INDEPENDENT SCHOOL DISTRICT NO. 15
ST. FRANCIS AREA SCHOOLS
ST. FRANCIS, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2026

LB | CARLSON
Certified Public Accountants Business Consultants

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 15

Table of Contents

	Page
INTRODUCTORY SECTION	
SCHOOL BOARD AND ADMINISTRATION	7
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	11–13
MANAGEMENT'S DISCUSSION AND ANALYSIS	15–27
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements	
Governmental Funds	
Balance Sheet	32–33
Reconciliation of the Balance Sheet to the Statement of Net Position	35
Statement of Revenue, Expenditures, and Changes in Fund Balances	36–37
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	39
Proprietary Fund	
Internal Service Fund	
Statement of Net Position	40
Statement of Revenue, Expenses, and Changes in Net Position	41
Statement of Cash Flows	42
Notes to Basic Financial Statements	43–71
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	
General Fund	74
Notes to Budgetary Comparison Schedule	75
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	76
Schedule of District Contributions	76
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	77
Schedule of District Contributions	77
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Net/Total OPEB Liability and Related Ratios	78–79
Schedule of Investment Returns	80
Notes to Other Required Supplementary Information	81–88

Table of Contents (continued)

	Page
SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet	92
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	93
General Fund	
Comparative Balance Sheet	94
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	95–97
Food Service Special Revenue Fund	
Comparative Balance Sheet	98
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	99
Community Service Special Revenue Fund	
Comparative Balance Sheet	100
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	101
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	102
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	103
Debt Service Fund	
Comparative Balance Sheet	104
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	105
OTHER DISTRICT INFORMATION SECTION (UNAUDITED)	
Tax Capacities and Market Values	108–109
Property Tax Levies, Collections, and Receivables	110–111
Outstanding Debt by Type	113
Legal Debt Margin Information	114–115
Student Enrollment	116

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 15

School Board and Administration
as of June 30, 2026

SCHOOL BOARD

	Board Position
Nathan Burr	Chair
Annette West	Vice Chair
Rob Schoenrock	Clerk
Chad Working	Treasurer
Jill Anderson	Director
Jessica Bakken-Kleven	Director
Jake Humphrey	Director

ADMINISTRATION

Karsten Anderson	Superintendent
Dawn Duevel	Director of Business Services
Brandon Nelson	Director of Human Resources
Debra Parson	Director of Student Services
Chris Lindquist	Director of Community Education
Stacy Peikert	Director of Curriculum & Instruction
Joe Brazil	Director of Technology (CESO Contract Management)

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 15
St. Francis, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 15 (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.

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.

(continued)

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

(continued)

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 other district information 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 24, 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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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

LB CARLSON, LLP
Minneapolis, Minnesota

November 11, 2026

THIS PAGE INTENTIONALLY LEFT BLANK

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. 15's (the District) understand what the basic financial statements in this financial report 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 annual financial statement.

If you have questions about this report, or need additional financial information, contact the District's Director of Business Services at dawn.duevel@isd15.org or 763-753-7057.

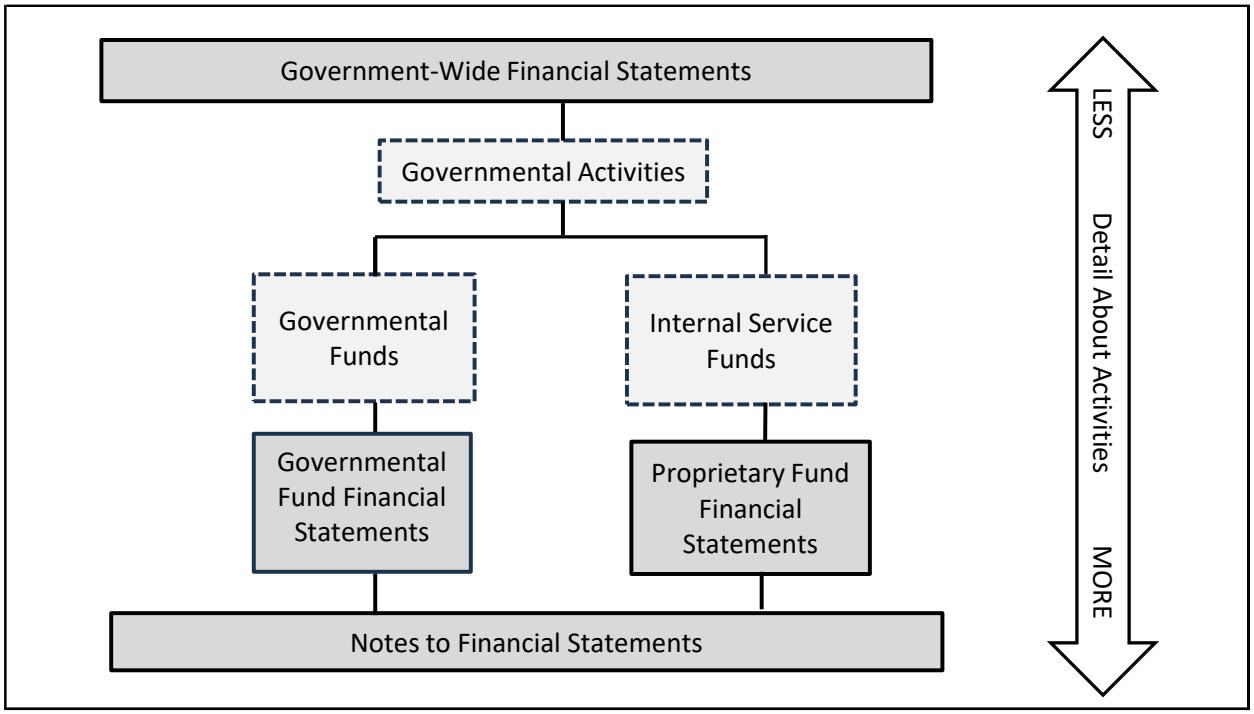
OVERVIEW OF THE FINANCIAL STATEMENTS

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 child nutrition and community service programs.

Proprietary Funds – Proprietary fund financial statements report services provided to the District's own departments or functions. The District maintains an internal service fund to account for its self-insured dental benefits activities. These services are included within governmental activities in 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	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, 2026 and 2025

	Governmental Activities		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 66,507,079	$ 55,116,778	20.7 %
Capital assets, net	131,200,095	128,595,752	2.0 %
Total assets	$ 197,707,174	$ 183,712,530	7.6 %
Deferred outflows of resources	$ 8,885,287	$ 9,366,249	(5.1) %
Liabilities			
Current and other liabilities	$ 10,832,129	$ 9,626,295	12.5 %
Long-term liabilities	118,704,104	112,692,486	5.3 %
Total liabilities	$ 129,536,233	$ 122,318,781	5.9 %
Deferred inflows of resources	$ 29,175,334	$ 26,604,113	9.7 %
Net position			
Net investment in capital assets	$ 54,495,702	$ 52,714,152	3.4 %
Restricted	11,245,795	12,221,388	(8.0) %
Unrestricted	(17,860,603)	(20,779,655)	14.0 %
Total net position	$ 47,880,894	$ 44,155,885	8.4 %

Current and other assets were higher than last year, with increases in cash and temporary investments with unspent proceeds remaining from the issuance of bonds in the current year for deferred maintenance. Bond proceeds spent on capital additions increased net capital assets. New debt issued exceeding scheduled payments on outstanding debt increased long-term liabilities compared to the prior year. 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.

Total net position improved by $3,725,009 in the current year. The change in the District's net investment in capital assets is dependent on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. Restricted net position decreased from the prior year including amounts restricted for capital asset acquisition, debt service, food service, community service, and other funding purposes. The change in unrestricted net position was largely due to the change in pension obligations and the liability for compensated absences payable.

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

Table 2
Change in Net Position
as of June 30, 2026 and 2025

	Governmental Activities		Percentage
	2026	2025	Change
Revenues			
Program revenues			
Charges for services	$ 3,916,205	$ 4,685,204	(16.4) %
Operating grants and contributions	20,090,528	19,180,334	4.7
General revenues			
Property taxes	13,210,397	14,085,965	(6.2)
General grants and aids	39,830,673	39,419,466	1.0
Other	2,740,363	2,910,354	(5.8)
Total revenues	79,788,166	80,281,323	(0.6)
Expenses			
Administration	1,837,688	1,904,986	(3.5)
District support services	3,202,479	2,972,662	7.7
Elementary and secondary regular instruction	23,745,396	24,163,976	(1.7)
Vocational education instruction	641,258	527,596	21.5
Special education instruction	15,564,497	14,672,984	6.1
Instructional support services	5,048,367	5,102,356	(1.1)
Pupil support services	6,645,993	6,729,623	(1.2)
Sites and buildings	5,293,696	5,219,873	1.4
Fiscal and other fixed cost programs	564,785	602,647	(6.3)
Food service	3,608,248	3,441,079	4.9
Community service	3,178,148	3,107,126	2.3
Depreciation/amortization not included in other functions	4,152,203	4,141,008	0.0
Interest and fiscal charges	2,580,399	2,165,546	19.2
Total expenses	76,063,157	74,751,462	1.8
Change in net position	3,725,009	5,529,861	(32.6)
Net position – beginning	44,155,885	38,626,024	14.3
Net position – ending	$ 47,880,894	$ 44,155,885	8.4

Governmental activities revenues exceeded expenses in the current year, resulting in an increase of $3,725,009 in total net position. Revenues were down from the prior year while expenses were up, with revenues decreasing by $493,157 (0.6 percent) and expenses increasing by $1,311,695 (1.8 percent).

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

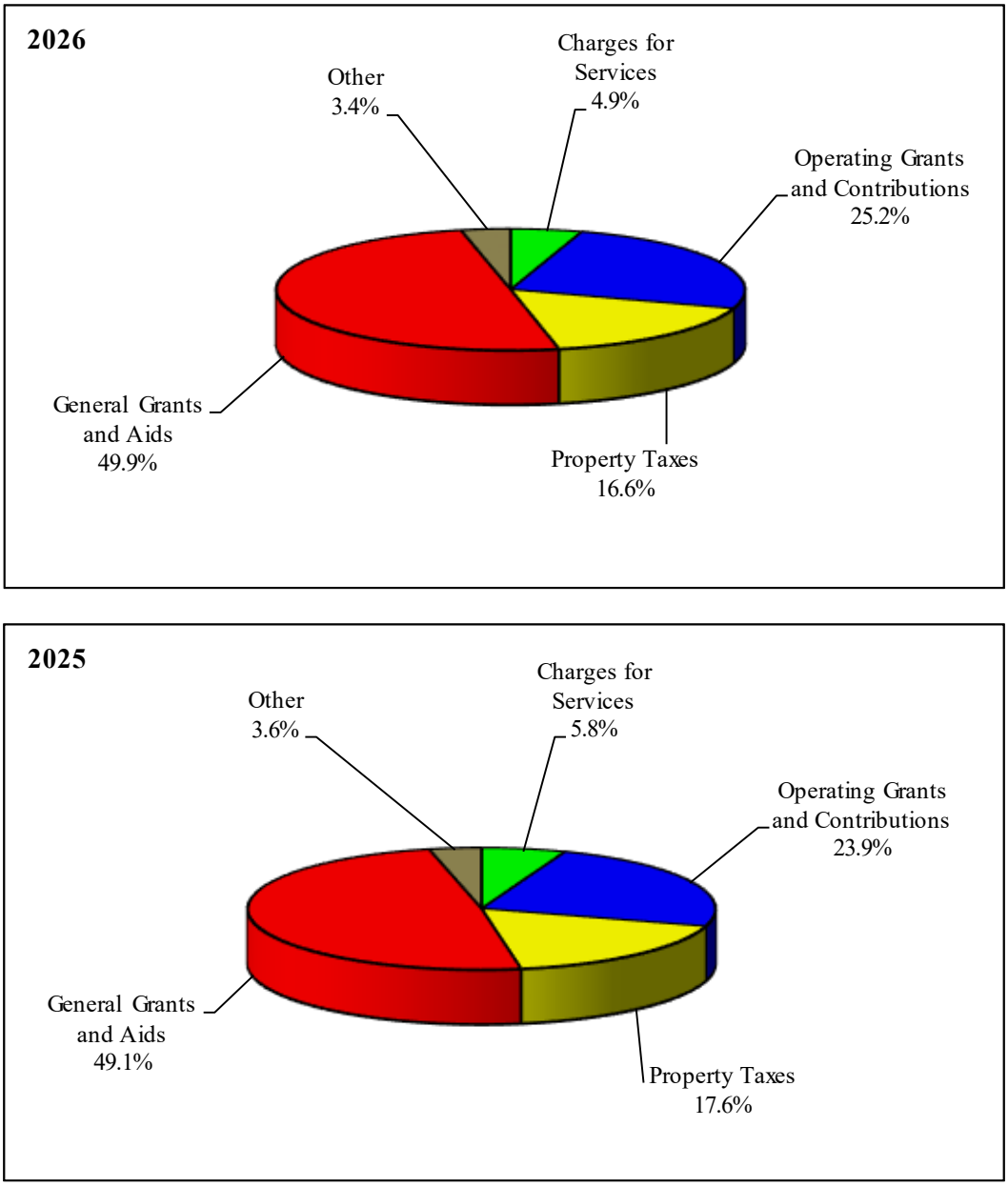
Revenues

- Charges for services were less than the prior year with an over accrual in the prior year for special services billings and a change in rates and student counts in the current year.
- Operating grants and contributions increased over the prior year with more funding for special education recognized in the current year.
- The net change in general revenues sources for property taxes and general grants and aids was a reduction in the current year with fewer students served, with the mix changing due to a shift between funding sources providing the resources to fund various programs.
- Other general revenues were down with reduced investment earnings with lower investment returns in the current year.

Expenses

- Contractual improvements negotiated for salaries and related benefits increased spending with the change spread across nearly every program operation of the District.
- Special education instruction reported more spending compared to the prior year due to increases in purchased services, with growing demands and support needed in this program.
- Expenses for pension benefit obligations on state-wide plans were less than the prior year, offsetting natural inflationary increases at the entity-wide presentation level.

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

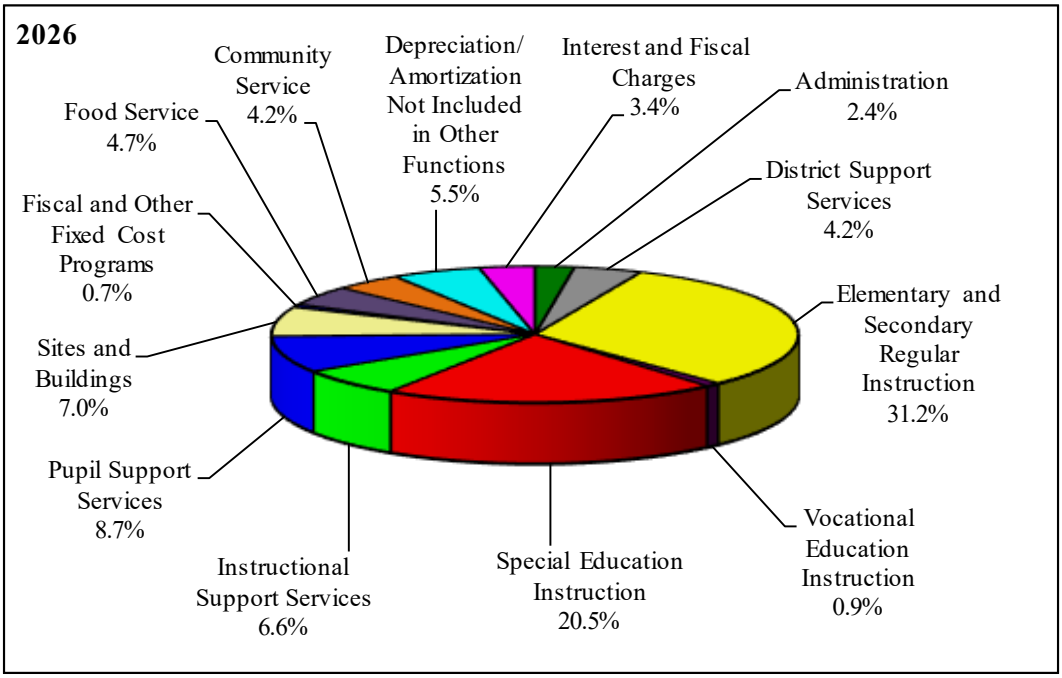


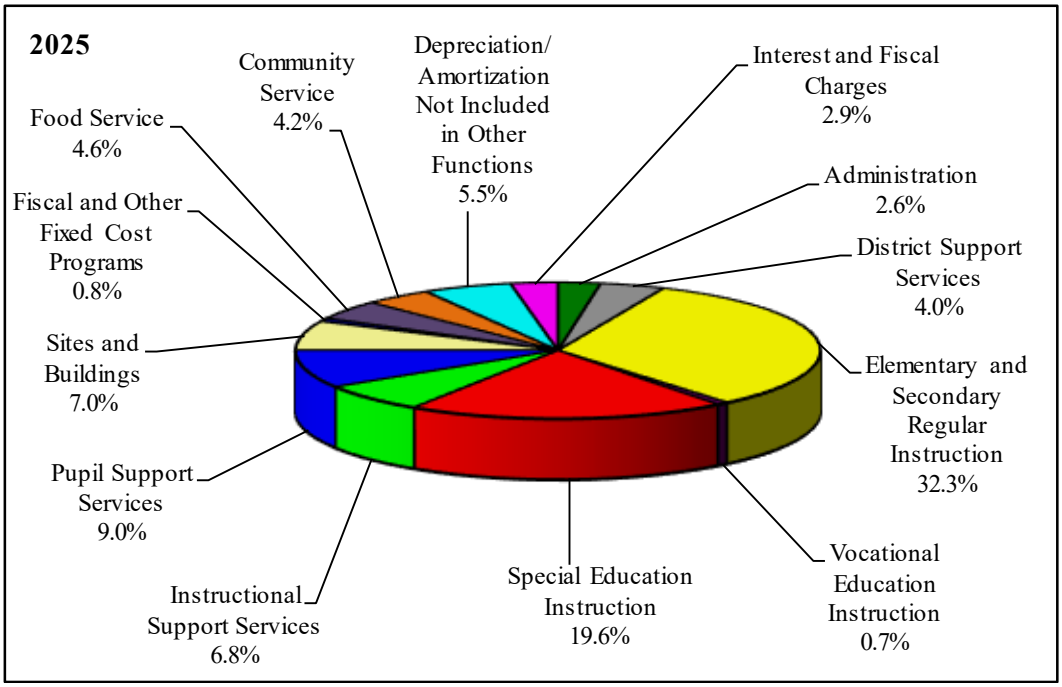
The largest share of the District's revenue is received from the state, including the majority of both the general grants and aids and the operating grants and contributions as shown in Figure C above.

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. Current year property tax revenue provided a lower percentage of total revenue than the prior year, with a higher percent coming from operating grants and contributions.

As seen in the above graphs, the split of revenues by source remained consistent between the two fiscal years shown. "Other" sources were down in amount and percentage of the total revenue compared to the prior year. A decrease in investment earnings caused by less favorable interest rates and market conditions was the primary factor behind the decline in the "other" revenue category.

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 remaining programs support instruction and other necessary costs to operate the District.

The split of spending by program category remained consistent to the prior year as seen in the above graphs.

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 fund 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 and 2025

	2026	2025	Change
Major funds			
General	$ 25,288,847	$ 26,824,868	$ (1,536,021)
Capital Projects – Building Construction	9,667,330	285,412	9,381,918
Debt Service	1,379,610	1,556,502	(176,892)
Nonmajor funds	4,271,068	4,625,156	(354,088)
Total governmental funds	$ 40,606,855	$ 33,291,938	$ 7,314,917

On June 30, 2026, the District's governmental funds reported combined fund balances of $40,606,855, an increase of $7,314,917 in comparison with the prior year. The District issued Long-Term Facility Maintenance (LTFM) and tax abatement bonds in the Capital Projects – Building Construction Fund with limited spending in the current year and was the driving factor for the overall increase.

Unassigned fund balance at year-end was $9,048,244, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – $864,142, 2) externally restricted for particular purposes – $22,257,099, or 3) internally assigned for particular purposes – $8,437,370.

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
Year Ended June 30, 2026 and 2025

	General Fund		Capital Projects – Building Construction Fund		Debt Service Fund	
	2026	2025	2026	2025	2026	2025
Total revenues	$ 66,077,262	$ 65,061,916	$ 156,463	$ 39,409	$ 6,346,333	$ 6,898,120
Total expenditures	67,873,918	63,591,980	5,562,163	969,730	6,734,924	6,824,691
Excess (deficiency) of revenues over expenditures	(1,796,656)	1,469,936	(5,405,700)	(930,321)	(388,591)	73,429
Other financing sources (uses)						
Debt issued	–	–	14,160,000	–	–	–
Premium on issuance of debt	–	–	627,618	–	211,699	–
Insurance recovery	244,368	–	–	–	–	–
Sale of capital assets	16,267	36,355	–	–	–	–
Transfers out	–	(304,421)	–	–	–	–
Total other financing sources (uses)	260,635	(268,066)	14,787,618	–	211,699	–
Net change in fund balances	$ (1,536,021)	$ 1,201,870	$ 9,381,918	$ (930,321)	$ (176,892)	$ 73,429

General Fund

The total fund balances of the General Fund decreased by $1,536,021 during the current year. General Fund revenues were $1,015,346 more than the prior year in total, mainly with more state funding for general education and special education in the current year. The General Fund expenditures were $4,281,938 higher than the previous year. Most of the overall increase was due to increased salary and benefit costs for instructional programs, and with more purchased services spending in the current year for special education instruction and instructional support services.

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund expenditures exceeded revenues by $5,405,700, with spending financed by general obligation LTFM and tax abatement bond proceeds issued in the current year totaling $14,787,618. The activity in this fund is controlled by the long-term facility maintenance plan. The District has $9,667,330 restricted for LTFM in the fund available to complete the projects started in the current year.

Debt Service Fund

Debt Service Fund expenditures exceeded revenues and other financing sources by $176,892, decreasing fund balance to $1,379,610 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 decreased by $551,787 compared to last year due to a reduction in the scheduled debt levy and lower investment earnings. Expenditures decreased by $89,767, as anticipated with outstanding debt financing plans.

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 assets was $131,200,095 at year-end, which represents a net increase of $2,604,313, or 2.0 percent, over 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 and 2025

	2026	2025	Change
Land	$ 1,090,820	$ 1,090,820	$ –
Construction in progress	5,276,380	–	5,276,380
Land improvements	6,468,900	6,116,129	352,771
Buildings	171,370,966	171,731,688	(360,722)
Furniture and equipment	26,344,042	27,186,449	(842,407)
Lease – furniture and equipment	1,026,390	1,303,819	(277,429)
Software subscriptions	344,786	256,394	88,392
Less accumulated depreciation/amortization	(80,722,189)	(79,089,547)	(1,632,642)
Total	$ 131,200,095	$ 128,595,752	$ 2,604,343
Depreciation/amortization expense	$ 5,956,376	$ 6,039,679	$ (83,303)

Most of the activity in capital assets is related to the ongoing capital spending in the Capital Projects – Building Construction Fund and General Fund for the District's long-term capital and facilities maintenance program in the current year.

As seen in the table above, capital assets were up with additions exceeding depreciation. The activity in the Capital Projects – Building Construction Fund was the largest reason for the current year change contributing to the increase in construction in progress as of June 30, 2026.

Long-Term Financing Activity

The District's outstanding bonds and other long-term financing agreements totaled $84,958,461 at year-end, an increase of $10,400,735, or 13.9 percent, over 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 and 2025

	2026	2025	Change
General obligation bonds payable	$ 79,675,000	$ 69,260,000	$ 10,415,000
Unamortized premium/discount	4,865,530	4,603,391	262,139
Lease liability	417,931	694,335	(276,404)
Total	$ 84,958,461	$ 74,557,726	$ 10,400,735

The overall increase in long-term liabilities was due to the issuance of LTFM and tax abatement bond proceeds totaling $14,999,317 partially offset by scheduled debt service payments and amortization in the current year. Principal payments on outstanding debt totaled $4,021,404 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	$ 5,331,886,652
Limit rate	15.0%
Legal debt limit	$ 799,782,998

Additional details of the District's capital assets and long-term debt activity can be found in Notes 4 and 5 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:

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. At the close of the 2026 fiscal year the District estimates an adjusted average daily membership enrollment of 4,082 students. The District continues to analyze enrollment projections to ensure a proper planning of revenues and facility needs. The District has been experiencing a trend of declining enrollment. In fiscal 2017 the District reported an average daily membership of 4,519 or a 10-year reduction of 9.7 percent.

3) The budget accounts for variable future financial obligations. These include potential contract settlements, projected professional services, and infrastructure costs. The initial budget adopted for fiscal year 2027 includes the projected use of fund balance totaling $4,126,796.

4) The District faces future challenges associated with legislative changes and mandates. These will dictate future financial decisions as the District may need to absorb within existing resources.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 47,763,553	$ 39,510,574
Receivables		
Current taxes	9,587,877	7,579,304
Delinquent taxes	160,237	270,992
Accounts and interest	459,519	435,780
Due from other governmental units	7,340,959	6,097,682
Lease revenue	330,792	377,924
Inventory	59,705	100,298
Prepaid items	804,437	744,224
Capital assets		
Not depreciated/amortized	6,367,200	1,090,820
Depreciated, net of accumulated depreciation/amortization	124,832,895	127,504,932
Total capital assets, net of accumulated depreciation/amortization	131,200,095	128,595,752
Total assets	197,707,174	183,712,530
Deferred outflows of resources		
OPEB plan deferments	402,359	443,311
Pension plan deferments	8,482,928	8,922,938
Total deferred outflows of resources	8,885,287	9,366,249
Total assets and deferred outflows of resources	$ 206,592,461	$ 193,078,779
Liabilities		
Salaries payable	$ 5,431,488	$ 5,156,017
Accounts and contracts payable	2,970,578	2,839,908
Accrued interest payable	1,492,705	1,154,347
Due to other governmental units	416,667	96,070
Claims incurred, but not reported	5,022	4,780
Unearned revenue	515,669	375,173
Long-term liabilities		
Due within one year	7,726,307	6,103,091
Due in more than one year	110,977,797	106,589,395
Total long-term liabilities	118,704,104	112,692,486
Total liabilities	129,536,233	122,318,781
Deferred inflows of resources		
Lease revenue for subsequent years	330,792	377,924
Property taxes levied for subsequent year	16,024,902	12,671,164
OPEB plan deferments	1,035,057	1,302,787
Pension plan deferments	10,371,321	10,642,952
Deferred charge on refunding	1,413,262	1,609,286
Total deferred inflows of resources	29,175,334	26,604,113
Net position		
Net investment in capital assets	54,495,702	52,714,152
Restricted for		
Capital asset acquisition	2,536,618	2,645,437
Debt service	–	506,041
Food service	2,068,861	2,289,633
Community service	2,239,130	2,342,103
Other purposes (state and other funding restrictions)	4,401,186	4,438,174
Unrestricted	(17,860,603)	(20,779,655)
Total net position	47,880,894	44,155,885
Total liabilities, deferred inflows of resources, and net position	$ 206,592,461	$ 193,078,779

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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

Functions/Programs	2026 Expenses	2026 Program Revenues: Charges for Services	2026 Program Revenues: Operating Grants and Contributions	2026 Net (Expense) Revenue and Changes in Net Position: Governmental Activities	2025 Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 1,837,688	$ –	$ –	$ (1,837,688)	$ (1,904,986)
District support services	3,202,479	–	–	(3,202,479)	(2,972,662)
Elementary and secondary regular instruction	23,745,396	551,315	426,928	(22,767,153)	(21,996,105)
Vocational education instruction	641,258	–	57,298	(583,960)	(467,064)
Special education instruction	15,564,497	489,552	15,022,423	(52,522)	(726,549)
Instructional support services	5,048,367	–	43,961	(5,004,406)	(4,707,584)
Pupil support services	6,645,993	7,067	9,090	(6,629,836)	(6,729,623)
Sites and buildings	5,293,696	–	424,954	(4,868,742)	(4,762,046)
Fiscal and other fixed cost programs	564,785	–	–	(564,785)	(602,647)
Food service	3,608,248	265,548	3,486,653	143,953	273,712
Community service	3,178,148	2,602,723	619,221	43,796	16,184
Depreciation/amortization not included in other functions	4,152,203	–	–	(4,152,203)	(4,141,008)
Interest and fiscal charges	2,580,399	–	–	(2,580,399)	(2,165,546)
Total governmental activities	$ 76,063,157	$ 3,916,205	$ 20,090,528	(52,056,424)	(50,885,924)
General revenues					
Taxes					
Property taxes levied for general purposes				7,047,049	7,260,495
Property taxes levied for community service				322,788	380,496
Property taxes levied for debt service				5,840,560	6,444,974
General grants and aids				39,830,673	39,419,466
Other general revenues				1,285,790	1,129,499
Investment earnings				1,454,573	1,780,855
Total general revenues				55,781,433	56,415,785
Change in net position				3,725,009	5,529,861
Net position – beginning				44,155,885	38,626,024
Net position – ending				$ 47,880,894	$ 44,155,885

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 26,836,224	$ 9,667,330	$ 5,374,250
Receivables			
Current taxes	3,897,495	–	5,527,247
Delinquent taxes	80,420	–	75,357
Accounts and interest	458,332	–	–
Due from other governmental units	7,155,152	–	45,305
Lease revenue	330,792	–	–
Inventory	27,414	–	–
Prepaid items	804,087	–	–
Total assets	$ 39,589,916	$ 9,667,330	$ 11,022,159
Liabilities			
Salaries payable	$ 5,112,502	$ –	$ –
Accounts and contracts payable	2,244,826	–	–
Due to other governmental units	416,628	–	–
Unearned revenue	–	–	–
Total liabilities	7,773,956	–	–
Deferred inflows of resources			
Lease revenue for subsequent years	330,792	–	–
Property taxes levied for subsequent year	6,144,129	–	9,593,003
Unavailable revenue – delinquent taxes	52,192	–	49,546
Total deferred inflows of resources	6,527,113	–	9,642,549
Fund balances			
Nonspendable	831,501	–	–
Restricted	6,937,804	9,667,330	1,379,610
Assigned	8,437,370	–	–
Unassigned	9,082,172	–	–
Total fund balances	25,288,847	9,667,330	1,379,610
Total liabilities, deferred inflows of resources, and fund balances	$ 39,589,916	$ 9,667,330	$ 11,022,159

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 5,723,336	$ 47,601,140	$ 39,353,628
163,135	9,587,877	7,579,304
4,460	160,237	270,992
1,187	459,519	435,780
140,502	7,340,959	6,097,682
–	330,792	377,924
32,291	59,705	100,298
350	804,437	744,224
$ 6,065,261	$ 66,344,666	$ 54,959,832
$ 318,986	$ 5,431,488	$ 5,156,017
722,794	2,967,620	2,839,908
39	416,667	96,070
461,609	461,609	319,215
1,503,428	9,277,384	8,411,210
–	330,792	377,924
287,770	16,024,902	12,671,164
2,995	104,733	207,596
290,765	16,460,427	13,256,684
32,641	864,142	844,522
4,272,355	22,257,099	13,497,227
–	8,437,370	8,438,055
(33,928)	9,048,244	10,512,134
4,271,068	40,606,855	33,291,938
$ 6,065,261	$ 66,344,666	$ 54,959,832

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 40,606,855	$ 33,291,938
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	211,922,284	207,685,299
Accumulated depreciation/amortization	(80,722,189)	(79,089,547)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are amortized over the life of the debt for net position, but are recognized upon issuance for fund based statements.		
General obligation bonds	(79,675,000)	(69,260,000)
Unamortized premium/discount	(4,865,530)	(4,603,391)
Lease liability	(417,931)	(694,335)
Net pension liability	(27,351,272)	(29,688,063)
Total OPEB liability	(2,717,095)	(2,648,806)
Compensated absences	(3,677,276)	(5,797,891)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,492,705)	(1,154,347)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	100,373	96,208
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 – OPEB plan deferments	402,359	443,311
Deferred outflows of resources – pension plan deferments	8,482,928	8,922,938
Deferred inflows of resources – OPEB plan deferments	(1,035,057)	(1,302,787)
Deferred inflows of resources – pension plan deferments	(10,371,321)	(10,642,952)
Deferred inflows of resources – unavailable revenue – delinquent taxes	104,733	207,596
Deferred inflows of resources – deferred charge on refunding	(1,413,262)	(1,609,286)
Total net position – governmental activities	$ 47,880,894	$ 44,155,885

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 7,091,987	$ –	$ 5,894,900
Investment earnings	1,181,067	156,463	5,208
Other	2,333,724	–	–
State sources	53,346,281	–	446,225
Federal sources	2,124,203	–	–
Total revenue	66,077,262	156,463	6,346,333
Expenditures			
Current			
Administration	1,997,526	–	–
District support services	3,522,141	–	–
Elementary and secondary regular instruction	25,277,406	–	–
Vocational education instruction	687,031	–	–
Special education instruction	16,604,616	–	–
Instructional support services	5,655,985	–	–
Pupil support services	7,353,628	–	–
Sites and buildings	5,912,965	–	–
Fiscal and other fixed cost programs	564,785	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	5,562,163	–
Debt service			
Principal	272,583	–	3,745,000
Interest and fiscal charges	25,252	–	2,989,924
Total expenditures	67,873,918	5,562,163	6,734,924
Excess (deficiency) of revenue over expenditures	(1,796,656)	(5,405,700)	(388,591)
Other financing sources (uses)			
Debt issued	–	14,160,000	–
Premium on issuance of debt	–	627,618	211,699
Insurance recovery	244,368	–	–
Sale of capital assets	16,267	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	260,635	14,787,618	211,699
Net change in fund balances	(1,536,021)	9,381,918	(176,892)
Fund balances			
Beginning of year	26,824,868	285,412	1,556,502
End of year	$ 25,288,847	$ 9,667,330	$ 1,379,610

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 326,373	$ 13,313,260	$ 14,077,128
111,835	1,454,573	1,780,855
2,868,271	5,201,995	5,778,348
2,707,887	56,500,393	54,092,208
1,397,987	3,522,190	3,675,082
7,412,353	79,992,411	79,403,621
–	1,997,526	1,957,330
–	3,522,141	3,112,772
–	25,277,406	24,922,205
–	687,031	548,200
–	16,604,616	15,047,893
–	5,655,985	4,389,942
–	7,353,628	6,339,909
–	5,912,965	6,230,021
–	564,785	602,647
3,619,373	3,619,373	3,410,033
3,427,504	3,427,504	3,154,292
715,676	6,277,839	1,079,801
3,821	4,021,404	4,319,559
67	3,015,243	2,950,455
7,766,441	87,937,446	78,065,059
(354,088)	(7,945,035)	1,338,562
–	14,160,000	–
–	839,317	–
–	244,368	–
–	16,267	36,355
–	–	304,421
–	–	(304,421)
–	15,259,952	36,355
(354,088)	7,314,917	1,374,917
4,625,156	33,291,938	31,917,021
$ 4,271,068	$ 40,606,855	$ 33,291,938

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 7,314,917	$ 1,374,917
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 expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	9,179,833	3,171,211
Depreciation/amortization expense	(5,956,376)	(6,039,679)
A gain or 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.	(619,114)	(11,253)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(14,160,000)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	3,745,000	3,910,000
Financed purchases	–	105,600
Lease liability	276,404	303,959
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.	(338,358)	43,854
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.	(262,139)	545,031
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	2,336,791	8,156,359
Total OPEB liability	(68,289)	358,803
Compensated absences	2,120,615	(515,982)
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.	4,165	(13,429)
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 – OPEB plan deferments	(40,952)	(90,488)
Deferred outflows of resources – pension plan deferments	(440,010)	390,911
Deferred inflows of resources – OPEB plan deferments	267,730	(186,755)
Deferred inflows of resources – pension plan deferments	271,631	(6,178,059)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(102,863)	8,837
Deferred inflows of resources – deferred charge on refunding	196,024	196,024
Change in net position – governmental activities	$ 3,725,009	$ 5,529,861

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Current assets		
Cash and temporary investments	$ 162,413	$ 156,946
Liabilities		
Current liabilities		
Accounts and contracts payable	2,958	–
Claims incurred, but not reported	5,022	4,780
Unearned revenue	54,060	55,958
Total current liabilities	62,040	60,738
Net position		
Unrestricted	$ 100,373	$ 96,208

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Operating revenues		
Charges for services	$ 434,143	$ 410,222
Operating expenses		
Dental claims and expenses	429,978	423,651
Change in net position	4,165	(13,429)
Net position		
Beginning of year	96,208	109,637
End of year	$ 100,373	$ 96,208

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Cash flows from operating activities		
Charges for services	$ 432,245	$ 416,746
Payments for dental claims and expenses	(426,778)	(433,725)
Net change in cash and cash equivalents	5,467	(16,979)
Cash and temporary investments		
Beginning of year	156,946	173,925
End of year	$ 162,413	$ 156,946
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ 4,165	$ (13,429)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and contracts payable	2,958	(8,850)
Claims incurred, but not reported	242	(1,224)
Unearned revenue	(1,898)	6,524
Net cash flows from operating activities	$ 5,467	$ (16,979)

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 15 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th-grade students attending the District either as a resident of the District or through an open enrollment options election. It is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

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

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

D. Fund Financial Statement Presentation

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

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

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

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except 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. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

The internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the internal service fund is consolidated into the governmental activities column when presented in the government-wide financial statements. The costs of these services are reported in the appropriate functional activity.

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

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – **Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition, construction, or improvement of capital facilities authorized by bond or other debt issue.

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

Nonmajor Governmental Funds

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

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

Proprietary Fund

Internal Service Fund – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service fund is used to account for dental insurance benefits offered by the District to its employees as a self-insured plan.

E. Budgetary Information

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

Actual expenditures exceeded final budgeted appropriations for fiscal 2026 by $1,417,010 in the General Fund, by $267,071 in the Food Service Special Revenue Fund, by $298,126 in the Capital Projects – Building Construction Fund, and by $210,274 in the Debt Service Fund. These variances were funded with revenues and other financing sources and available fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

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 (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for certain 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 the 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.

G. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year include leases receivable and property taxes receivable.

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

Due from the MDE	$ 6,773,089
Due from other Minnesota school districts	567,870
Total	$ 7,340,959

H. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $532,309 of the property tax levy collectible in 2026 as revenue to the District in fiscal year 2025–2026. 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 that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented as software subscriptions capital assets in Note 4 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 5 to include the terms and related disclosures associated with any subscription liability.

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Capital assets under lease are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is $25,000 or more in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

M. Long-Term Obligations

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

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

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.

Under the terms of collectively bargained contracts, eligible employees accrue vacation, sick, and other leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. The District's policy permits employees to accumulate earned but unused sick leave. Generally, all sick leave lapses when employees leave employment of the District and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances. The liability for compensated absences includes salary-related benefits, where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Severance Benefits

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

The obligation for severance payable is part of the liability for compensated absences and accrued in the financial statements as previously noted.

P. State-Wide Pension Plans

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

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

The District reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

The District reports deferred inflows of resources related to the deferred charge on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

R. Risk Management and Self-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, health, and workers' compensation. The District purchases commercial insurance for property and liability risks. 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.

The District has established an internal service fund to account for and finance its self-insured risk of loss for the employee dental insurance plan. Under the plan, the internal service fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

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 as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2025	$ 6,004	$ 423,651	$ 424,875	$ 4,780
2026	$ 4,780	$ 429,978	$ 429,736	$ 5,022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

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

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

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

T. Fund Balance Classifications

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

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

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

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

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's business services director is authorized to establish assignments of fund balance.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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 disclosure in the financial statements during the reporting period. Actual results could differ from those estimates.

V. 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 prior year, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Temporary Investments

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

Deposits	$ 18,872,770
Investments	28,890,783
Total cash and temporary investments	$ 47,763,553

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.

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

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

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

At year-end, the carrying amount of the District's deposits was $18,872,770, while the balance on the bank records was $18,924,096. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investments	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements	Interest Rate Risk – Maturity Duration in Years Less Than 1	Interest Rate Risk – Maturity Duration in Years 1 to 5	Total
U.S. treasuries	N/A	N/A	Level 1	$ 2,536,965	$ 1,930,094	$ 4,467,059
Investment pools/mutual funds						
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	16,250,714
MNTrust Investment – Term Series	N/R	N/A	Amortized Cost	$ 3,000,000	$ 4,000,000	7,000,000
MSDLAF – Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	1,056,730
MSDLAF – MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	116,280
Total investments						$ 28,890,783

N/R – Not Rated
N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) and the MNTrust Investments are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District's investments in the MSDLAF, MNTrust Investment Shares Portfolio, and MNTrust Investment – Term Series are 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 the MSDLAF, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class. For the MNTrust investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required. MNTrust Term Series 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 are subject to various risks, the following of which are considered the most significant:

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 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 policies do not address concentration risk.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 3 – LEASE RECEIVABLE

The District has entered into a lease receivable agreement of building space on district property. The lease is reported using an incremental rate of 3.56 percent with a final maturity in fiscal 2033. During the current year, the District received principal and interest payments on this lease of $60,000.

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Capital assets, not depreciated/amortized				
Land	$ 1,090,820	$ –	$ –	$ 1,090,820
Construction in progress	–	5,276,380	–	5,276,380
Total capital assets, not depreciated/amortized	1,090,820	5,276,380	–	6,367,200
Capital assets, depreciated/amortized				
Land improvements	6,116,129	428,438	(75,667)	6,468,900
Buildings	171,731,688	90,341	(451,063)	171,370,966
Furniture and equipment	27,186,449	3,296,282	(4,138,689)	26,344,042
Lease – Furniture and equipment	1,303,819	–	(277,429)	1,026,390
Software subscriptions	256,394	88,392	–	344,786
Total capital assets, depreciated/amortized	206,594,479	3,903,453	(4,942,848)	205,555,084
Less accumulated depreciation/amortization for				
Land improvements	(4,428,679)	(212,369)	26,363	(4,614,685)
Buildings	(55,367,584)	(3,467,685)	231,775	(58,603,494)
Furniture and equipment	(18,546,555)	(1,889,633)	3,788,167	(16,648,021)
Lease – Furniture and equipment	(714,680)	(332,542)	277,429	(769,793)
Software subscriptions	(32,049)	(54,147)	–	(86,196)
Total accumulated depreciation/amortization	(79,089,547)	(5,956,376)	4,323,734	(80,722,189)
Net capital assets, depreciated/amortized	127,504,932	(2,052,923)	(619,114)	124,832,895
Total capital assets, net	$ 128,595,752	$ 3,223,457	$ (619,114)	$ 131,200,095

NOTE 4– CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to the following governmental functions:

Administration	$ 5,202
Elementary and secondary regular instruction	408,713
Vocational education instruction	22,525
Special education instruction	137,356
Instructional support services	569,806
Pupil support services	563,089
Food service	75,019
Community service	22,463
Depreciation/amortization not included in other functions	4,152,203
Total depreciation/amortization expense	$ 5,956,376

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds					
2016A Facilities Maintenance	08/23/2016	2.00–4.00%	$ 10,935,000	02/01/2031	$ 3,720,000
2017A School Building	12/28/2017	3.00–3.50%	$ 10,000,000	02/01/2042	10,000,000
2018A School Building	02/15/2018	3.50–5.00%	$ 67,555,000	02/01/2041	14,810,000
2022A Refunding	12/28/2022	5.00%	$ 22,610,000	02/01/2032	16,640,000
2023A School Building	08/17/2023	5.00%	$ 2,505,000	02/01/2032	2,010,000
2024A Refunding	01/22/2024	4.00%	$ 18,475,000	02/01/2037	18,335,000
2025A Facilities Maintenance and Tax Abatement	11/18/2025	4.00–5.00%	$ 14,160,000	02/01/2046	14,160,000
Total general obligation bonds					$ 79,675,000

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

B. Lease Liability

The District has obtained the use of certain equipment lease financing agreements. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements. Annual principal and interest in these agreements will be paid from the General Fund and nonmajor special revenue funds. The agreements are secured by the original property or equipment. The lessor may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability obligation outstanding:

Lease Descriptions	Interest Rate	Issue Date	Final Maturity	Principal Outstanding
Promethean Boards	3.89 %	09/01/2023	09/01/2027	$ 417,931

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, OPEB, severance benefits, and compensated absences. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension 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 for the current year:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 4,334,153	$ 1,632,536	$ 2,777,767	$ (115,223)
TRA	23,017,119	6,850,392	7,593,554	1,765,180
Total	$ 27,351,272	$ 8,482,928	$ 10,371,321	$ 1,649,957

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds and lease liability obligations are as follows:

Year Ending June 30,	General Obligation Bonds		Lease Liability	
	Principal	Interest	Principal	Interest
2027	$ 6,190,000	$ 3,409,678	$ 204,979	$ 16,258
2028	4,645,000	2,990,894	212,952	8,284
2029	4,860,000	2,783,044	–	–
2030	5,075,000	2,564,944	–	–
2031	5,305,000	2,336,494	–	–
2032–2036	22,835,000	8,533,669	–	–
2037–2041	24,425,000	3,761,044	–	–
2042–2046	6,340,000	558,419	–	–
	$ 79,675,000	$ 26,938,186	$ 417,931	$ 24,542

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds	$ 69,260,000	$ 14,160,000	$ 3,745,000	$ 79,675,000	$ 6,190,000
Unamortized premium (discount)	4,603,391	839,317	577,178	4,865,530	–
Lease liability	694,335	–	276,404	417,931	204,979
Net pension liability	29,688,063	31,558,705	33,895,496	27,351,272	–
Total OPEB liability	2,648,806	351,480	283,191	2,717,095	230,406
Compensated absences (1)	5,797,891	–	2,120,615	3,677,276	1,100,922
Total	$ 112,692,486	$ 46,909,502	$ 40,897,884	$ 118,704,104	$ 7,726,307

(1) The change in compensated absences is presented net.

The District made a modification in their measurement methodology for determining the estimated liability for compensated absences, also contributing to the change reported in the ending balance presented in the above table. The District believes the methodology used in the current year provides information on a timelier basis and better reflects the use of this benefit by the employees of the District.

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at year-end includes the District's net investment in capital assets calculated as follows:

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	$ 6,367,200
Depreciated/amortized, net of accumulated depreciation/amortization	124,832,895
Less capital-related long-term debt outstanding	
General obligation bonds	(79,675,000)
Unamortized (premium) discount	(4,865,530)
Lease liability	(417,931)
Deferred inflows of resources – deferred charge on refunding	(1,413,262)
Addition for unspent proceeds	9,667,330
Total net investment in capital assets	$ 54,495,702

B. Governmental Fund Balance Classifications

The classifications on the following page are a breakdown of fund balance components of governmental funds, which are defined earlier in the report. When applicable, certain state funding restrictions, which have an accumulated deficit balance on June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. Fund balance is only assigned if there is available unassigned fund balance to cover such deficits that are part of disclosure purposes only.

Minimum Fund Balance Policy – The School Board formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The District will strive to maintain a minimum unassigned fund balance in the General Fund of 12.0 percent of the operating expenditures. At year-end, the unassigned fund balance of the General Fund was 13.4 percent of current year expenditures.

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

Classifications – At year-end, 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	$ 27,414	$ –	$ –	$ 32,291	$ 59,705
Prepaid items	804,087	–	–	350	804,437
Total nonspendable	831,501	–	–	32,641	864,142
Restricted					
Student activities	201,924	–	–	–	201,924
Scholarships	175,607	–	–	–	175,607
Literacy incentive aid	185,201	–	–	–	185,201
American Indian education aid	37,848	–	–	–	37,848
Operating capital	2,248,157	–	–	–	2,248,157
Area learning center	542,517	–	–	–	542,517
Gifted and talented	39,113	–	–	–	39,113
Basic skills programs	1,952,420	–	–	–	1,952,420
School library aid	1,124	–	–	–	1,124
Safe schools levy	39,546	–	–	–	39,546
Literacy aid	46,006	–	–	–	46,006
Teacher compensation for READ Act training	87,447	–	–	–	87,447
Long-term facilities maintenance	288,461	9,667,330	–	–	9,955,791
Student support personnel	119,036	–	–	–	119,036
Medical Assistance	826,416	–	–	–	826,416
Employee benefits	146,981	–	–	–	146,981
Debt service	–	–	1,379,610	–	1,379,610
Food service	–	–	–	2,036,220	2,036,220
Community education programs	–	–	–	1,619,005	1,619,005
School readiness	–	–	–	491,977	491,977
Adult basic education	–	–	–	604	604
Community service	–	–	–	124,549	124,549
Total restricted	6,937,804	9,667,330	1,379,610	4,272,355	22,257,099
Assigned					
Future capital purchases and projeccts	4,003,873	–	–	–	4,003,873
Fiscal year 2027 budget deficit	4,126,796	–	–	–	4,126,796
Saints manufacturing	291,760	–	–	–	291,760
Press box	7,525	–	–	–	7,525
Brady memorial	7,416	–	–	–	7,416
Total assigned	8,437,370	–	–	–	8,437,370
Unassigned					
Early childhood family education programs restricted account deficit	–	–	–	(33,928)	(33,928)
Unassigned	9,082,172	–	–	–	9,082,172
Total unassigned	9,082,172	–	–	(33,928)	9,048,244
Total	$ 25,288,847	$ 9,667,330	$ 1,379,610	$ 4,271,068	$ 40,606,855

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 (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. 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.

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.

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.

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

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 $934,681. 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 $2,821,212. 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 $4,334,153 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 $104,553.

District's proportionate share of the net pension liability	$ 4,334,153
State's proportionate share of the net pension liability associated with the District	104,553
Total	$ 4,438,706

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 0.1308 percent at the end of the measurement period and 0.1277 percent for the beginning of the period.

For the year ended June 30, 2026, the District recognized negative pension expense of $99,186 for its proportionate share of the GERF's pension expense. The District also recognized an additional $16,037 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	$ 412,950	$ –
Changes in actuarial assumptions	104,428	997,274
Net difference between projected and actual earnings on pension plan investments	–	1,724,601
Changes in proportion	180,477	55,892
District's contributions to the GERF subsequent to the measurement date	934,681	–
Total	$ 1,632,536	$ 2,777,767

The $934,681 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	$ (474,196)
2028	$ (747,713)
2029	$ (549,926)
2030	$ (308,077)

2. TRA Pension Costs

At June 30, 2026, the District reported a liability of $23,017,119 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 0.4016 percent at the end of the measurement period and 0.3929 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	$ 23,017,119
State's proportionate share of the net pension liability associated with the District	1,429,526
Total	$ 24,446,645

For the year ended June 30, 2026, the District recognized pension expense of $1,800,980. It also recognized $35,800 as a decrease to 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 $114,313 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	$ 1,061,401	$ 226,052
Changes in actuarial assumptions	1,300,161	2,434,776
Net difference between projected and actual investment earnings on pension plan investments	–	4,621,707
Changes in proportion	1,667,618	311,019
District's contributions to the TRA subsequent to the measurement date	2,821,212	–
Total	$ 6,850,392	$ 7,593,554

The $2,821,212 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	$ 1,562,570
2028	$ (2,317,282)
2029	$ (2,054,336)
2030	$ (901,063)
2031	$ 145,737

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 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	$ 10,526,978	$ 4,334,153	$ (689,621)
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 43,416,691	$ 23,017,119	$ 6,228,403

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 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

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

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare or provides one-time contributions to a health savings account. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's contributions in the current year totaled $283,191 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section.

D. Membership

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

Active plan members	612
Retirees and spouses receiving benefits	16
Total participants	628

E. Total OPEB Liability of the District

The District's total OPEB liability of $2,717,095 was measured as of June 30, 2026, using an actuarial valuation date of July 1, 2025, and update procedures were used to roll forward the total OPEB liability to the measurement date.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

Discount rate	4.40%
20-year municipal bond yield	4.40%
Inflation rate	2.50%
Payroll growth rate	3.00%
Healthcare trend rate	6.50%, grading to 4.00% over several decades

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 2,648,806
Changes for the year	
Service cost	163,900
Interest cost	130,967
Changes in actuarial assumptions	56,613
Benefit payments	(283,191)
Net change in total OPEB liability	68,289
Ending balance	$ 2,717,095

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.90 percent to 4.40 percent based on updated 20-year municipal bond rates.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. 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	3.40%	4.40%	5.40%
Total OPEB liability	$ 2,855,401	$ 2,717,095	$ 2,581,614

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	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost	5.50% decreasing to 3.00% over several decades	6.50% decreasing to 4.00% over several decades	7.50% decreasing to 5.00% over several decades
Total OPEB liability	$ 2,652,154	$ 2,717,095	$ 2,792,856

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

For the current year end, the District recognized OPEB expense of $124,702. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 315,384	$ 641,632
Changes of actuarial assumptions	86,975	393,425
Total	$ 402,359	$ 1,035,057

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	$ (158,695)
2028	$ (121,479)
2029	$ (58,062)
2030	$ (72,716)
2031	$ (126,174)
Thereafter	$ (95,572)

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the St. Francis Public Schools Flexible Benefit Plan (the Plan). The Plan is a "cafeteria plan" under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

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

The employee portions of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district checking account. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The District uses an independent contract administrator for medical and dependent care expense reimbursements. The medical reimbursement and dependent care activity are included in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Legal Claims

The District had the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these 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

On June 30, 2026, the District had commitments totaling $1,698,084 under construction contracts for which the work was not yet completed.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 7,134,651	$ 7,134,651	$ –	$ 7,091,987	$ (42,664)
Investment earnings	825,000	825,000	–	1,181,067	356,067
Other	2,362,157	2,187,157	(175,000)	2,333,724	146,567
State sources	51,216,825	51,797,291	580,466	53,346,281	1,548,990
Federal sources	1,957,193	1,749,274	(207,919)	2,124,203	374,929
Total revenue	63,495,826	63,693,373	197,547	66,077,262	2,383,889
Expenditures					
Current					
Administration	2,025,365	1,991,525	(33,840)	1,997,526	6,001
District support services	3,972,668	3,487,270	(485,398)	3,522,141	34,871
Elementary and secondary regular instruction	25,245,422	25,244,930	(492)	25,277,406	32,476
Vocational education instruction	579,239	739,041	159,802	687,031	(52,010)
Special education instruction	15,051,385	15,687,203	635,818	16,604,616	917,413
Instructional support services	5,035,034	5,082,178	47,144	5,655,985	573,807
Pupil support services	7,296,431	7,546,558	250,127	7,353,628	(192,930)
Sites and buildings	6,451,633	5,812,466	(639,167)	5,912,965	100,499
Fiscal and other fixed cost programs	658,078	584,500	(73,578)	564,785	(19,715)
Debt service					
Principal	281,237	281,237	–	272,583	(8,654)
Interest and fiscal charges	–	–	–	25,252	25,252
Total expenditures	66,596,492	66,456,908	(139,584)	67,873,918	1,417,010
Excess (deficiency) of revenue over expenditures	(3,100,666)	(2,763,535)	337,131	(1,796,656)	966,879
Other financing sources					
Insurance recovery	–	170,000	170,000	244,368	74,368
Sale of capital assets	–	–	–	16,267	16,267
Total other financing sources	–	170,000	170,000	260,635	90,635
Net change in fund balances	$ (3,100,666)	$ (2,593,535)	$ 507,131	(1,536,021)	$ 1,057,514
Fund balances					
Beginning of year				26,824,868	
End of year				$ 25,288,847	

BUDGETARY COMPARISON SCHEDULE

BUDGETARY PROCESS AND LEGAL COMPLIANCE

The School Board adopts an annual budget for all of Independent School District No. 15's (the District) governmental funds, 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.

- 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 spending exceeded final budgeted appropriations for fiscal 2026 by $1,417,010 in the General Fund, $267,071 in the Food Service Special Revenue Fund, $298,126 in the Capital Projects – Building Construction Fund, and $210,274 in the Debt Service Fund. These variances were funded by revenues and other financing sources exceeding budget and available fund balance.

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 based on updated information, new settlements, staffing adjustments, and prior year audit results. The General Fund changes between original and final budgets included increases to revenues and other financing sources of $367,547 and a decrease of $139,584 in total expenditures.

b. Revenue adjustments were due to updated information on assumptions and prior year results updated to current year's estimates. The estimate for state sources increased with more anticipated funding for state special education, student support, and other categorical state aids. The increase in state sources was partially offset by changes reducing other local and federal sources for updated donation and fee estimates and grant entitlements. Other financing sources increased for projected payments for insurance recovery.

c. Expenditure adjustments were due to aligning initial expenditure estimates match the actual program where expenditures were to be incurred with an overall reduction in total expenditures of $139,584.

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

a. Revenues for investment earnings and other local sources reported actual results more than budget, due to the District's practice of taking a conservative approach for these sources.

b. State sources reported the largest variance with actual amounts exceeding budget. Special education funding was better than anticipated with conservative estimates due to volatility with state-wide funding implications for this funding source.

c. Spending was over budget primarily with more spending than anticipated in special education instruction and instructional support services with variances in remaining programs netting to a minimal amount.

d. Special education instruction spending exceeded budget due to increased purchased services to meet the demands for more special education services.

e. Instructional support services were over budget spread across all areas in the program with a significant investment in instructional supplies and materials.

INDEPENDENT SCHOOL DISTRICT NO. 15

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	0.1542%	$ 12,520,275	$ 163,505	$ 12,683,780	$ 9,649,267	129.75%	68.90%
06/30/2018	06/30/2017	0.1604%	$ 10,239,830	$ 128,738	$ 10,368,568	$ 10,333,693	99.09%	75.90%
06/30/2019	06/30/2018	0.1559%	$ 8,648,693	$ 283,668	$ 8,932,361	$ 10,470,067	82.60%	79.50%
06/30/2020	06/30/2019	0.1384%	$ 7,651,826	$ 237,990	$ 7,889,816	$ 9,785,747	78.19%	80.20%
06/30/2021	06/30/2020	0.1390%	$ 8,333,686	$ 257,006	$ 8,590,692	$ 9,925,449	83.96%	79.10%
06/30/2022	06/30/2021	0.1268%	$ 5,414,927	$ 165,396	$ 5,580,323	$ 9,133,668	59.29%	87.00%
06/30/2023	06/30/2022	0.1299%	$ 10,288,123	$ 301,598	$ 10,589,721	$ 9,728,729	105.75%	76.70%
06/30/2024	06/30/2023	0.1262%	$ 7,056,963	$ 194,568	$ 7,251,531	$ 10,035,675	70.32%	83.10%
06/30/2025	06/30/2024	0.1277%	$ 4,721,936	$ 122,100	$ 4,844,036	$ 10,783,682	43.79%	89.08%
06/30/2026	06/30/2025	0.1308%	$ 4,334,153	$ 104,553	$ 4,438,706	$ 11,846,564	36.59%	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	$ 775,027	$ 775,027	$ –	$ 10,333,693	7.50%
06/30/2018	$ 785,255	$ 785,255	$ –	$ 10,470,067	7.50%
06/30/2019	$ 733,931	$ 733,931	$ –	$ 9,785,747	7.50%
06/30/2020	$ 743,968	$ 743,968	$ –	$ 9,925,449	7.50%
06/30/2021	$ 685,036	$ 685,036	$ –	$ 9,133,668	7.50%
06/30/2022	$ 729,549	$ 729,549	$ –	$ 9,728,729	7.50%
06/30/2023	$ 752,677	$ 752,677	$ –	$ 10,035,675	7.50%
06/30/2024	$ 808,860	$ 808,860	$ –	$ 10,783,682	7.50%
06/30/2025	$ 888,383	$ 888,383	$ –	$ 11,846,564	7.50%
06/30/2026	$ 934,681	$ 934,681	$ –	$ 12,464,449	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 15

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	0.4700%	$112,106,213	$ 11,253,067	$123,359,280	$ 24,970,453	448.96%	44.88%
06/30/2018	06/30/2017	0.4633%	$ 92,483,083	$ 8,940,294	$101,423,377	$ 24,991,018	370.07%	51.57%
06/30/2019	06/30/2018	0.4466%	$ 28,052,113	$ 2,635,656	$ 30,687,769	$ 24,675,493	113.68%	78.07%
06/30/2020	06/30/2019	0.4009%	$ 25,553,450	$ 2,261,515	$ 27,814,965	$ 22,769,042	112.23%	78.21%
06/30/2021	06/30/2020	0.3851%	$ 28,451,704	$ 2,384,492	$ 30,836,196	$ 22,391,579	127.06%	75.48%
06/30/2022	06/30/2021	0.3684%	$ 16,122,286	$ 1,359,835	$ 17,482,121	$ 22,044,701	73.13%	86.63%
06/30/2023	06/30/2022	0.3732%	$ 29,883,882	$ 2,216,287	$ 32,100,169	$ 23,055,132	129.62%	76.17%
06/30/2024	06/30/2023	0.3729%	$ 30,787,459	$ 2,156,504	$ 32,943,963	$ 23,709,938	129.85%	76.42%
06/30/2025	06/30/2024	0.3929%	$ 24,966,127	$ 1,632,898	$ 26,599,025	$ 26,028,797	95.92%	82.07%
06/30/2026	06/30/2025	0.4016%	$ 23,017,119	$ 1,429,526	$ 24,446,645	$ 27,932,527	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	$ 1,873,349	$ 1,873,349	$ –	$ 24,991,018	7.50%
06/30/2018	$ 1,850,662	$ 1,850,662	$ –	$ 24,675,493	7.50%
06/30/2019	$ 1,754,621	$ 1,754,621	$ –	$ 22,769,042	7.71%
06/30/2020	$ 1,772,427	$ 1,772,427	$ –	$ 22,391,579	7.92%
06/30/2021	$ 1,792,229	$ 1,792,229	$ –	$ 22,044,701	8.13%
06/30/2022	$ 1,922,798	$ 1,922,798	$ –	$ 23,055,132	8.34%
06/30/2023	$ 2,027,201	$ 2,027,201	$ –	$ 23,709,938	8.55%
06/30/2024	$ 2,277,721	$ 2,277,721	$ –	$ 26,028,797	8.75%
06/30/2025	$ 2,444,314	$ 2,444,314	$ –	$ 27,932,527	8.75%
06/30/2026	$ 2,821,212	$ 2,821,212	$ –	$ 28,731,049	9.82%

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total OPEB liability				
Service cost	$ 249,115	$ 243,378	$ 383,588	$ 240,133
Interest	84,390	89,725	167,071	112,840
Difference between expected and actual experience	–	–	(520,997)	–
Changes in plan provisions	–	2,198,594	(128)	–
Changes in actuarial assumptions	(124,824)	(11,910)	(481,916)	114,366
Benefit payments	(589,946)	(592,738)	(580,394)	(248,189)
Net change in total OPEB liability	(381,265)	1,927,049	(1,032,776)	219,150
Total OPEB liability – beginning of year	2,976,053	2,594,788	4,521,837	3,489,061
Total OPEB liability – end of year	2,594,788	4,521,837	3,489,061	3,708,211
Plan fiduciary net position				
Employer contribution	–	–	580,394	55,689
Net investment income	38,638	15,297	14,269	28,632
Benefit payments	(589,946)	(592,738)	(580,394)	(248,189)
Administrative expense	–	(250)	(250)	(250)
Net change in plan fiduciary net position	(551,308)	(577,691)	14,019	(164,118)
Plan fiduciary net position – beginning of year	1,869,067	1,317,759	740,068	754,087
Plan fiduciary net position – end of year	1,317,759	740,068	754,087	589,969
Net OPEB liability	$ 1,277,029	$ 3,781,769	$ 2,734,974	$ 3,118,242
Plan fiduciary net position as a percentage of the total OPEB liability	50.78%	16.37%	21.61%	15.91%
Covered-employee payroll	$ 33,000,000	$ 29,922,068	$ 26,399,144	$ 33,328,114
Net/total OPEB liability as a percentage of covered-employee payroll	3.87%	12.64%	10.36%	9.36%

N/A – Not Applicable. Remaining trust resources were utilized in fiscal 2022 and the trust account was closed.

Note: Beginning in fiscal 2023, the District does not have a trust fund established to finance GASB Statement No. 75-related benefits.

2021	2022	2023	2024	2025	2026
$ 274,974	$ 254,139	$ 204,665	$ 175,548	$ 148,432	$ 163,900
90,287	78,128	132,719	116,900	121,164	130,967
608,897	153,484	(429,640)	(38,777)	(359,920)	–
(51,125)	–	(7,209)	–	37,589	–
15,336	(397,341)	(51,189)	(16,371)	(95,920)	56,613
(625,988)	(411,137)	(611,638)	(165,264)	(210,148)	(283,191)
312,381	(322,727)	(762,292)	72,036	(358,803)	68,289
3,708,211	4,020,592	3,697,865	2,935,573	3,007,609	2,648,806
4,020,592	3,697,865	$ 2,935,573	$ 3,007,609	$ 2,648,806	$ 2,717,095
57,488	372,517				
5,955	11,570				
(625,988)	(411,137)				
(250)	(124)				
(562,795)	(27,174)				
589,969	27,174				
27,174	–				
$ 3,993,418	$ 3,697,865				
0.68%	N/A				
$ 32,350,755	$ 28,775,419	$ 29,198,042	$ 34,810,863	$ 34,734,921	$ 35,776,969
12.34%	12.85%	10.05%	8.64%	7.63%	7.59%

INDEPENDENT SCHOOL DISTRICT NO. 15

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2026

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	2.07%
2018	1.16%
2019	1.93%
2020	3.80%
2021	1.01%
2022	42.67%
2023	N/A
2024	N/A
2025	N/A
2026	N/A

N/A – Not Applicable. Remaining trust resources were utilized in fiscal 2022 and the trust account was closed.

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 Pub-2010 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.

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 4.90 percent to 4.40 percent based on updated 20-year municipal bond rates.

2025 CHANGES IN PLAN PROVISIONS

- Explicit subsidy eligibility was updated for principals and program supervisors.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated to the Pub-2016 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated for nonteachers to match those for teachers.
- The discount rate was changed from 3.97 percent to 4.90 percent based on updated 20-year municipal bond rates.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.86 percent to 3.97 percent based on updated 20-year municipal bond rates.

2023 CHANGES IN PLAN PROVISIONS

- Retiree premiums were updated to current levels.
- Explicit subsidy eligibility was updated for principals, program supervisors, and unaffiliated provision #5.

2023 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.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan valuation to the rates used in the July 1, 2022 valuation.
- The percent of current and future retirees under age 65 assumed to continue life insurance coverage was changed from 50 percent to zero percent to reflect recent plan experience.
- The percent of future non-Medicare-eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.92 percent to 3.69 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.

2021 CHANGES IN PLAN PROVISIONS

- Retiree premiums were updated to current levels.
- Explicit subsidy eligibility was updated for custodians, directors, mechanics, office professionals, teachers, and unaffiliated provision #1.
- Explicit subsidy benefits were added for unaffiliated provision #7.
- Explicit subsidy benefits were removed for coordinators.
- Explicit subsidy benefits in the form of career service payments were removed for principals and program supervisors.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.46 percent to 1.92 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 3.25 percent to 2.00 percent based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The percent of future non-Medicare-eligible retirees electing each medical plan changed to reflect recent plan experience.
- 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.
- The payroll growth assumption was changed from 3.50 percent to 3.00 percent based on the July 1, 2020 TRA valuation.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.46 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans due to its repeal.

2019 CHANGES IN PLAN PROVISIONS

- Retiree premiums were updated to current levels.
- The direct subsidy eligibility for the unaffiliated provision #5 was updated to include 15 years of service.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated to the rates used in the July 1, 2018 PERA GERF and July 1, 2018 TRA actuarial valuations.
- The percent of future retirees not eligible for a direct subsidy assumed to elect coverage at retirement changed from 40.00 percent to 20.00 percent, based on historical plan experience.
- The percent of future non-Medicare-eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following medical plans have changed since the last valuation period. The PEIP Advantage Medical Plan valuation changed from 50.00 percent to 65.00 percent, the PEIP Value Medical Plan valuation changed from 40.00 percent to 10.00 percent, and the PEIP HSA Medical Plan valuation changed from 10.00 percent to 25.00 percent.
- The inflation assumption was changed from 2.75 percent to 2.50 percent, based on an updated historical analysis of inflation rates and forward-looking market expectations.

2018 CHANGES IN PLAN PROVISIONS

- Changes in benefit terms capture the direct benefit subsidy for one-time payments and career service payments as outlined in the teacher contract.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial cost method was changed to the projected unit credit method as required under new accounting rules.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical claims costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increases rates were updated to current PERA and TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation assumption was changed from 3.00 percent to 2.75 percent based on updated analysis.
- The discount rate was changed from 3.75 percent to 3.53 percent.

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUNDS

Governmental funds reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental funds category for the District includes the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District's major and nonmajor governmental funds.

INDEPENDENT SCHOOL DISTRICT NO. 15

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2026

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 2,345,051	$ 3,378,285	$ 5,723,336
Receivables			
Current taxes	–	163,135	163,135
Delinquent taxes	–	4,460	4,460
Accounts and interest	1,187	–	1,187
Due from other governmental units	2,382	138,120	140,502
Inventory	32,291	–	32,291
Prepaid items	350	–	350
Total assets	$ 2,381,261	$ 3,684,000	$ 6,065,261
Liabilities			
Salaries payable	$ 155,268	$ 163,718	$ 318,986
Accounts and contracts payable	119,249	603,545	722,794
Due to other governmental units	–	39	39
Unearned revenue	37,883	423,726	461,609
Total liabilities	312,400	1,191,028	1,503,428
Deferred inflows of resources			
Property taxes levied for subsequent year	–	287,770	287,770
Unavailable revenue – delinquent taxes	–	2,995	2,995
Total deferred inflows of resources	–	290,765	290,765
Fund balances			
Nonspendable	32,641	–	32,641
Restricted	2,036,220	2,236,135	4,272,355
Unassigned	–	(33,928)	(33,928)
Total fund balances	2,068,861	2,202,207	4,271,068
Total liabilities, deferred inflows of resources, and fund balances	$ 2,381,261	$ 3,684,000	$ 6,065,261

INDEPENDENT SCHOOL DISTRICT NO. 15

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2026

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 326,373	$ 326,373
Investment earnings	48,791	63,044	111,835
Other	265,548	2,602,723	2,868,271
State sources	2,088,666	619,221	2,707,887
Federal sources	1,397,987	–	1,397,987
Total revenue	3,800,992	3,611,361	7,412,353
Expenditures			
Current			
Food service	3,619,373	–	3,619,373
Community service	–	3,427,504	3,427,504
Capital outlay	399,799	315,877	715,676
Debt service			
Principal	2,547	1,274	3,821
Interest	45	22	67
Total expenditures	4,021,764	3,744,677	7,766,441
Net change in fund balances	(220,772)	(133,316)	(354,088)
Fund balances			
Beginning of year	2,289,633	2,335,523	4,625,156
End of year	$ 2,068,861	$ 2,202,207	$ 4,271,068

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Cash and temporary investments	$ 26,836,224	$ 29,905,025
Receivables		
Current taxes	3,897,495	3,900,183
Delinquent taxes	80,420	129,026
Accounts and interest	458,332	434,166
Due from other governmental units	7,155,152	5,500,913
Lease revenue	330,792	377,924
Inventory	27,414	70,651
Prepaid items	804,087	720,417
Total assets	$ 39,589,916	$ 41,038,305
Liabilities		
Salaries payable	$ 5,112,502	$ 4,848,522
Accounts and contracts payable	2,244,826	2,479,673
Due to other governmental units	416,628	84,643
Unearned revenue	–	713
Total liabilities	7,773,956	7,413,551
Deferred inflows of resources		
Lease revenue for subsequent years	330,792	377,924
Property taxes levied for subsequent year	6,144,129	6,324,832
Unavailable revenue – delinquent taxes	52,192	97,130
Total deferred inflows of resources	6,527,113	6,799,886
Fund balances (deficit)		
Nonspendable for inventory	27,414	70,651
Nonspendable for prepaid items	804,087	720,417
Restricted for student activities	201,924	142,149
Restricted for scholarships	175,607	166,121
Restricted for literacy incentive aid	185,201	195,384
Restricted for American Indian education aid	37,848	–
Restricted for operating capital	2,248,157	2,645,437
Restricted for area learning center	542,517	775,586
Restricted for quality compensation	–	48,731
Restricted for gifted and talented	39,113	32,895
Restricted for English learner	–	102,912
Restricted for basic skills programs	1,952,420	2,098,980
Restricted for school library aid	1,124	1,435
Restricted for safe schools levy	39,546	13,081
Restricted for literacy aid	46,006	60,143
Restricted for teacher compensation READ Act training	87,447	109,295
Restricted for long-term facilities maintenance	288,461	–
Restricted for student support personnel	119,036	3,294
Restricted for Medical Assistance	826,416	568,533
Restricted for employee benefits	146,981	119,635
Assigned for capital purchases and projects	4,003,873	1,005,003
Assigned for fiscal year 2027 budget deficit	4,126,796	3,100,667
Assigned for Saints manufacturing	291,760	291,760
Assigned for press box	7,525	7,525
Assigned for Brady memorial	7,416	8,100
Assigned for program initiative	–	600,000
Assigned for retirement	–	375,000
Assigned for academic achievement	–	600,000
Assigned for bus purchases	–	600,000
Assigned for technology	–	1,600,000
Assigned for transportation contingency	–	250,000
Unassigned – long-term facilities maintenance restricted account deficit	–	(1,280)
Unassigned	9,082,172	10,513,414
Total fund balances	25,288,847	26,824,868
Total liabilities, deferred inflows of resources, and fund balances	$ 39,589,916	$ 41,038,305

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 7,134,651	$ 7,091,987	$ (42,664)	$ 7,255,127
Investment earnings	825,000	1,181,067	356,067	1,528,303
Other	2,187,157	2,333,724	146,567	2,930,927
State sources	51,797,291	53,346,281	1,548,990	51,156,041
Federal sources	1,749,274	2,124,203	374,929	2,191,518
Total revenue	63,693,373	66,077,262	2,383,889	65,061,916
Expenditures				
Current				
Administration				
Salaries	1,512,998	1,509,263	(3,735)	1,501,952
Employee benefits	347,091	352,006	4,915	326,448
Purchased services	18,225	16,762	(1,463)	23,475
Supplies and materials	69,211	46,251	(22,960)	63,051
Capital expenditures	–	28,294	28,294	447
Other expenditures	44,000	44,950	950	41,957
Total administration	1,991,525	1,997,526	6,001	1,957,330
District support services				
Salaries	1,040,096	944,796	(95,300)	921,983
Employee benefits	743,767	814,116	70,349	820,683
Purchased services	942,249	1,035,123	92,874	960,325
Supplies and materials	351,960	355,078	3,118	306,167
Capital expenditures	402,498	407,372	4,874	105,568
Other expenditures	6,700	(34,344)	(41,044)	(1,954)
Total district support services	3,487,270	3,522,141	34,871	3,112,772
Elementary and secondary regular instruction				
Salaries	16,723,052	17,307,640	584,588	16,628,954
Employee benefits	6,347,310	5,941,111	(406,199)	5,406,689
Purchased services	927,506	931,236	3,730	848,664
Supplies and materials	751,952	595,205	(156,747)	1,137,412
Capital expenditures	384,110	388,197	4,087	772,538
Other expenditures	111,000	114,017	3,017	127,948
Total elementary and secondary regular instruction	25,244,930	25,277,406	32,476	24,922,205

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 15

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	522,538	463,250	(59,288)	369,788
Employee benefits	166,553	124,067	(42,486)	88,268
Purchased services	15,000	6,578	(8,422)	7,242
Supplies and materials	27,350	45,447	18,097	38,940
Capital expenditures	5,000	45,788	40,788	41,284
Other expenditures	2,600	1,901	(699)	2,678
Total vocational education instruction	739,041	687,031	(52,010)	548,200
Special education instruction				
Salaries	11,236,224	10,934,360	(301,864)	10,486,886
Employee benefits	2,874,833	3,149,389	274,556	3,036,053
Purchased services	1,141,795	2,067,559	925,764	906,776
Supplies and materials	225,051	92,691	(132,360)	141,031
Capital expenditures	–	48,362	48,362	199,407
Other expenditures	209,300	312,255	102,955	277,740
Total special education instruction	15,687,203	16,604,616	917,413	15,047,893
Instructional support services				
Salaries	2,815,850	2,890,669	74,819	3,023,272
Employee benefits	539,202	624,550	85,348	671,114
Purchased services	318,248	336,054	17,806	313,736
Supplies and materials	1,398,830	1,664,781	265,951	358,712
Capital expenditures	–	127,150	127,150	12,182
Other expenditures	10,048	12,781	2,733	10,926
Total instructional support services	5,082,178	5,655,985	573,807	4,389,942
Pupil support services				
Salaries	3,790,805	4,001,833	211,028	3,901,416
Employee benefits	971,508	977,294	5,786	915,135
Purchased services	920,423	808,550	(111,873)	894,557
Supplies and materials	587,375	604,878	17,503	582,377
Capital expenditures	1,261,547	947,733	(313,814)	34,852
Other expenditures	14,900	13,340	(1,560)	11,572
Total pupil support services	7,546,558	7,353,628	(192,930)	6,339,909

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 15

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	2,045,181	2,165,981	120,800	2,013,803
Employee benefits	720,418	553,187	(167,231)	582,211
Purchased services	2,292,933	2,611,748	318,815	2,229,593
Supplies and materials	499,998	626,505	126,507	633,769
Capital expenditures	246,691	242,123	(4,568)	996,822
Other expenditures	7,245	(286,579)	(293,824)	(226,177)
Total sites and buildings	5,812,466	5,912,965	100,499	6,230,021
Fiscal and other fixed cost programs				
Purchased services	459,500	457,855	(1,645)	479,385
Other expenditures	125,000	106,930	(18,070)	123,262
Total fiscal and other fixed cost programs	584,500	564,785	(19,715)	602,647
Debt service				
Principal	281,237	272,583	(8,654)	405,502
Interest and fiscal charges	–	25,252	25,252	35,559
Total debt service	281,237	297,835	16,598	441,061
Total expenditures	66,456,908	67,873,918	1,417,010	63,591,980
Excess (deficiency) of revenue over expenditures	(2,763,535)	(1,796,656)	966,879	1,469,936
Other financing sources (uses)				
Insurance recovery	170,000	244,368	74,368	–
Sale of capital assets	–	16,267	16,267	36,355
Transfers (out)	–	–	–	(304,421)
Total other financing sources (uses)	170,000	260,635	90,635	(268,066)
Net change in fund balances	$ (2,593,535)	(1,536,021)	$ 1,057,514	1,201,870
Fund balances				
Beginning of year		26,824,868		25,622,998
End of year		$ 25,288,847		$ 26,824,868

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Cash and temporary investments	$ 2,345,051	$ 2,125,381
Receivables		
Accounts and interest	1,187	165
Due from other governmental units	2,382	425,610
Inventory	32,291	29,647
Prepaid items	350	7,440
Total assets	$ 2,381,261	$ 2,588,243
Liabilities		
Salaries payable	$ 155,268	$ 141,686
Accounts and contracts payable	119,249	113,361
Unearned revenue	37,883	43,563
Total liabilities	312,400	298,610
Fund balances		
Nonspendable for inventory	32,291	29,647
Nonspendable for prepaid items	350	7,440
Restricted for food service	2,036,220	2,252,546
Total fund balances	2,068,861	2,289,633
Total liabilities and fund balances	$ 2,381,261	$ 2,588,243

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 24,000	$ 48,791	$ 24,791	$ 96,345
Other – primarily meal sales	242,667	265,548	22,881	284,404
State sources	1,814,000	2,088,666	274,666	1,946,823
Federal sources	1,417,699	1,397,987	(19,712)	1,483,564
Total revenue	3,498,366	3,800,992	302,626	3,811,136
Expenditures				
Current				
Salaries	1,106,883	1,146,286	39,403	1,080,683
Employee benefits	274,796	290,264	15,468	276,659
Purchased services	48,789	34,722	(14,067)	30,726
Supplies and materials	1,841,496	1,838,789	(2,707)	1,781,015
Other expenditures	107,926	309,312	201,386	240,950
Capital outlay	374,803	399,799	24,996	92,061
Debt service				
Principal	–	2,547	2,547	1,192
Interest and fiscal charges	–	45	45	60
Total expenditures	3,754,693	4,021,764	267,071	3,503,346
Excess (deficiency) of revenue over expenditures	(256,327)	(220,772)	35,555	307,790
Other financing sources				
Transfers in	–	–	–	4,421
Net change in fund balances	$ (256,327)	(220,772)	$ 35,555	312,211
Fund balances				
Beginning of year		2,289,633		1,977,422
End of year		$ 2,068,861		$ 2,289,633

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,378,285	$ 3,024,389
Receivables		
Current taxes	163,135	185,972
Delinquent taxes	4,460	8,364
Accounts and interest	–	1,449
Due from other governmental units	138,120	128,054
Prepaid items	–	16,367
Total assets	$ 3,684,000	$ 3,364,595
Liabilities		
Salaries payable	$ 163,718	$ 165,809
Accounts and contracts payable	603,545	244,874
Due to other governmental units	39	11,427
Unearned revenue	423,726	274,939
Total liabilities	1,191,028	697,049
Deferred inflows of resources		
Property taxes levied for subsequent year	287,770	325,443
Unavailable revenue – delinquent taxes	2,995	6,580
Total deferred inflows of resources	290,765	332,023
Fund balances (deficits)		
Nonspendable for prepaid items	–	16,367
Restricted for community education programs	1,619,005	1,807,211
Restricted for school readiness	491,977	398,518
Restricted for adult basic education	604	604
Restricted for community service	124,549	112,823
Unassigned – early childhood family education programs restricted account deficit	(33,928)	–
Total fund balances	2,202,207	2,335,523
Total liabilities, deferred inflows of resources, and fund balances	$ 3,684,000	$ 3,364,595

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 388,221	$ 326,373	$ (61,848)	$ 380,405
Investment earnings	30,000	63,044	33,044	89,325
Other – primarily tuition and fees	1,927,456	2,602,723	675,267	2,563,017
State sources	552,970	619,221	66,251	560,293
Total revenue	2,898,647	3,611,361	712,714	3,593,040
Expenditures				
Current				
Salaries	2,161,585	2,017,075	(144,510)	1,937,057
Employee benefits	512,516	491,544	(20,972)	469,170
Purchased services	438,075	671,166	233,091	464,292
Supplies and materials	228,924	244,531	15,607	280,803
Other expenditures	4,275	3,188	(1,087)	2,970
Capital outlay	558,094	315,877	(242,217)	18,010
Debt service				
Principal	–	1,274	1,274	2,865
Interest and fiscal charges	–	22	22	145
Total expenditures	3,903,469	3,744,677	(158,792)	3,175,312
Excess (deficiency) of revenue over expenditures	(1,004,822)	(133,316)	871,506	417,728
Other financing sources				
Transfers in	–	–	–	300,000
Net change in fund balances	$ (1,004,822)	(133,316)	$ 871,506	717,728
Fund balances				
Beginning of year		2,335,523		1,617,795
End of year		$ 2,202,207		$ 2,335,523

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Cash and temporary investments	$ 9,667,330	$ 285,412
Fund balances		
Restricted for long-term facilities maintenance	$ 9,667,330	$ –
Restricted for capital projects	–	285,412
Total fund balances	$ 9,667,330	$ 285,412

INDEPENDENT SCHOOL DISTRICT NO. 15

Capital Projects – Building Construction 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	$ 45,300	$ 156,463	$ 111,163	$ 39,409
Expenditures				
Capital outlay				
Purchased services	5,264,037	5,487,646	223,609	782,929
Capital expenditures	–	74,517	74,517	186,801
Total expenditures	5,264,037	5,562,163	298,126	969,730
Excess (deficiency) of revenue over expenditures	(5,218,737)	(5,405,700)	(186,963)	(930,321)
Other financing sources				
Debt issued	14,160,000	14,160,000	–	–
Premium on issuance of debt	839,316	627,618	(211,698)	–
Total other financing sources	14,999,316	14,787,618	(211,698)	–
Net change in fund balances	$ 9,780,579	9,381,918	$ (398,661)	(930,321)
Fund balances				
Beginning of year		285,412		1,215,733
End of year		$ 9,667,330		$ 285,412

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	2026	2025
Assets		
Cash and temporary investments	$ 5,374,250	$ 4,013,421
Receivables		
Current taxes	5,527,247	3,493,149
Delinquent taxes	75,357	133,602
Due from other governmental units	45,305	43,105
Total assets	$ 11,022,159	$ 7,683,277
Liabilities		
Accounts and contracts payable	$ –	$ 2,000
Deferred inflows of resources		
Property taxes levied for subsequent year	9,593,003	6,020,889
Unavailable revenue – delinquent taxes	49,546	103,886
Total deferred inflows of resources	9,642,549	6,124,775
Fund balances		
Restricted for debt service	1,379,610	1,556,502
Total liabilities, deferred inflows of resources, and fund balances	$ 11,022,159	$ 7,683,277

INDEPENDENT SCHOOL DISTRICT NO. 15

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	$ 6,020,889	$ 5,894,900	$ (125,989)	$ 6,441,596
Investment earnings	35,000	5,208	(29,792)	27,473
State sources	345,000	446,225	101,225	429,051
Total revenue	6,400,889	6,346,333	(54,556)	6,898,120
Expenditures				
Debt service				
Principal	3,745,000	3,745,000	–	3,910,000
Interest	2,777,650	2,777,650	–	2,910,191
Fiscal charges	2,000	212,274	210,274	4,500
Total expenditures	6,524,650	6,734,924	210,274	6,824,691
Excess (deficiency) of revenue over expenditures	(123,761)	(388,591)	(264,830)	73,429
Other financing sources				
Premium on issuance of debt	–	211,699	211,699	–
Net change in fund balances	$ (123,761)	(176,892)	$ (53,131)	73,429
Fund balances				
Beginning of year		1,556,502		1,483,073
End of year		$ 1,379,610		$ 1,556,502

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER DISTRICT INFORMATION SECTION

(UNAUDITED)

INDEPENDENT SCHOOL DISTRICT NO. 15

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation					Total Direct Tax Rate
			Fiscal Disparities			
	Agricultural	Nonagricultural	Contribution	Distribution	Total Taxable	
2017	$ 1,537,125	$ 24,375,366	$ (890,485)	$ 4,668,763	$ 29,690,769	28.893 %
2018	1,584,804	27,124,564	(928,567)	4,857,474	32,638,275	26.962
2019	1,774,561	29,253,865	(1,003,415)	5,218,910	35,243,921	24.858
2020	1,902,305	31,637,362	(1,077,920)	5,526,873	37,988,620	22.200
2021	2,026,786	34,080,016	(1,108,687)	5,835,497	40,833,612	21.957
2022	2,105,534	38,207,492	(1,331,834)	6,194,774	45,175,966	18.833
2023	2,506,481	47,955,230	(1,323,135)	5,603,317	54,741,893	15.883
2024	2,703,822	49,986,993	(1,548,188)	5,774,953	56,917,580	16.193
2025	2,807,781	50,553,193	(1,717,760)	6,400,299	58,043,513	15.158
2026	2,951,465	54,110,176	(2,128,109)	6,167,826	61,101,358	21.648

Source: State of Minnesota School Tax Report

Taxable Market Value	Tax Capacity as a Percentage of Market Value
$ 2,537,745,700	1.17 %
2,795,822,600	1.17
3,009,071,100	1.17
3,236,695,420	1.17
3,516,462,744	1.16
3,848,442,940	1.17
4,772,053,623	1.15
4,925,937,472	1.16
5,026,747,188	1.15
5,331,886,652	1.15

INDEPENDENT SCHOOL DISTRICT NO. 15

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

	Original Levy				Collections	
					First Year Levy Recognized	
For Taxes Collectible	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy
2017	$ 9,860,651	$ 1,882,539	$ 29,652	$ 11,772,842	$ 11,687,107	99.3 %
2018	10,210,503	1,913,698	96,775	12,220,976	12,127,081	99.2
2019	10,598,696	1,918,420	97,953	12,615,069	12,484,084	99.0
2020	10,053,693	1,962,260	97,731	12,113,684	11,999,036	99.1
2021	10,605,133	1,819,391	111,045	12,535,569	12,450,920	99.3
2022	10,078,829	1,889,901	115,277	12,084,007	11,993,068	99.2
2023	11,247,546	1,458,040	114,668	12,820,254	12,715,965	99.2
2024	12,611,266	1,328,413	132,877	14,072,556	13,984,350	99.4
2025	11,356,769	1,585,548	126,549	13,068,866	12,982,337	99.3
2026	14,980,024	1,362,967	214,025	16,557,016	6,969,139	42.1

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

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

Source: State of Minnesota School Tax Report

Received in Subsequent Years	Total to Date		Uncollected Taxes Receivable as of June 30, 2026			
			Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
$ 85,735	$ 11,772,842	100.0 %	$ –	– %	$ –	– %
93,895	12,220,976	100.0	–	–	–	–
130,985	12,615,069	100.0	–	–	–	–
91,434	12,090,470	99.8	23,214	0.2	–	–
79,384	12,530,304	100.0	5,265	–	–	–
83,986	12,077,054	99.9	6,953	0.1	–	–
92,559	12,808,524	99.9	11,730	0.1	–	–
61,660	14,046,010	99.8	26,546	0.2	–	–
–	12,982,337	99.3	86,529	0.7	–	–
–	6,969,139	42.1	–	–	9,587,877	57.9
			$ 160,237		$ 9,587,877	

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 15

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Premium (Discount) on Bonds	Leases and Other Debt	Total Primary Government
2017	$ 22,535,000	$ 1,100,071	$ 3,616,060	$ 27,251,131
2018	94,610,000	4,335,254	3,376,918	102,322,172
2019	91,770,000	4,071,375	2,542,151	98,383,526
2020	88,240,000	3,841,733	1,748,530	93,830,263
2021	85,080,000	3,612,220	932,200	89,624,420
2022	81,735,000	3,383,096	298,427	85,416,523
2023	75,480,000	4,651,786	273,838	80,405,624
2024	74,435,000	4,451,997	1,103,894	79,990,891
2025	69,260,000	4,603,391	694,335	74,557,726
2026	79,675,000	4,865,530	417,931	84,958,461

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

INDEPENDENT SCHOOL DISTRICT NO. 15

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt limit	$ 380,661,855	$ 419,373,390	$ 451,360,665	$ 485,504,313
Total net debt applicable to the limit	21,547,854	93,180,885	90,283,305	86,743,528
Legal debt margin	$ 359,114,001	$ 326,192,505	$ 361,077,360	$ 398,760,785
Total net debt applicable to the limit as a percentage of debt limit	5.66%	22.22%	20.00%	17.87%

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

Source: District finance department

2021	2022	2023	2024	2025	2026
$ 527,469,412	$ 577,266,441	$ 715,808,043	$ 738,890,621	$ 754,012,078	$ 799,782,998
83,759,115	80,411,081	73,918,758	72,951,927	67,703,498	78,295,390
$ 443,710,297	$ 496,855,360	$ 641,889,285	$ 665,938,694	$ 686,308,580	$ 721,487,608
15.88%	13.93%	10.33%	9.87%	8.98%	9.79%

Legal Debt Margin Calculation for Fiscal Year 2026

Market value	$5,331,886,652
Debt limit (15% of market value)	799,782,998
Debt applicable to limit	
General obligation bonds	79,675,000
Less amount set aside for repayment of general obligation debt	(1,379,610)
Total net debt applicable to the limit	78,295,390
Legal debt margin	$ 721,487,608

INDEPENDENT SCHOOL DISTRICT NO. 15

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2017	54.61	319.66	2,002.20	2,142.55	4,519.02	4,947.53
2018	54.85	310.31	1,943.17	2,104.72	4,413.05	4,833.99
2019	57.20	272.98	1,934.38	2,091.65	4,356.21	4,774.54
2020	54.91	315.36	1,857.14	2,035.12	4,262.53	4,669.55
2021	53.78	252.27	1,806.43	1,961.75	4,074.23	4,466.58
2022	51.52	316.48	1,864.24	1,988.23	4,220.47	4,618.11
2023	48.71	293.74	1,889.54	1,965.85	4,197.84	4,591.01
2024	49.57	263.15	1,857.00	1,937.03	4,106.75	4,494.18
2025	79.63	277.66	1,813.38	1,934.60	4,105.27	4,492.19
2026	104.89	289.18	1,789.52	1,898.28	4,081.87	4,461.53

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

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

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

Source: Minnesota Department of Education student reporting system