	381,923,757
Excess (deficiency) of revenues over expenditures	(10,693,932)	(27,259,293)	(19,627,481)	(21,597,063)
Other financing sources (uses)				
Transfers in	–	–	–	1,050,000
Transfers (out)	–	–	–	(1,050,000)
Refunding bonds issued	–	–	16,070,000	–
Bonds issued	50,745,000	12,900,000	43,340,000	–
Issuance of financed purchases	–	–	–	–
Issuance of subscription liabilities	–	–	–	–
Premiums (discounts) on debt issued	2,232,510	687,685	2,300,316	–
Proceeds from sale of assets	–	473,993	199,685	–
Debt retirement from refunding bonds	–	–	(30,165,000)	–
Insurance recovery	–	–	–	–
Capital leases issued	959,875	800,876	7,465,535	1,299,565
Sale of capital assets	–	–	–	–
Total other financing sources (uses)	53,937,385	14,862,554	39,210,536	1,299,565
Net change in fund balances	$ 43,243,453	$ (12,396,739)	$ 19,583,055	$ (20,297,498)
Debt service as a percentage of noncapital expenditures	6.9%	7.3%	6.7%	7.8%

2021	2022	2023	2024	2025	2026
$ 101,462,806	$ 100,135,307	$ 101,250,718	$ 126,076,798	$ 142,487,742	$ 141,819,726
533,341	(36,679)	5,047,574	11,957,031	18,710,623	12,521,942
9,469,507	14,576,005	18,642,184	16,476,190	18,909,771	20,876,935
221,574,472	221,197,193	233,254,275	266,331,965	281,517,155	291,915,431
32,488,639	37,491,213	36,757,685	35,640,187	21,443,834	22,890,892
365,528,765	373,363,039	394,952,436	456,482,171	483,069,125	490,024,926
12,630,825	13,264,167	13,704,305	14,762,306	15,460,679	15,573,145
7,717,054	7,587,100	8,205,769	10,425,610	11,801,016	13,540,766
140,547,910	143,319,449	153,758,984	169,643,304	174,880,367	184,030,222
3,509,057	4,439,304	4,075,296	5,108,458	5,369,686	5,584,469
56,677,434	59,625,510	60,742,095	64,946,051	71,021,159	75,416,417
34,912,873	32,329,578	37,203,731	31,791,199	35,893,932	34,486,906
25,510,887	29,057,448	32,356,873	32,880,218	37,917,820	42,194,060
26,146,167	31,472,718	40,561,857	43,767,564	48,448,590	40,296,267
612,385	665,539	770,720	873,998	1,496,844	994,832
11,023,452	14,414,867	14,899,044	16,256,837	16,979,735	17,750,404
12,342,444	14,202,554	16,209,298	18,423,092	21,306,639	22,031,584
20,858,804	16,525,312	13,347,725	21,461,923	61,049,970	174,026,033
21,103,066	15,984,006	16,663,459	13,307,239	16,144,610	23,160,860
5,941,062	5,758,278	5,140,507	6,071,577	15,332,216	16,384,234
379,533,420	388,645,830	417,639,663	449,719,376	533,103,263	665,470,199
(14,004,655)	(15,282,791)	(22,687,227)	6,762,795	(50,034,138)	(175,445,273)
–	–	614,052	–	1,183,221	210,220
–	–	(614,052)	–	(1,183,221)	(210,220)
14,405,000	–	–	–	–	–
30,775,000	–	11,505,000	238,350,000	–	99,145,000
–	2,007,134	5,779,121	945,320	2,340,861	301,774
–	–	690,119	90,409	1,412,114	773,182
1,086,458	–	940,104	24,906,942	–	5,927,267
–	–	111,500	–	–	–
(15,210,000)	–	–	–	–	(42,485,000)
–	–	–	–	56,445	–
5,000,010	–	–	–	–	–
–	–	–	–	526,427	21,172
36,056,468	2,007,134	19,025,844	264,292,671	4,335,847	63,683,395
$ 22,051,813	$ (13,275,657)	$ (3,661,383)	$ 271,055,466	$ (45,698,291)	$(111,761,878)
7.5%	5.8%	5.4%	4.8%	7.2%	8.1%

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Expenditures by Program
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2017	$ 10,999,162	$ 5,703,811	$ 134,282,353	$ 3,426,012	$ 48,191,475
	4.3%	2.2%	52.4%	1.3%	18.9%
2018	11,498,367	5,971,996	139,495,530	3,762,033	49,249,189
	4.4%	2.3%	52.7%	1.4%	18.6%
2019	11,579,014	6,026,917	142,641,191	3,798,501	51,504,863
	4.2%	2.2%	52.3%	1.4%	18.9%
2020	12,045,309	6,383,173	142,608,851	3,775,218	55,149,141
	4.3%	2.3%	51.2%	1.4%	19.8%
2021	12,630,825	6,702,691	138,440,927	3,448,113	56,675,430
	4.4%	2.3%	47.9%	1.2%	19.6%
2022	13,264,167	6,563,064	141,053,529	4,320,832	59,587,097
	4.5%	2.2%	47.5%	1.4%	20.1%
2023	13,704,305	7,246,812	150,350,941	3,837,298	60,738,868
	4.3%	2.3%	47.0%	1.2%	19.0%
2024	14,762,177	9,377,439	166,138,351	5,004,683	64,941,922
	4.4%	2.8%	49.2%	1.5%	19.2%
2025	15,460,679	9,193,532	172,970,115	5,274,791	71,004,225
	4.3%	2.6%	48.3%	1.5%	19.8%
2026	15,573,145	9,146,837	181,667,423	5,341,541	75,409,061
	4.1%	2.4%	47.6%	1.4%	19.7%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Total	Percent Increase (Decrease) From Prior Year
$ 16,108,984	$ 21,749,139	$ 15,245,250	$ 501,639	$ 256,207,825	4.7%
6.3%	8.5%	5.9%	0.2%	100.0%	
15,474,392	23,141,045	15,536,238	437,569	264,566,359	3.3%
5.9%	8.8%	5.8%	0.1%	100.0%	
16,338,832	24,364,201	16,119,074	478,592	272,851,185	3.1%
6.0%	8.9%	5.9%	0.2%	100.0%	
17,114,996	25,030,855	15,760,903	578,794	278,447,240	2.1%
6.1%	9.0%	5.7%	0.2%	100.0%	
26,030,318	25,510,887	18,959,945	612,385	289,011,521	3.8%
9.0%	8.8%	6.6%	0.2%	100.0%	
25,304,122	29,026,924	17,246,821	665,539	297,032,095	2.8%
8.5%	9.8%	5.8%	0.2%	100.0%	
28,587,960	32,325,338	21,823,137	1,143,067	319,757,726	7.7%
8.9%	10.1%	6.8%	0.4%	100.0%	
25,255,450	32,750,772	17,997,155	1,297,169	337,525,118	5.6%
7.5%	9.7%	5.3%	0.4%	100.0%	
24,653,571	37,904,202	19,804,562	1,910,223	358,175,900	6.1%
6.9%	10.6%	5.5%	0.5%	100.0%	
26,755,472	42,173,452	24,450,800	1,402,976	381,920,707	6.6%
7.0%	11.0%	6.4%	0.4%	100.0%	

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2017	$ 54,872,791	$ 188,741,825	$ 9,076,514	$ 5,950,070	$ 258,641,200
	21%	73%	4%	2%	100%
2018	56,258,480	196,073,146	9,800,950	6,115,068	268,247,644
	21%	73%	4%	2%	100%
2019	57,035,680	204,292,523	9,408,631	7,278,451	278,015,285
	21%	73%	3%	3%	100%
2020	64,852,735	209,126,204	9,630,449	5,867,507	289,476,895
	22%	72%	3%	2%	100%
2021	64,689,741	208,973,905	19,421,504	4,013,669	297,098,819
	22%	70%	7%	1%	100%
2022	61,454,434	207,533,303	20,855,275	4,262,879	294,105,891
	21%	71%	7%	1%	100%
2023	59,971,671	219,532,158	27,272,479	8,861,573	315,637,881
	19%	70%	9%	3%	100%
2024	74,205,040	252,128,747	25,003,709	10,802,431	362,139,927
	20%	70%	7%	3%	100%
2025	78,310,707	266,136,176	11,117,969	11,968,026	367,532,878
	21%	73%	3%	3%	100%
2026	76,645,817	277,271,512	11,547,783	10,351,465	375,816,577
	20%	74%	3%	3%	100%

(1) Basic general education revenue in the General Fund is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The state periodically changes the mix of property tax and state aid revenue with no net effect on total revenue.

INDEPENDENT SCHOOL DISTRICT NO. 279

Revenue and Expenditures –
General Fund, Special Revenue Funds, General Obligation Bonds, and
Debt Service Fund
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2017	2018	2019	2020
Revenue				
General Fund				
Operating Account	$ 258,641,200	$ 268,247,644	$ 278,015,285	$ 289,476,895
Capital Expenditure Account	18,373,136	22,321,138	22,504,811	22,088,625
Special revenue funds				
Food Service	12,949,410	13,106,250	12,875,401	10,441,940
Community Service	18,535,705	18,977,219	19,779,910	16,685,896
Debt Service Fund				
General Obligation				
Bonds Account	15,955,955	15,555,583	17,208,540	18,097,433
Other Post-Employment				
Benefits Bonds Account	2,278,253	2,983,142	2,907,629	2,875,357
Total revenue	$ 326,733,659	$ 341,190,976	$ 353,291,576	$ 359,666,146
Expenditures				
General Fund				
Operating Account	$ 256,207,825	$ 264,566,359	$ 272,851,185	$ 278,447,240
Capital Expenditure Account	19,119,404	22,467,860	31,397,121	24,372,381
Special revenue funds				
Food Service	12,243,200	12,510,312	12,165,405	12,116,579
Community Service	18,096,509	18,998,920	19,737,599	18,604,603
Debt Service Fund				
General Obligation				
Bonds Account	15,471,116	16,756,014	16,403,794	20,460,477
Other Post-Employment				
Benefits Bonds Account	2,199,550	2,886,150	2,909,601	2,844,948
Total expenditures	$ 323,337,604	$ 338,185,615	$ 355,464,705	$ 356,846,228

2021	2022	2023	2024	2025	2026
$ 297,098,819	$ 294,105,891	$ 315,637,881	$ 362,139,927	$ 367,532,878	$ 375,816,577
18,495,400	29,014,795	31,545,935	40,191,121	46,818,566	33,907,065
12,954,711	16,830,516	13,646,970	17,966,147	18,034,457	19,047,829
13,038,710	16,811,824	17,572,414	18,293,680	19,647,788	20,285,194
21,261,211	13,857,737	16,039,047	13,291,205	19,965,446	34,694,133
2,620,468	2,728,971	–	–	–	–
$ 365,469,319	$ 373,349,734	$ 394,442,247	$ 451,882,080	$ 471,999,135	$ 483,750,798
$ 289,011,521	$ 297,032,095	$ 319,757,726	$ 337,525,118	$ 358,175,900	$ 381,920,707
23,483,860	29,459,387	37,020,620	43,288,949	49,896,354	35,519,232
11,655,858	14,960,691	15,512,486	17,016,217	17,407,303	18,120,742
12,463,604	14,373,798	16,459,503	18,596,454	21,472,666	22,184,143
20,094,456	14,290,620	16,315,118	12,134,732	25,694,665	34,001,673
2,623,860	2,720,995	–	–	–	–
$ 359,333,159	$ 372,837,586	$ 405,065,453	$ 428,561,470	$ 472,646,888	$ 491,746,497

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student
Year Ended June 30, 2026
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	$ 7,481	$ 7,481
Local optional	724	724
Referendum	2,092	2,238
Gifted and talented, extended, basic skills, equity, transition, pension, and other	1,351	1,560
Operating capital	235	233
General education formula revenue per pupil unit (property tax and state aid)	$ 11,883	$ 12,236
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		$ 14,906
Less Capital Expenditure Account		(1,505)
General education formula revenue per student – General Fund – Operating Account		13,401
State categorical revenue (special education, secondary vocational, cooperation, and other)		3,606
Total property tax and state aid revenue		17,007
Federal revenue (special education, Title I, and other)		555
Other local revenue – interest, participation fees, and other		497
Total General Fund – Operating Account revenue per student		$ 18,059

(1) Pupil units or adjusted pupil units consist of differential weighting of students by grade level for funding purposes.

(2) Average daily membership is a measure of student attendance.

Source: General education formula revenue per pupil unit is from the Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 279

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Total Taxable Assessed Value
2017	$ 13,963,187,839	$ 135,759,200	$ 14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221
2021	18,865,866,104	167,949,700	19,033,815,804
2022	20,144,504,101	92,566,900	20,237,071,001
2023	24,204,288,396	104,356,700	24,308,645,096
2024	25,710,528,971	96,445,600	25,806,974,571
2025	25,814,138,876	107,685,900	25,921,824,776
2026	26,522,612,571	113,966,800	26,636,579,371

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 14,790,857,500	95.3 %
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9
19,577,944,400	97.2
20,739,057,200	97.6
24,678,431,900	98.5
26,174,633,600	98.6
26,600,671,000	97.4
27,298,918,100	97.6

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Fiscal Year	Property Tax			
	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
2017	$ 64,453,408	$ 2,437,044	$ 17,877,446	$ 84,767,898
2018	69,621,125	2,585,454	18,054,398	90,260,977
2019	69,741,962	2,735,653	19,273,243	91,750,858
2020	77,283,444	2,972,809	20,072,441	100,328,694
2021	75,583,434	3,057,662	22,821,710	101,462,806
2022	81,485,810	3,080,402	15,569,095	100,135,307
2023	83,224,135	3,171,181	14,855,402	101,250,718
2024	111,015,795	3,187,148	11,873,855	126,076,798
2025	121,135,503	2,854,428	18,497,811	142,487,742
2026	105,955,554	2,995,271	32,868,901	141,819,726

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Property Classification	City	2026 Property Valuation Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
Boston Scientific SciMed, Inc.	Commercial/ Industrial	Maple Grove	$ 2,190,544	1	0.7 %	$ 109,602,200
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,403,250	2	0.5	70,200,000
Target Corporation	Commercial	Brooklyn Park	1,072,168	3	0.3	53,645,900
The Connor Group	Apartment	Plymouth	946,875	4	0.3	75,750,000
BPP, LLC	Industrial	Brooklyn Park	888,430	5	0.3	44,459,000
Weidner Property Management	Apartment	Plymouth	873,775	6	0.3	69,902,000
Upsher Smith Laboratories, Inc.	Industrial	Maple Grove	860,524	7	0.3	43,063,700
KIMCO Realty Corporation	Commercial	Maple Grove	765,710	8	0.2	38,323,000
Doran MGRB I, LLC	Apartment	Maple Grove	750,730	9	0.2	60,058,400
GEP XI Maple Grove, LLC.	Industrial	Maple Grove	728,750	10	0.2	58,300,000
KIR Maple Grove, LP	Commercial	Maple Grove	–	–	–	–
MFREVF II Maple Grove, LLC	Residential	Plymouth	–	–	–	–
Brookly Park 73rd (DLB), LLC	Residential	Brooklyn Park	–	–	–	–
Fairview Hospital	Commercial	Maple Grove	–	–	–	–
Skye at Arbor Lakes, LLLP	Residential	Maple Grove	–	–	–	–
Total for 10 largest principal taxpayers			$ 10,480,756		3.3 %	$ 623,304,200

Note: Minnesota's tax capacity system includes class rates whereby commercial, industrial, and utility properties pay taxes based on a higher percentage of market value than homeowners.

Source: Hennepin County Department of Property Tax and Public Records

2017			
Property Valuation			
Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
$ –	–	– %	$ –
1,403,078	2	0.9	70,191,400
2,449,030	1	1.7	122,489,000
–	–	–	–
547,228	8	0.4	27,398,900
741,963	4	0.5	59,357,000
–	–	–	–
701,158	5	0.5	35,095,400
–	–	–	–
–	–	–	–
1,011,478	3	0.7	50,611,400
625,763	6	0.4	50,061,000
562,500	7	0.4	45,000,000
545,010	9	0.4	27,288,000
462,109	10	0.3	36,968,700
$ 9,049,317		6.2 %	$ 524,460,800

INDEPENDENT SCHOOL DISTRICT NO. 279

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total Levy All Funds
Levies					
	2017	$ 69,353,231	$ 2,523,098	$ 18,139,842	$ 90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
	2021	81,756,449	3,068,201	15,735,260	100,559,910
	2022	84,115,150	3,125,856	14,901,056	102,142,062
	2023	109,718,453	3,162,392	12,017,045	124,897,890
	2024	120,146,548	2,795,493	18,637,683	141,579,724
	2025	105,984,054	3,007,910	33,303,944	142,295,908
	2026	109,441,733	3,026,783	36,227,850	148,696,366
Net tax rates					
Tax capacity rate					
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
	2021	13.807	1.357	6.959	22.123
	2022	14.396	1.307	6.230	21.933
	2023	14.341	1.104	4.195	19.640
	2024	15.964	0.918	6.120	23.002
	2025	11.725	0.987	10.928	23.640
	2026	11.853	0.973	11.646	24.472
Market value rate					
	2017	0.275	–	–	0.275
	2018	0.266	–	–	0.266
	2019	0.275	–	–	0.275
	2020	0.256	–	–	0.256
	2021	0.232	–	–	0.232
	2022	0.215	–	–	0.215
	2023	0.256	–	–	0.256
	2024	0.253	–	–	0.253
	2025	0.242	–	–	0.242
	2026	0.245	–	–	0.245

Note: A portion of the total spread levy is paid through various property tax credits for residential homestead properties, which are paid through state aids.

Source: Hennepin County Department of Property Tax and Public Records

Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value
$ (10,497,320)	$ 79,518,851	$ (39,956,973)	$ 39,561,878
(11,070,502)	81,712,423	(41,651,739)	40,060,684
(11,010,109)	88,560,738	(46,196,821)	42,363,917
(11,984,393)	88,150,048	(46,577,113)	41,572,935
(11,456,838)	89,103,072	(44,778,983)	44,324,089
(11,825,135)	90,316,927	(43,930,863)	46,386,064
(11,620,754)	113,277,136	(62,250,808)	51,026,328
(12,398,514)	129,181,210	(65,264,957)	63,916,253
(14,137,681)	128,158,227	(63,271,335)	64,886,892
(14,245,997)	134,450,369	(65,617,089)	68,833,280

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

		Municipalities				
Rate	Tax Collection Calendar Year	Brooklyn Center	Brooklyn Park	Corcoran	Dayton	Maple Grove
Tax capacity rate	2017	70.498%	54.365%	45.994%	55.467%	38.245%
Market value rate	2017	–	0.02464%	–	–	–
Tax capacity rate	2018	67.067%	51.159%	45.357%	55.664%	36.709%
Market value rate	2018	–	0.01584%	–	–	–
Tax capacity rate	2019	70.400%	51.869%	45.160%	55.212%	34.746%
Market value rate	2019	–	0.01110%	–	–	–
Tax capacity rate	2020	65.233%	48.862%	45.013%	54.139%	32.756%
Market value rate	2020	–	0.01427%	–	–	–
Tax capacity rate	2021	64.740%	46.396%	43.522%	51.378%	31.911%
Market value rate	2021	–	0.01340%	–	–	–
Tax capacity rate	2022	55.864%	47.523%	43.192%	47.733%	31.287%
Market value rate	2022	–	0.02760%	–	–	–
Tax capacity rate	2023	54.747%	42.380%	42.122%	35.109%	26.902%
Market value rate	2023	–	0.01173%	–	–	–
Tax capacity rate	2024	56.766%	46.520%	42.410%	35.653%	27.187%
Market value rate	2024	–	0.01111%	–	–	–
Tax capacity rate	2025	60.820%	52.282%	42.727%	35.394%	29.168%
Market value rate	2025	–	0.01117%	–	–	–
Tax capacity rate	2026	63.241%	53.089%	44.291%	35.502%	30.097%
Market value rate	2026	–	0.01094%	–	–	–

(1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, Metro Transit, other metro services, county parks bonds, and interest. These miscellaneous levies vary slightly between municipalities.

Source: Hennepin County Department of Property Tax and Public Records

Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
–	0.00499%	–	0.27516%	–	–	0.27516%
63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
–	0.00475%	–	0.26582%	–	–	0.26582%
60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
–	0.00219%	–	0.27486%	–	–	0.27486%
57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
–	0.00209%	–	0.25606%	–	–	0.25606%
58.211%	26.119%	33.396%	22.123%	38.210%	7.878%	100.122%
–	0.00197%	–	0.23168%	–	–	0.23168%
57.689%	27.187%	34.762%	21.933%	38.535%	7.807%	99.562%
–	0.00185%	–	0.21478%	–	–	0.21478%
54.138%	24.307%	33.557%	19.640%	34.542%	6.915%	87.999%
–	0.00162%	–	0.25595%	–	–	0.25595%
65.205%	24.453%	35.599%	23.002%	34.681%	6.703%	91.573%
–	–	–	0.25276%	–	–	0.25276%
70.081%	25.803%	38.767%	23.640%	37.081%	7.160%	97.049%
–	–	–	0.24216%	–	–	0.24216%
70.473%	27.337%	40.062%	24.472%	39.242%	7.343%	101.154%
–	–	–	0.24481%	–	–	0.24481%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Calendar Year		Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2017		$ 90,016,171	$ 89,891,336	99.9 %	$ 46,865
2018		92,782,925	92,467,545	99.7	(96,144)
2019		99,570,847	99,253,734	99.7	178,692
2020		100,134,441	99,756,651	99.6	37,388
2021		100,559,910	100,235,033	99.7	283,765
2022		102,142,062	101,800,534	99.7	379,944
2023		124,897,890	124,174,358	99.4	617,822
2024		141,579,724	140,954,988	99.6	403,286
2025		142,295,908	141,722,844	99.6	N/A
2026	(1)	148,696,366	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2025		$ 141,722,844
Less tax shift allocation of the levy collectible in 2025 to fiscal year 2025	(2)	(4,679,207)
Add tax shift allocation of the referendum levy collectible in 2026 to fiscal year 2026	(2)	4,710,352
Property tax delinquencies, abatements, and county apportionment		65,737
Total local property tax revenue – fiscal year 2026		$ 141,819,726

N/A – Not Available

(1) Only a portion of calendar year 2026 taxes are collectible by June 30, 2026. A total of $75,900,000 of 2026 taxes were collected by June 30, 2026. The resulting $72,796,366 is reported as current taxes receivable as of June 30, 2026.

(2) The state of Minnesota calculates the tax shift allocation based on various portions of the total tax levy.

Source: Hennepin County Department of Property Tax and Public Records

Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	June 30, 2026 Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
$ 89,938,201	99.9 %	$ –	– %
92,371,401	99.6	–	–
99,432,426	99.9	–	–
99,794,039	99.7	–	–
100,518,798	100.0	41,112	–
102,180,478	100.0	(38,416)	–
124,792,180	99.9	105,710	0.1
141,358,274	99.8	221,450	0.2
141,722,844	99.6	573,064	0.4
N/A	N/A	–	N/A
		$ 902,920	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			
Fiscal Year	General Obligation Bonds and Notes	Certificates of Participation	Financed Purchases	Subscription Liabilities
2017	$ 148,925,000	$ 12,655,000	$ 4,393,589	$ –
2018	148,370,000	11,870,000	1,608,641	–
2019	163,665,000	11,060,000	6,031,304	–
2020	146,965,000	10,225,000	4,374,530	–
2021	150,885,000	18,080,000	6,466,474	–
2022	139,030,000	16,665,000	5,759,602	–
2023	138,720,000	15,250,000	8,444,487	749,099
2024	369,710,000	13,780,000	5,591,316	160,760
2025	358,685,000	12,260,000	5,076,944	828,497
2026	396,880,000	10,685,000	3,091,607	767,930

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Unamortized Premiums (Discounts) on Debt Issued	Total Government	Percentage of Personal Income (1)	Per Capita (1)
$ 9,350,798	$ 175,324,387	1.8 %	$ 1,205
6,980,144	168,828,785	1.7	1,141
7,455,402	188,211,706	1.8	1,262
5,547,562	167,112,092	1.5	1,117
4,845,267	180,276,741	1.5	1,196
4,368,007	165,822,609	1.3	1,081
4,836,100	167,999,686	1.2	1,074
28,758,837	418,000,913	3.1	2,673
26,801,268	403,651,709	N/A	2,581
29,737,416	441,161,953	N/A	2,818

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratio of Net Bonded and Certificates of Participation Debt to
Tax Capacity and Legal Debt Margin
Last Ten Fiscal Years

June 30,	Outstanding Bonded and Certificates of Participation Debt	Unamortized Premiums (Discounts)	Balance on Hand – Debt Service Fund	Net Bonded and Certificates of Participation Debt	Taxable Tax Capacity
2017	$ 161,580,000	$ 9,350,798	$ 4,105,000	$ 166,825,798	$ 148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535
2021	168,965,000	4,845,267	4,729,348	169,080,919	224,913,697
2022	155,695,000	4,368,007	4,304,441	155,758,568	238,096,648
2023	153,970,000	4,836,100	4,028,370	154,777,730	287,031,360
2024	383,490,000	28,758,837	11,282,300	400,966,537	306,316,726
2025	370,945,000	26,801,268	5,553,081	392,193,187	304,897,242
2026	407,565,000	29,737,416	6,525,500	430,776,916	311,792,688

(1) District population is based upon an annual school district census and the U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.

Source: Hennepin County Department of Property Tax and Public Records

Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
112.7 %	145,451	$ 1,147
83.1	148,029	1,018
91.0	149,144	1,182
75.0	149,640	1,064
75.2	150,674	1,122
65.4	153,405	1,015
53.9	156,387	990
130.9	156,387	2,564
128.6	156,418	2,507
138.1	156,574	2,751

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Osseo Area Schools

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt
as of June 30, 2026

Taxing Unit	Tax Collection Calendar Year – 2025 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2) Percent	Debt Applicable to Tax Capacity in ISD No. 279 (2) Amount
Direct debt				
Independent School District No. 279	$ 311,792,688	$ 407,565,000	100.00 %	$ 407,565,000
Overlapping debt				
Hennepin County	2,640,411,098	1,222,750,000	10.65	130,222,875
Cities				
Brooklyn Center	32,993,262	4,645,000	31.19	1,448,776
Brooklyn Park	115,281,625	18,810,000	77.14	14,510,034
Corcoran	23,170,248	13,680,000	15.31	2,094,408
Dayton	24,786,984	9,090,000	22.11	2,009,799
Maple Grove	155,659,826	–	91.99	–
Osseo	4,016,742	715,000	100.00	715,000
Plymouth	196,227,624	52,155,000	12.55	6,545,453
Rogers	39,735,631	10,495,000	3.01	315,900
Other				
Hennepin County Suburban Park District	1,963,445,529	58,630,000	14.33	8,401,679
Hennepin Regional Railroad Authority	2,640,411,098	71,980,000	10.65	7,665,870
Metropolitan Council	5,918,552,227	12,100,000	4.75	574,750
Total overlapping debt				174,504,543
Total direct and debt outstanding				$ 582,069,543

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue. Includes certificates of participation.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt limit	$ 2,178,203,956	$ 2,350,372,780	$ 2,521,110,069	$ 2,728,488,229
Total net debt applicable to the limit	161,580,000	150,305,000	167,045,000	152,080,000
Legal debt margin	$ 2,016,623,956	$ 2,200,067,780	$ 2,354,065,069	$ 2,576,408,229
Total net debt applicable to the limit as a percentage of debt limit	7.42%	6.39%	6.63%	5.57%

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

Source: Hennepin County Department of Property Tax and Public Records

2021	2022	2023	2024	2025	2026
$ 2,899,191,746	$ 3,068,083,391	$ 3,648,220,796	$ 3,873,137,966	$ 3,919,185,795	$ 4,020,490,729
166,325,000	155,695,000	153,970,000	383,490,000	370,945,000	407,565,000
$ 2,732,866,746	$ 2,912,388,391	$ 3,494,250,796	$ 3,489,647,966	$ 3,548,240,795	$ 3,612,925,729
5.74%	5.07%	4.22%	9.90%	9.46%	10.14%

Legal Debt Margin Calculation for Fiscal Year 2026

Market value	$26,803,271,525
Debt limit (15% of market value)	4,020,490,729
Debt applicable to the limit	
General obligation bonds and certificates of participation	407,565,000
Legal debt margin	$ 3,612,925,729

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service
as of June 30, 2026

Tax Collection Calendar Year		Deferred Tax Levies
2027		$ 36,029,136
2028		37,520,241
2029		37,310,556
2030		38,036,368
2031		38,905,322
2032		40,183,283
2033		40,907,718
2034		40,159,960
2035		40,947,880
2036		40,601,348
2037		40,972,004
2038		25,883,714
2039		15,052,964
2040		14,935,364
2041		14,809,036
2042		14,572,891
2043		11,661,451
2044		8,052,601
2045		2,492,752
	Total amount to be levied in future years	539,034,589
2026	Amount levied for collection in 2026 and included in property taxes levied for subsequent year at June 30, 2026	36,227,850
	Total deferred tax levies for future bond debt service	$ 575,262,439

Note: These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes § 475.61.

Source: Debt service levy schedules in the various bond issues of the District

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2017	145,451	$ 9,555,985,249	$ 65,699	37.9	20,659	3.4 %
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,144	10,634,862,064	71,306	37.8	21,073	3.2
2020	149,640	10,980,882,480	73,382	38.1	21,030	6.2
2021	150,674	11,708,273,844	77,706	36.9	20,254	3.4
2022	153,405	12,934,035,765	84,313	37.2	20,403	2.9
2023	156,387	13,692,620,172	87,556	38.6	20,439	2.7
2024	156,387	13,623,966,279	87,117	38.8	20,631	3.0
2025	156,418	N/A	N/A	N/A	20,823	4.3
2026	156,574	N/A	N/A	N/A	20,810	N/A

N/A – Not Available

Data sources:

(1) District population is based upon an annual school district census and the U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.

(2) United States Census Bureau.

(3) United States Department of Agriculture/Economic Research Service.

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers
Current Year and Nine Years Ago

Employer	2026 Employees	2026 Rank	2017 Employees	2017 Rank
Boston Scientific SciMed, Inc.	5,400	1	3,000	2
Target Corporation (1)	3,713	2	2,800	3
Independent School District No. 279	3,304	3	3,085	1
United Parcel Service	825	4	700	7
City of Maple Grove	814	5	–	–
Maple Grove Hospital	666	6	910	5
Caterpillar Paving Products (1)	660	7	850	6
City of Brooklyn Park	557	8	–	–
Hy-Vee (1)	500	9	–	–
Data Recognitiion Corporation	420	10	–	–
Medtronic	–	–	1,520	4
Egan McKay	–	–	700	7
Upsher-Smith Laboratories, Inc.	–	–	700	7
RR Donnelley	–	–	480	10
Total	11,459		11,745	

(1) City of Brooklyn Park most recent data available is from fiscal year 2022.

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Brooklyn Park				
2016	2,090	$ 106,842,092	137	$ 34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
2020	3,576	46,806,577	54	14,649,647
2021	95	184,699,474	74	22,619,841
2022	24	52,711,533	16	4,542,890
2023	N/A	N/A	N/A	N/A
2024	1,945	162,660,643	2	665,549
2025	1,733	157,073,784	7	4,331,853
City of Maple Grove				
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556
2020	8,253	221,898,151	171	45,459,106
2021	4,315	159,271,769	296	79,731,130
2022	2,757	260,061,834	250	62,014,631
2023	2,585	241,281,521	283	70,278,257
2024	2,731	227,242,865	163	41,834,984
2025	3,730	514,862,826	313	90,019,018

N/A – Not Available

(1) Includes single-family, duplexes, quad homes, townhomes, multi-unit, and condominiums; excludes apartment buildings.

Note: The District includes portions of eight municipalities. The table above includes the two largest municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year basis.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
2021	168	1,612	111	733
2022	170	1,601	112	687
2023	176	1,638	116	674
2024	187	1,689	120	718
2025	189	1,685	122	766
2026	188	1,717	120	771
Percent increase (decrease) over 10 years	17.6%	8.7%	11.7%	(4.8%)

(1) Superintendent, school executives, principals, assistant principals, principals on special assignment, directors, assistant directors, coordinators, managers, supervisors, secondary school building business managers, student management specialist, and other managerial positions.

(2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District's Human Resources Department

Food Service	Custodians	Other Employees (2)	Total Employees	Total Students (ADM)
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,030
117	159	196	3,096	20,254
110	161	213	3,054	20,403
106	164	210	3,084	20,439
113	161	218	3,206	20,631
118	164	231	3,275	20,823
116	155	237	3,304	20,810
(35.3%)	(11.0%)	49.4%	6.6%	0.7%

INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Total population	145,451	148,029	149,144	149,640
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	72%	71%	71%	72%
ACT information				
Average ACT score	20.3	19.9	19.9	20.0
Percent of students taking ACT	92%	90%	87%	88%
National Merit Scholarship Program				
Commended	–	6	4	N/A
Finalists and semifinalists	5	3	7	7
AP Scholars	165	201	152	199

N/A – Not Available

Source: The District's Division of Leadership, Teaching, and Learning

2021	2022	2023	2024	2025	2026
150,674	153,405	156,387	156,387	156,418	156,574
100%	100%	100%	100%	100%	100%
77%	77%	77%	75%	81%	82%
19.7	19.5	19.4	19.1	19.7	18.9
70%	77%	82%	83%	80%	74%
5	5	1	4	10	7
4	3	1	4	1	1
213	135	260	326	400	495

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Capital assets				
Land	$ 8,323,417	$ 8,323,417	$ 8,973,417	$ 8,973,417
Land improvements	32,672,400	30,897,771	31,988,651	36,093,707
Buildings	443,751,224	456,522,719	493,392,348	523,127,725
Equipment	10,744,070	9,658,055	10,605,589	11,271,723
Technology subscriptions	–	–	–	–
Construction in progress	6,699,868	22,797,439	11,214,268	9,853,572
Total capital assets	$ 502,190,979	$ 528,199,401	$ 556,174,273	$ 589,320,144
Capital assets by function and activity				
Administration	$ 19,095	$ 19,095	$ 19,095	$ 19,095
District support services	111,333,954	107,606,898	107,687,623	107,736,578
Elementary and secondary regular instruction	1,172,513	897,678	913,783	967,749
Vocational education instruction	64,681	48,341	61,879	137,994
Special education instruction	297,094	272,402	272,402	338,921
Instructional support services	1,460,404	1,084,157	1,254,477	1,254,477
Pupil support services	59,647	54,438	34,467	48,367
Food service	5,546,180	5,573,434	5,817,182	6,061,702
Sites and buildings	381,019,401	411,379,171	438,844,431	471,342,481
Community service	1,218,010	1,263,787	1,268,934	1,412,780
Total capital assets by function and activity	$ 502,190,979	$ 528,199,401	$ 556,174,273	$ 589,320,144

Source: The District's Business Services Department

2021	2022	2023	2024	2025	2026
$ 8,973,417	$ 8,973,417	$ 8,973,417	$ 8,973,417	$ 8,973,417	$ 8,973,417
40,328,214	37,176,812	37,667,489	36,790,944	40,148,716	45,059,405
540,626,000	562,770,022	573,440,827	613,835,652	654,454,765	699,444,976
12,731,843	15,816,586	22,548,298	33,932,985	38,515,417	39,511,898
–	–	2,205,437	2,533,294	2,766,677	3,234,919
10,357,558	10,156,191	19,956,710	15,096,499	46,822,724	160,422,079
$ 613,017,032	$ 634,893,028	$ 664,792,178	$ 711,162,791	$ 791,681,716	$ 956,646,694
$ 31,895	$ 31,895	$ 31,895	$ 31,895	$ 31,895	$ 31,895
107,754,573	105,976,355	105,620,452	102,689,403	102,606,729	101,424,127
1,001,051	1,205,477	2,285,937	2,218,240	2,185,816	2,404,022
150,117	168,566	220,674	234,434	302,965	372,021
346,266	502,877	515,535	570,912	716,868	716,868
1,500,074	1,506,156	2,761,466	11,096,534	13,211,947	12,070,020
123,025	135,025	248,914	604,285	737,273	757,429
6,569,632	6,945,186	7,205,824	7,782,301	7,972,608	8,215,370
494,010,262	516,853,610	544,134,876	584,078,055	661,860,788	828,532,979
1,530,137	1,567,881	1,766,605	1,856,732	2,054,827	2,121,963
$ 613,017,032	$ 634,893,028	$ 664,792,178	$ 711,162,791	$ 791,681,716	$ 956,646,694

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size
Last Ten Fiscal Years

Year Ended June 30,	ISD No. 279 Staffing Ratio
2017	25.60
2018	25.46
2019	25.54
2020	25.69
2021	25.39
2022	26.01
2023	25.56
2024	25.57
2025	25.29
2026	25.29

Note: This is the government-wide teacher staffing ratio for regular instructional classrooms.

Source: The District's Division of Leadership, Teaching, and Learning

INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities
as of June 30, 2026

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2) 225
Basswood Elementary	School	1995/2002	36.00	102,648	821
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314	416
Cedar Island Elementary	School	1970	23.16	66,871	451
Edinbrook Elementary	School	1988/2002	20.00	106,406	751
Elm Creek Elementary	School	1980	15.00	84,300	592
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129	352
Fernbrook Elementary	School	1988/2003	43.00	105,440	1,060
Garden City Elementary	School	1959/1994/2004	10.00	55,153	330
Oak View Elementary	School	1991	22.00	98,600	478
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463	472
Park Brook Elementary	School	1959/1994/2004	10.00	55,011	298
Rice Lake Elementary	School	1980/2022	15.42	103,597	595
Rush Creek Elementary	School	1995/2002	29.00	102,648	764
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600	664
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2) –
Woodland Elementary	School	2002	19.00	101,555	603
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	82,576	361
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104	999
Maple Grove Middle School	School	1990/2003/2017	46.62	311,731	1,649
North View Middle School	School	1970/1986/2002/2007	26.04	187,988	530
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507	1,133
Maple Grove Senior High	School	1996/2002/2004/2015/2026	110.00	440,606	2,505
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015/202	43.63	371,341	2,151
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	387,169	1,923
Osseo Area Learning Center	School	1973/2000	5.00	47,108	140
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005/2025	17.76	129,100	–
New ice arena	Sports	1990/2005	3.62	32,640	–
Old ice arena	Sports	1974	–	34,840	–
Adult Education Center	Adult education	2005	–	25,538	–
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144	92
Timberland Properties	CBVAT	Leased	–	12,249	–
Total				3,854,172	20,355

(1) Enrollment is defined as the adjusted ADM served, excluding resident students tuitioned out to other Minnesota school districts.

(2) Beginning in fiscal year 2016, both of these sites have been combined on MARSS.

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,		Average Daily Attendance (1)	Total National School Lunch Program Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2017		20,039	2,483,812	172	14,441	72.1 %
2018		20,339	2,483,599	170	14,609	71.8
2019		20,441	2,388,829	166	14,391	70.4
2020	(2)	20,399	1,636,020	118	13,865	68.0
2021	(2)	19,646	N/A	N/A	N/A	N/A
2022	(3)	19,791	N/A	N/A	N/A	N/A
2023		19,826	2,138,104	167	12,803	64.6
2024		20,012	2,456,100	170	14,448	72.2
2025		20,198	2,485,494	167	14,883	73.7
2026		20,186	2,517,048	169	14,894	73.8

N/A – Not Available

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 97 percent of enrollment.

(2) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Summer Food Service Program for Children beginning in March of 2020.

(3) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Seamless Summer Option for Children during fiscal year 2022.

Source: The District's Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
1,017,620	41.0 %	260,112	10.5 %
994,992	40.1	271,193	10.9
882,352	36.9	291,159	12.2
573,898	35.1	204,719	12.5
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
926,390	43.3	201,434	9.4
1,306,519	53.2	7,647	0.3
1,328,658	53.5	N/A	N/A
1,403,909	55.8	N/A	N/A

INDEPENDENT SCHOOL DISTRICT NO. 279

Students
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)					
	Early Childhood, Pre-Kindergarten, and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total	
					Number	Percent Increase (Decrease)
2017	514	1,357	9,237	9,551	20,659	1.7 %
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,343	9,730	21,030	(0.2)
2021	488	1,216	8,818	9,732	20,254	(3.7)
2022	523	1,316	8,832	9,732	20,403	0.7
2023	526	1,293	8,844	9,776	20,439	0.2
2024	376	1,413	8,979	9,863	20,631	0.9
2025	372	1,363	9,089	9,999	20,823	0.9
2026	405	1,378	9,015	10,012	20,810	(0.1)

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

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

	Early Childhood	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary
Fiscal 2017 through 2026	1.000	1.000	1.000	1.000	1.200

Note 3: Beginning in fiscal year 2024, student enrollment for handicapped kindergarten are included in full-day kindergarten.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
22,569	1.9 %
22,891	1.4
23,023	0.6
22,976	(0.2)
22,200	(3.4)
22,349	0.7
22,395	0.2
22,604	0.9
22,823	1.0
22,812	–

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Osseo Area Schools