WAYZATA PUBLIC SCHOOLS

Excellence. For each and every student.

BOARD OF EDUCATION

Special Meeting - November 23, 2026 - 4:00 PM
Creekside
16000 41st Ave N.
Plymouth, MN 55446

AGENDA

1.	**ROLL CALL/CALL TO ORDER**	**2**
2.	**Agenda Approval**	**3**
3.	**Finance and Operation Reports**	
	A. 2025-26 Audit Approval	4
4.	**Employee of the Month**	**228**
5.	**School Spotlight Presentation- West Middle School**	**230**
6.	**Superintendent's Reports**	
7.	**Teaching and Learning Reports**	
	A. Balanced Technology Framework	266
8.	**ADJOURN**	**291**

In case of inclement weather, the meeting will be held on the next business day at the same time and same place, unless a quorum of the board is not available.

In accordance with MN Statute 13D.01, some members may be attending via interactive technology.

WAYZATA PUBLIC SCHOOLS

Agenda Item: 1

Board of Education

Regular Meeting – November 23, 2026

AGENDA SECTION: Call to Order

ITEM: Roll Call Attendance

COMMENTS BY: Board Clerk

	PRESENT	ABSENT
Heidi Kader	_____	_____
Milind Sohoni	_____	_____
Alicia Liddle	_____	_____
Paras Bhende	_____	_____
Valentina Eyres	_____	_____
Dan Ginestra	_____	_____
Sheila Prior	_____	_____
Robb Virgin, ex-officio	_____	_____

Time called to order: _____

WAYZATA PUBLIC SCHOOLS

Agenda Item: 2

Board of Education

Regular Meeting – November 23, 2026

AGENDA SECTION: Approval of Agenda and Consent Agenda Items

ITEM: Approval of Agenda and Consent Agenda Items

COMMENTS BY: Sheila Prior, Acting Board Chair

A. Approval of Agenda

Recommended Action: Approve the full agenda as presented.

Motion by: _____ **ROLL CALL** **Passed:** _____

Second by: _____ **Failed:** _____

Abstentions: _____

Agenda Item: 3.A

BOARD OF EDUCATION

Regular Meeting – November 23, 2026

AGENDA SECTION: Administrative Reports and Recommendations

ITEM: Finance and Business Services Recommendations

COMMENTS BY: Trevor Peterson, Executive Director, Finance & Operations

Audit – Fiscal Year 2026

The District's annual audit for the fiscal year ending June 30, 2026, has been completed by audit firm L.B. Carlson

The following reports have been issued:

- Comprehensive Annual Financial Report - June 30, 2026
- Management Report - June 30, 2026
- Special Purpose Audit Report – June 30, 2026

A portion of the General fund balance is assigned for specific purposes and is approved by the School Board on an annual basis. The assigned fund balances as of June 30, 2026, were as follows:

Assigned Fund Balance	Balance on June 30, 2026
Reemployment Insurance	$1,545,000
Classroom & Building Furniture/Equipment	3,000,000
Post-Employment Obligations	4,120,492
Enrollment	1,744,582
Total Assigned Fund Balance	**$10,410,074**

Recommended Action: Approve the audited financial statements for the fiscal year ending June 30, 2026. Further, approve the June 30, 2026 assigned fund balance in the amount of $10,410,074 to be used for the specific purposes noted above.

Motion by: _____ **ROLL CALL** **Passed:**

_____

Second by: _____ **Failed:**

_____

Abstentions:

ISD No. 284, Wayzata Public Schools

Audit Report for Year Ended June 30, 2026

Presented by: Jaclyn M. Huegel, CPA

Principal

952-224-1638◆ jhuegel@lbcarlson.com

Auditor's Role

LB | CARLSON

Opinion on Financial Statements

- District Audit

Internal Controls and Compliance

- Financial Statement Audit
- State Laws and Regulations

Audit Results

LB | CARLSON

District Financial Audit

- Unmodified Opinions on Basic Financial Statements

Internal Controls and Compliance – Financial Audit

- No material weaknesses or instances of noncompliance reported

Audit Results

LB | CARLSON

Minnesota Legal Compliance

- No instances of noncompliance with Minnesota laws and regulations reported

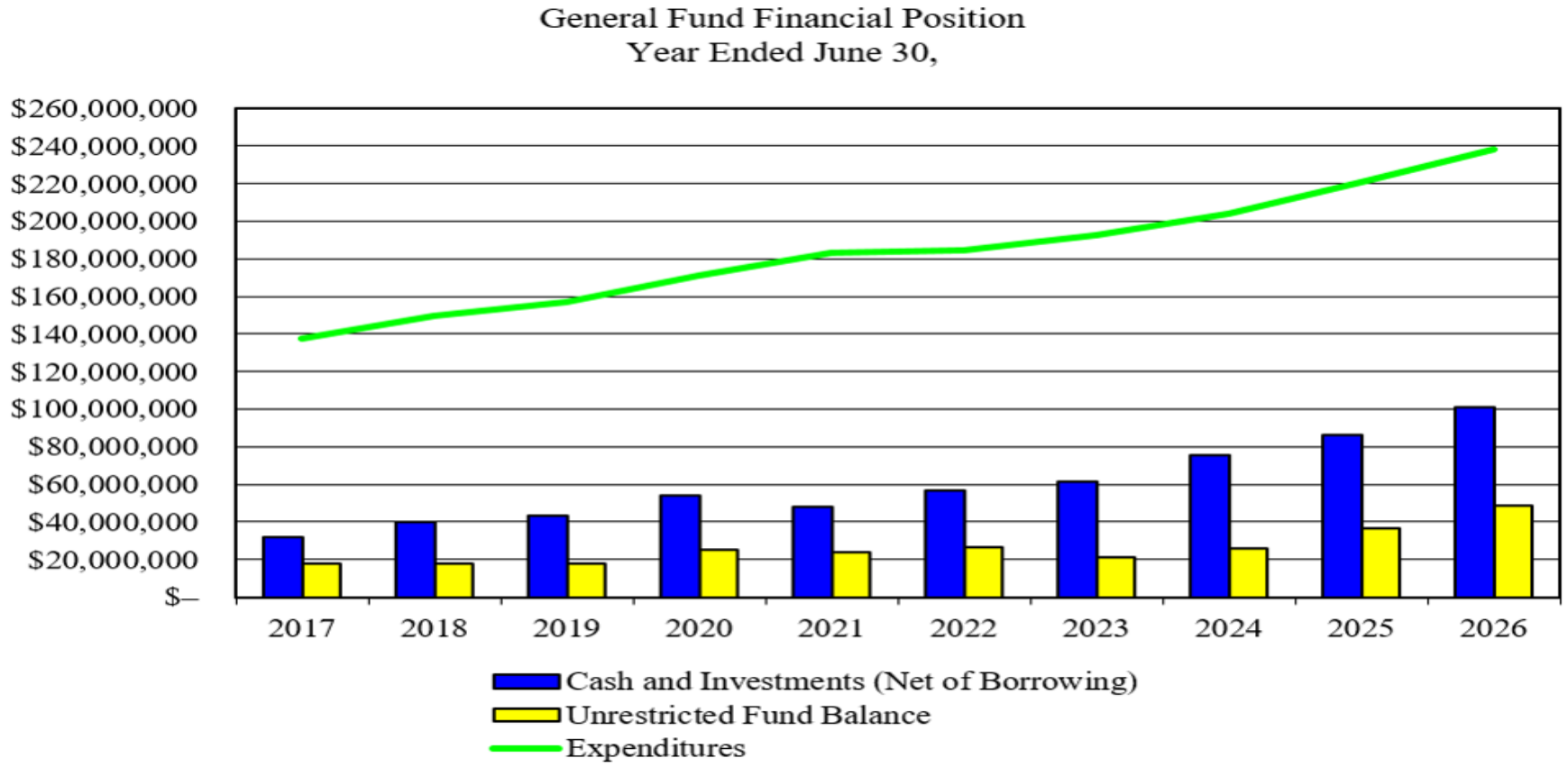
Governmental Funds
Change in Fund Balance

LB | CARLSON

Governmental Funds Change in Fund Balance

	Fund Balances as of June 30, 2026	Fund Balances as of June 30, 2025	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 2,891,097	$ 2,604,367	$ 286,730
Restricted	35,988,071	37,900,377	(1,912,306)
Assigned	10,410,074	11,294,845	(884,771)
Unassigned	38,242,623	25,184,053	13,058,570
Total governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223
Total by fund			
General	$ 72,089,579	$ 63,566,847	$ 8,522,732
Capital Projects – Building Construction	2,562,123	1,734,945	827,178
Debt Service	3,060,656	3,196,153	(135,497)
Nonmajor funds			
Food Service	3,493,846	2,872,975	620,871
Community Service	6,325,661	5,612,722	712,939
Total governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223

General Fund
Financial Position – Trend Analysis



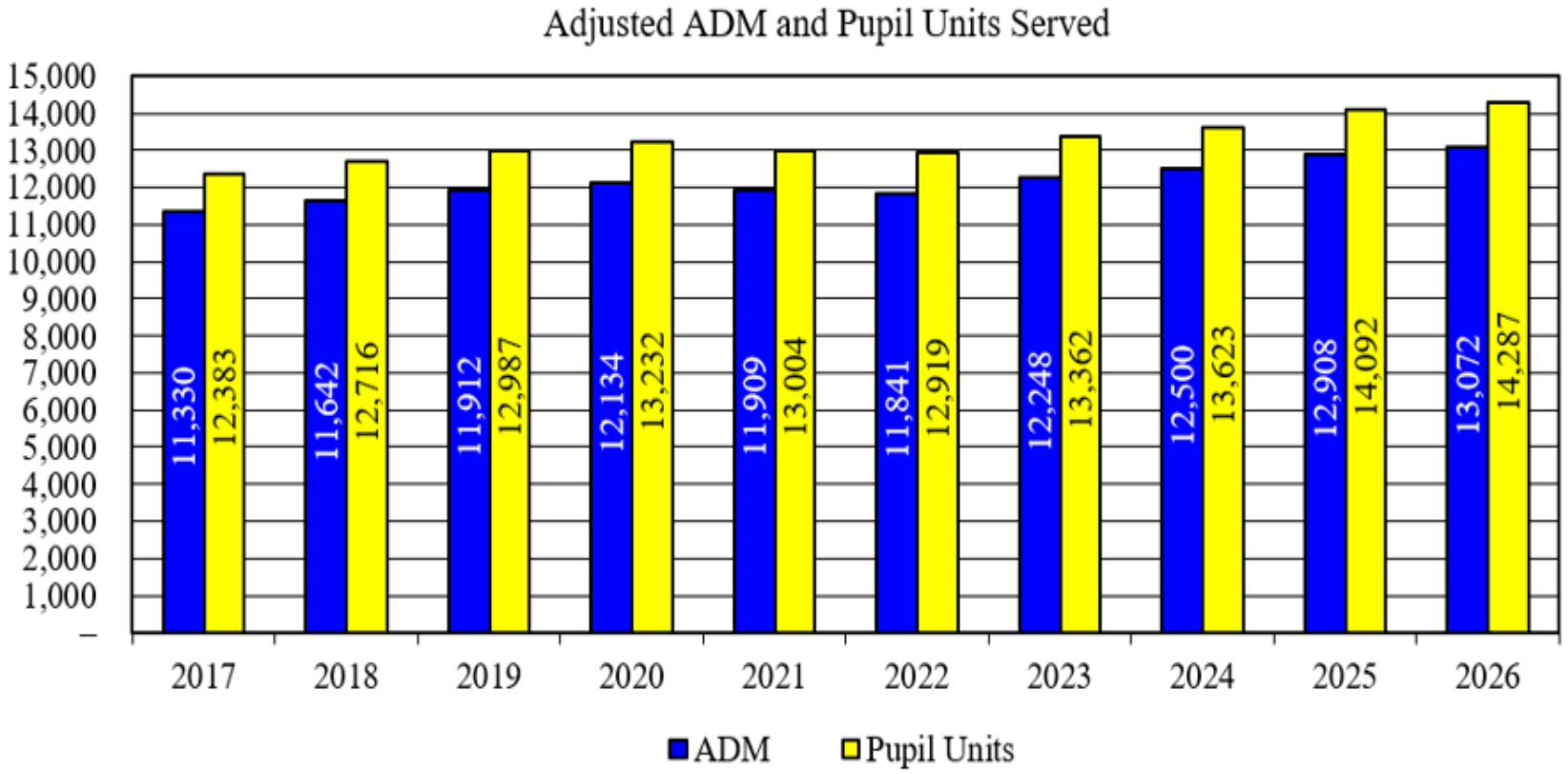
General Fund
Financial Position – Trend Analysis

LB | CARLSON

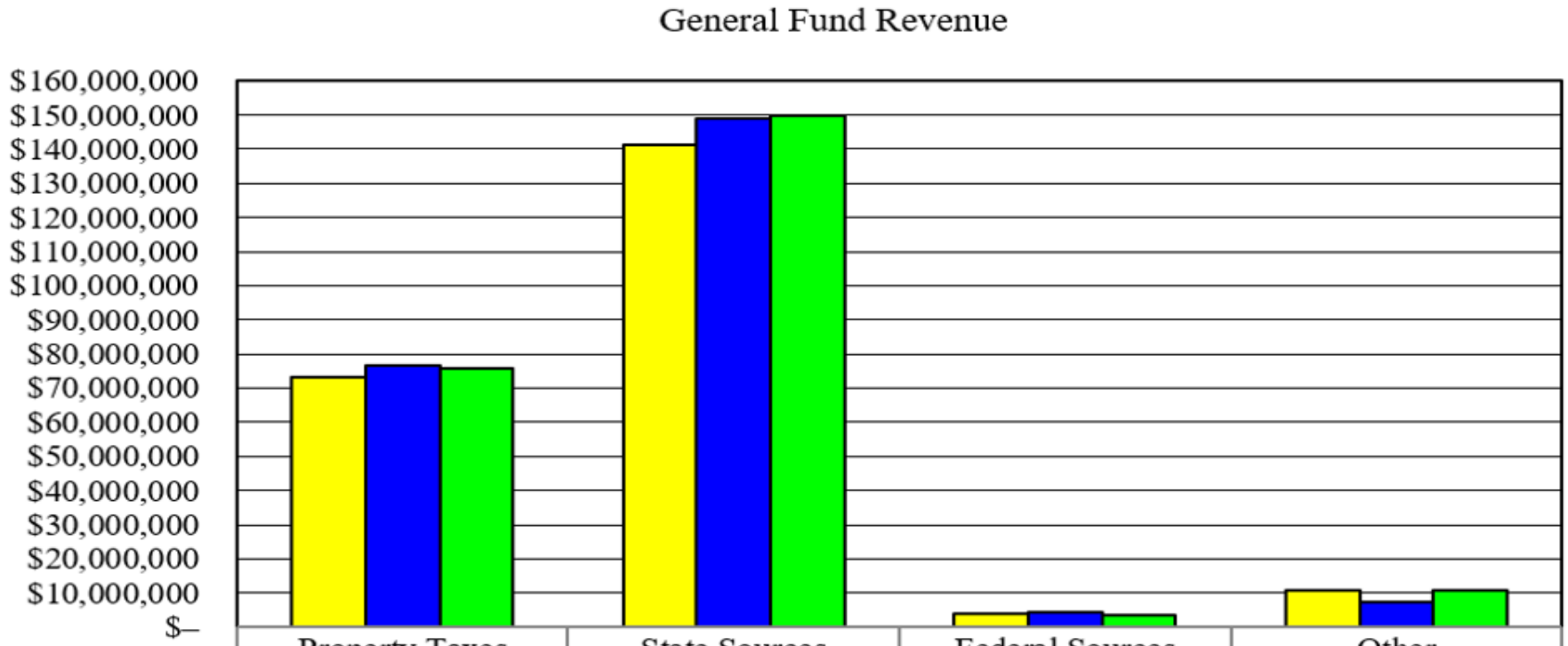
	June 30,				
	2022	2023	2024	2025	2026
Nonspendable fund balances	$ 155,695	$ 196,362	$ 1,512,203	$ 2,395,532	$ 2,567,648
Restricted fund balances (1)	8,513,378	19,675,220	25,528,501	24,692,417	20,869,234
Unrestricted fund balances					
Assigned	11,348,017	8,002,652	8,643,744	11,294,845	10,410,074
Unassigned	15,056,047	13,079,093	16,989,020	25,184,053	38,242,623
Total fund balance	$ 35,073,137	$ 40,953,327	$ 52,673,468	$ 63,566,847	$ 72,089,579
Total expenditures	$ 184,673,419	$ 192,549,651	$ 204,195,230	$ 220,819,691	$ 238,008,293
Unrestricted fund balances as a percentage of expenditures	14.3%	10.9%	12.6%	16.5%	20.4%
Unassigned fund balances as a percentage of expenditures	8.2%	6.8%	8.3%	11.4%	16.1%

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

Adjusted ADM and Pupil Units Served

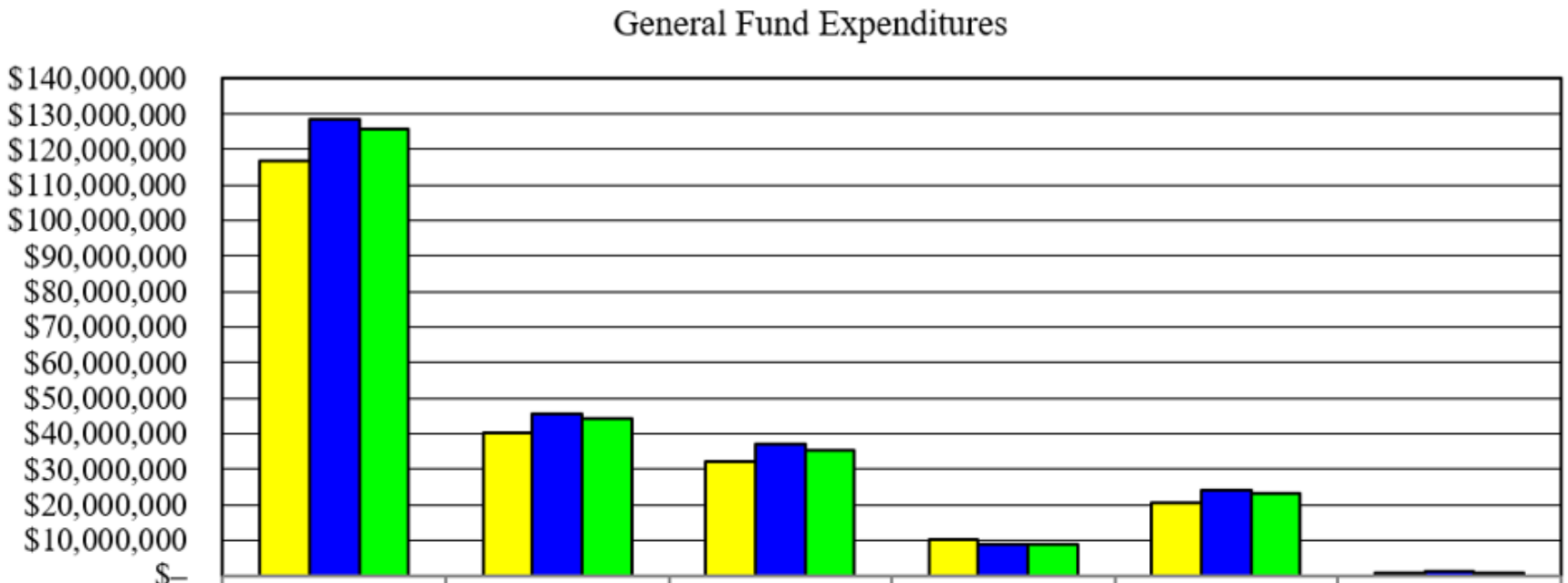


General Fund Revenue



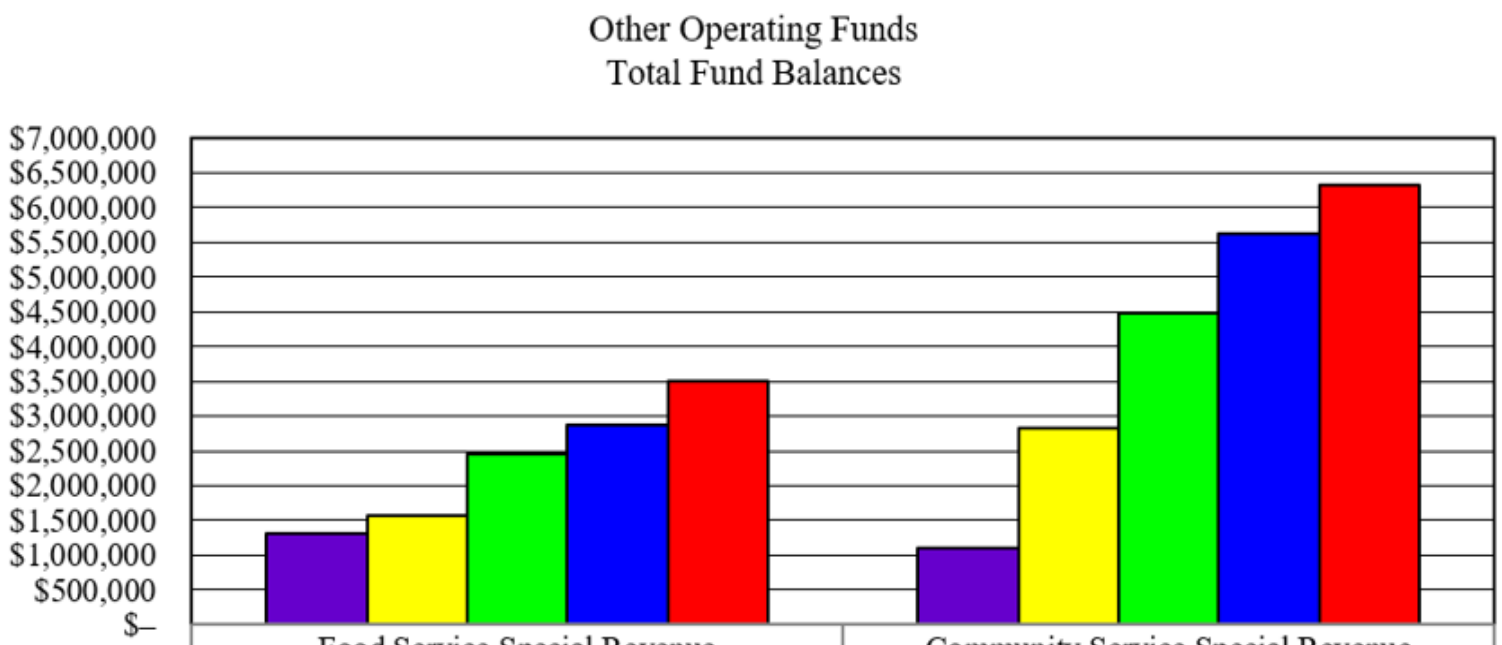
	Property Taxes	State Sources	Federal Sources	Other
Prior Year	$73,105,863	$141,295,127	$3,806,317	$10,584,379
Budget	$76,686,068	$149,078,152	$4,154,907	$7,133,040
Actual	$75,662,388	$149,948,043	$3,554,655	$10,894,517

General Fund Expenditures



	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Expenditures	Other Expenditures
Prior Year	$116,632,347	$40,187,931	$32,127,280	$10,283,228	$20,663,976	$924,929
Budget	$128,414,732	$45,525,473	$36,892,234	$8,879,866	$23,894,923	$1,166,491
Actual	$125,902,215	$44,177,151	$35,112,590	$8,632,874	$23,275,759	$907,704

Other Governmental Funds



	Food Service Special Revenue	Community Service Special Revenue
2022	$1,303,099	$1,103,117
2023	$1,577,572	$2,816,176
2024	$2,456,931	$4,483,247
2025	$2,872,975	$5,612,722
2026	$3,493,846	$6,325,661

Internal Service Funds

	June 30, 2026	June 30, 2025
Operating revenue		
Charges for services	$ 24,830,483	$ 22,665,896
Operating expenses		
Dental benefit claims	1,772,146	1,636,946
Health benefit claims	24,395,013	20,501,973
Early retirement incentive and sick leave benefits	6,915,436	2,789,712
Total operating expenses	33,082,595	24,928,631
Operating income (loss)	(8,252,112)	(2,262,735)
Nonoperating revenue		
Investment earnings	580,677	576,399
Change in net position	(7,671,435)	(1,686,336)
Net position		
Beginning of year	(22,315,855)	(20,629,519)
End of year	$ (29,987,290)	$ (22,315,855)

District-Wide Statement of Net Position

	June 30, 2026	June 30, 2025	Change
Net position – governmental activities			
Total fund balances – governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223
Total capital assets, net of depreciation/amortization	280,325,558	270,343,626	9,981,932
Pension adjustments	(100,345,153)	(106,949,487)	6,604,334
OPEB adjustments	(18,426,262)	(18,835,118)	408,856
Other long-term liabilities/obligations	(190,778,769)	(204,468,210)	13,689,441
Other adjustments	(33,298,377)	(18,540,077)	(14,758,300)
Total net position – governmental activities	$ 25,008,862	$ (1,465,624)	$ 26,474,486
Net position			
Net investment in capital assets	$ 89,943,557	$ 73,031,139	$ 16,912,418
Restricted	31,918,850	34,301,263	(2,382,413)
Unrestricted	(96,853,545)	(108,798,026)	11,944,481
Total net position	$ 25,008,862	$ (1,465,624)	$ 26,474,486

Independent School District No. 284
Wayzata Public Schools, Wayzata, Minnesota

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026



Prepared by WPS Finance & Operations Department

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

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

13305 12th Avenue N.
Plymouth, MN 55441

Prepared by the
Department of Finance and Business Services

Trevor Peterson • Executive Director of Finance and Operations

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INDEPENDENT SCHOOL DISTRICT NO. 284

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SECTION I

INTRODUCTORY SECTION

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WAYZATA PUBLIC SCHOOLS
District Service Center
13305 12th Ave N | Plymouth, MN 55441
763-745-5000 | www.wayzataschools.org

November 19, 2026

To: Citizens of the District
Board of Education
Dr. Robb Virgin, Superintendent of Schools

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 284, Wayzata, Minnesota (the District), for the fiscal year ended June 30, 2026. Responsibility for the entire financial report rests with district management. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

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

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, awards and acknowledgements, and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules, and required supplementary information. The independent auditor's report is also included in the financial section. The notes to basic financial statements are provided to enhance the reader's understanding of the District's accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

ECONOMIC CONDITION AND OUTLOOK

The District is a public educational system serving a 38 square-mile area located in the western portion of Hennepin County, Minnesota. The District is governed by its Board of Education (School Board), who are elected by voters residing within the District's boundaries. The District's boundaries encompass either the entire geographic area or portions of the communities of Corcoran, Maple Grove, Medicine Lake, Medina, Minnetonka, Orono, Plymouth, and Wayzata.

For 2025–2026, district facilities included nine elementary schools, three middle schools, a senior high school, a transition school, a district service center building, a district meeting and training facility, an early learning center, a central services facility, and district warehouse.

Enrollment for the 2025–2026 school year was 13,072 pupils in adjusted average daily membership, which represents an increase of 164 students from the prior year. Demographic forecasts project an increase in enrollment for the next several years. Projected enrollment for the near future per an independent demographer hired by the District is:

Fiscal Year	Enrollment
2027	13,349
2028	13,480
2029	13,610

The tax base of the District increased 2.7 percent during the past year. The market value of all taxable property in the District in fiscal year 2026 was $21,591,051,125 compared to $21,015,136,874 in fiscal year 2025.

The net tax capacity of the District for fiscal year 2026 was $ 246,845,985, an increase of 2.4 percent over the prior year value of $240,984,017.

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

FINANCIAL INFORMATION

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls and segregation of duties. These controls are designed to provide reasonable assurance regarding the safeguarding of district assets and the reliability of financial records used in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits likely to be derived, and that the value of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. The Finance and Business Services Department maintains budgetary control district-wide. The administration and School Board review financial reports on a monthly basis. Annually, the original budget is adopted by the School Board prior to the fiscal year beginning on July 1. The administration presents mid-year budget revision recommendations based upon audited results of the prior year, enrollment changes, the effects of changes to employment contracts, or other new information impacting revenues or expenditures. All revisions to the budget during the fiscal year are also adopted by the School Board.

Users of the District's financial statements are directed to the MD&A report for a more in depth look at the General Fund and other financial information.

DISTRICT FACILITIES

The District's educational facilities consist of 14 buildings originally constructed from 1949 to 2019. Each building has had numerous additions and improvements over the years. Despite the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's long-term facilities maintenance plan. Because of the continual improvement, all educational facilities will effectively serve district operations for many years. During fiscal year 2021, the District opened the Wayzata Early Learning School, an addition to the existing Oakwood Elementary building. In the start of the 2024 school year, Wayzata Public Schools relocated the Wayzata Transition program to the previous District Administration Building to allow for future growth of the program and its students. The District acquired a new building that houses the majority of the District's administration, along with the District Welcome Center, and is a centrally-located building for all administrative staff. The total district square footage for educational facilities is 2,099,969. The District owns four additional buildings for administrative purposes.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balances in recent years. Currently, the General Fund has an unassigned fund balance (excluding restricted account deficits) of approximately $38.2 million, which represents 16.1 percent of total General Fund expenditures, with the School Board policy minimum fund balance of 5.0–7.0 percent of expenditures. The District has an additional $10.4 million of assigned fund balance for specific purposes.

In May 2023, Legislators provided school boards with the authority to renew a voter-approved operating referendum one time for a maximum of 10 years without voter approval. In 2026, voters approved an expiring capital projects levy which is authorized for 10 years. Additionally, voters approved a school building bond in the amount of $465.0 million for the addition of a new elementary school, middle school and an addition to Wayzata High School. Voters also approved a second building bond in the amount of $31.0 million for the construction of an 8-lane swimming and diving pool.

An indicator of continued financial health is the tremendous level of new private investment within the District's boundaries. The City of Plymouth (the City) is the largest municipality within the District. The City's levy payable 2025 total estimated market value was $18,354,452,225 an increase of $612,604,525 from 2024. The increase in total market value between payable 2024 and payable 2025 was 3.5 percent. The City's population increased 29.0 percent from 1990 to 2000; 7.0 percent from 2000 to 2010; and 13.0 percent from 2010 to 2019. As of 2025, the population is estimated at 74,015.

The state's support in the current economic environment, combined with additional local property tax support approved by residents of the District means the District's financial outlook is stable. The District maintained similar staff ratios and programs for fiscal year 2026 that support the District's operational and financial requirements as prescribed by the District's strategic plan. Below are some facts about the 2026–2027 budget:

- Based on a December 2022 Demographic Study and a more recent Demographic Study in the summer of 2024, the District expects the enrollment growth to continue. In fiscal year 2026–2027, district administration projected enrollment at 13,349.
- To maintain and potentially increase the unassigned fund balance within the School Board's parameters of 5.0–7.0 percent, the District budgeted revenues and expenditures based on the best possible enrollment projections.
- For challenges faced due to the pandemic in relation to long-term facilities maintenance (LTFM), a 2023–2024 levy adjustment has been factored into the budget in the amount of approximately $3.9 million. There is a two-year lag on levy adjustments, and this adjustment was directly caused by pandemic-induced global supply chain issues. The 2025–2026 ending restricted fund balance for LTFM is $7.5 million.

Revenues:

- General Fund revenue is projected to increase by approximately $12.9 million to $250.3 million.
- Used enrollment of 13,349 for 2026–2027 which is up from 13,186 used for the 2025–2026 revised budget. This is an increase of 163 students.
- The formula allowance is down from 2.74 percent in 2025–2026 to 2.69 percent in 2026–2027.
- It was projected that levy dollars will increase approximately 5.0 percent with adjustments for 2026–2027.
- Special education cross-subsidy continues at approximately 75.0 percent reimbursement. Despite the additional cross-subsidy aid, costs continue to rise which results in impacts to the unassigned General Fund dollars.

Expenditures:

- General Fund expenditures are expected to increase by approximately $9.8 million to be $251.8 million.
- Salaries for 2026–2027 were budgeted utilizing settled contracts or for contracts not settled at the time, the budgets were built within board parameters.
- The budget included a 7.0 percent increase to health insurance costs as well as a 2.0 percent increase to dental insurance costs.
- Budgeted an overall increase for utilities of 3.0 percent for 2026–2027 based on historical usage reports.
- Budgeted an increase of more than 7.0 percent in special education due to higher projected needs and increases expected into the future along with shifting $1.5 million of costs from federal to state special education.

Construction Projects:

- The District continues to access long-term facilities maintenance pay-as-you-go district levy dollars to make improvements in the areas of deferred maintenance and health and safety. The project costs of approximately $12–$15 million per year are utilized for roof repairs, paving projects, boiler and chiller replacements, windows, doors, painting, flooring, and a variety of other deferred maintenance projects.

OTHER INFORMATION

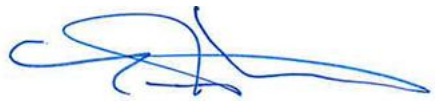
State law requires an annual audit by independent certified public accountants. The accounting firm of LB Carlson, LLP was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2026. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditor's report on the financial statements is included in the financial section of this report. The independent auditor's reports related specifically to the Single Audit will be issued as a separate report, which will be available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International and its Certificate of Excellence in Financial Reporting program. Achieving recognition by this program is a clear indication of the District's establishment of high standards in financial reporting and accountability. The District was awarded the ASBO International Certificate of Excellence in Financial Reporting for its 2025 ACFR, the District's 42nd consecutive year receiving the award. We believe our current report continues to conform to ASBO International's Certificate of Excellence program requirements.

The District's continued commitment to excellent financial stewardship and robust local tax base has resulted in Moody's Investor Services reaffirming the District's Aaa credit rating, which is the highest rating possible. Fewer than 100 public K–12 school districts across the country hold a Aaa rating, underscoring the significance of the achievement.

We acknowledge the efforts of the entire accounting staff in providing complete and accurate data for the fiscal year 2026 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,

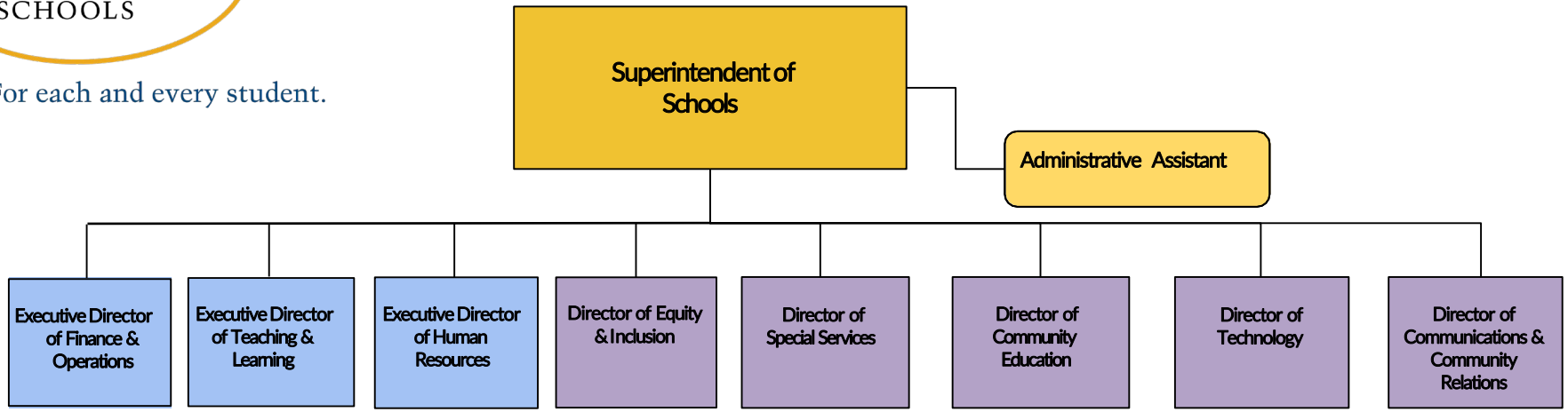


Trevor Peterson
Executive Director of Finance and Operations

WAYZATA PUBLIC SCHOOLS

Excellence. For each and every student.

Wayzata Leadership Organizational Chart 2025-2026



INDEPENDENT SCHOOL DISTRICT NO. 284

School Board and Administration
Year Ended June 30, 2026

SCHOOL BOARD

	Board Position
Dr. Milind Sohoni	Chairperson
Ms. Sheila Prior	Vice Chairperson
Ms. Heidi Kader	Treasurer
Mr. Dan Ginestra	Clerk
Mr. Paras Bhende	Director
Ms. Valentina Eyres	Director
Ms. Alicia Liddle	Director

ADMINISTRATION

Dr. Chace B. Anderson	Superintendent
Mr. Trevor Peterson	Executive Director of Finance and Operations
Ms. Dana Kauzlarich Miller	Executive Director of Teaching and Learning
Mr. Dave Lutz	Executive Director of Human Resources
Mr. Jack Stearns	Director of Finance

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Independent School District #284

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

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

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

SECTION II

FINANCIAL SECTION

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LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 284
Wayzata, 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. 284 (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)

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763.535.8150 I www.lbcarlson.com

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2025 financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 20, 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 19, 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 19, 2026

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This purpose of this Management's Discussion and Analysis (MD&A) is to help the citizens, taxpayers, and other stakeholders of Independent School District No. 284's (the District) understand what the basic financial statements in this Annual Comprehensive Financial Report (ACFR) say about the District's financial health as of the current year-end and why it changed since last year. It contains information drawn from the basic financial statements, with accompanying explanations provided by management based on its knowledge of the District's finances. We encourage readers to consider the information presented here in conjunction with the other components of the District's ACFR, including the letter of transmittal located in the introductory section.

If you have questions about this report, or need additional financial information, contact the District's Finance and Operations Department at 763-745-5000.

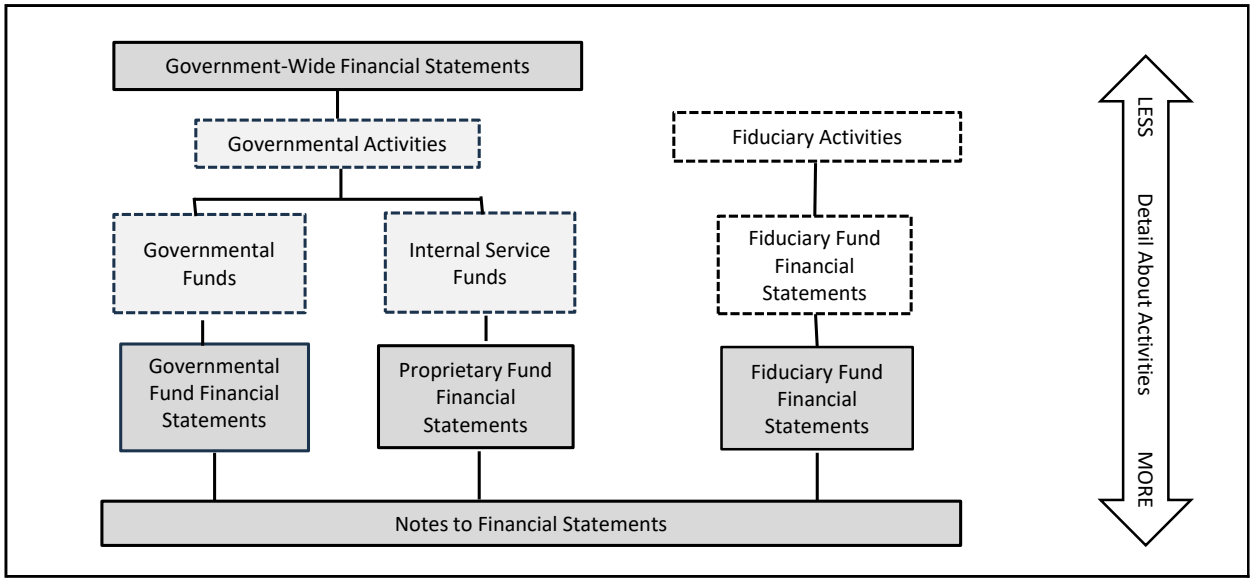
OVERVIEW OF THE FINANCIAL STATEMENTS

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 internal service funds to account for its self-insured dental and medical benefits activities, various early retirement benefit packages for employee groups, and various other employee benefits. These services are included within governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary fund financial statements report resources held for others for which the District acts as a trustee or custodian, including the District's Post-Employment Benefits Trust Fund. The resources in fiduciary funds do not belong to the District and cannot be used to support the basic services it provides, which is why they are excluded from the government-wide financial statements.

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

TYPES OF INFORMATION IN THE BASIC FINANCIAL STATEMENTS

Figure B – Information Reported in the Basic Financial Statements

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

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

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

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

ANALYSIS OF THE DISTRICT'S FINANCES

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

Table 1
Summary Statement of Net Position
as of June 30, 2026 and 2025

	Governmental Activities		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 207,570,456	$ 188,067,539	10.4 %
Capital assets, net	280,325,558	270,343,626	3.7 %
Total assets	$ 487,896,014	$ 458,411,165	6.4 %
Deferred outflows of resources	$ 30,680,667	$ 34,146,012	(10.1) %
Liabilities			
Current and other liabilities	$ 19,408,743	$ 14,619,693	32.8 %
Long-term liabilities	314,521,543	332,293,285	(5.3) %
Total liabilities	$ 333,930,286	$ 346,912,978	(3.7) %
Deferred inflows of resources	$ 159,637,533	$ 147,109,823	8.5 %
Net position			
Net investment in capital assets	$ 89,943,557	$ 73,031,139	23.2 %
Restricted	31,918,850	34,301,263	(6.9) %
Unrestricted	(96,853,545)	(108,798,026)	11.0 %
Total net position	$ 25,008,862	$ (1,465,624)	1,806.4 %

Current and other assets were higher than last year, with increases in cash and temporary investments resulting from the District's positive operations in the current year. Capital assets and current and other liabilities increased with ongoing construction at district sites during fiscal year 2026. Scheduled payments on outstanding debt financing and a current year refunding transaction reduced 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 $26,474,486 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 over the prior year in several areas including amounts restricted for capital asset acquisition and other state funding restrictions. The change in unrestricted net position was largely due to the changes in the District's proportionate share of the state-wide pension plans and the financial operations of the General Fund, discussed later.

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

Table 2
Change in Net Position
for the Years Ended June 30, 2026 and 2025

	2026	2025	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 18,464,403	$ 17,268,260	6.9 %
Operating grants and contributions	48,888,940	44,026,042	11.0
Capital grants and contributions	631,448	927,553	(31.9)
General revenues			
Property taxes	96,472,254	92,862,413	3.9
General grants and aids	115,202,426	113,494,826	1.5
Other	3,148,032	2,944,173	6.9
Investment earnings	4,977,598	4,921,382	1.1
Total revenues	287,785,101	276,444,649	4.1
Expenses			
Administration	7,220,108	6,144,869	17.5
District support services	7,561,308	6,691,641	13.0
Elementary and secondary regular instruction	99,976,596	94,427,907	5.9
Vocational education instruction	3,589,051	3,249,525	10.4
Special education instruction	34,466,006	31,295,269	10.1
Instructional support services	25,384,594	23,694,920	7.1
Pupil support services	23,338,591	22,959,676	1.7
Sites and buildings	27,445,413	23,642,017	16.1
Fiscal and other fixed cost programs	1,158,364	1,168,455	(0.9)
Food service	10,497,233	10,052,430	4.4
Community service	15,756,122	14,157,930	11.3
Interest and fiscal charges on debt	4,917,229	5,491,245	(10.5)
Total expenses	261,310,615	242,975,884	7.5
Change in net position	26,474,486	33,468,765	(20.9)
Net position – beginning	(1,465,624)	(34,934,389)	95.8
Net position – ending	$ 25,008,862	$ (1,465,624)	1,806.4

Governmental activities revenues exceeded expenses in the current year, resulting in an increase of $26,474,486 in total net position. Revenues and expenses were both higher than the prior year, with revenues increasing by $11,340,452 (4.1 percent) and expenses increasing by $18,334,731 (7.5 percent).

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

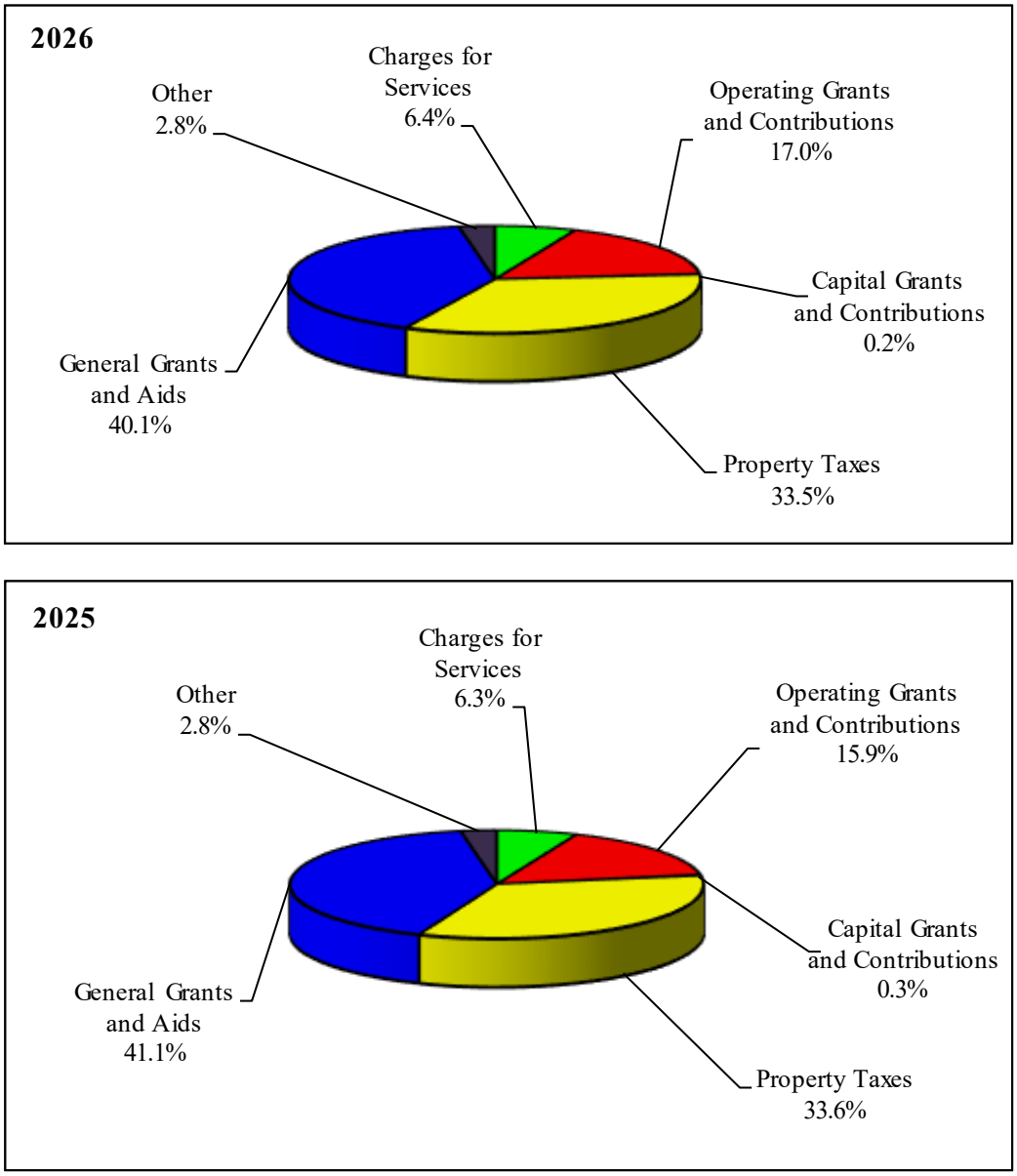
Revenues

- An increase of 4.3 percent in the property tax levy for general, community service, and debt service operations.
- Charges for services were up with additional community service programming and participation.
- Operating grants and contributions and general grants and aids were both up in the current year with increased state funding for special education, an increase in the basic funding formula, and increased enrollment in the current year.

Expenses

- Contractual improvements negotiated for salaries and related benefits increased spending across most programs as seen in the previous table.
- Pension expense was down with changes in the District's proportionate share of the PERA and the TRA state-wide pension plans.
- Elementary and secondary regular instruction and special education instruction increased primarily in salaries and related benefits with increased staffing in the current year due to higher enrollment.
- Spending in sites and buildings increased with more non-capitalizable long-term facilities maintenance projects completed compared to the prior year.

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

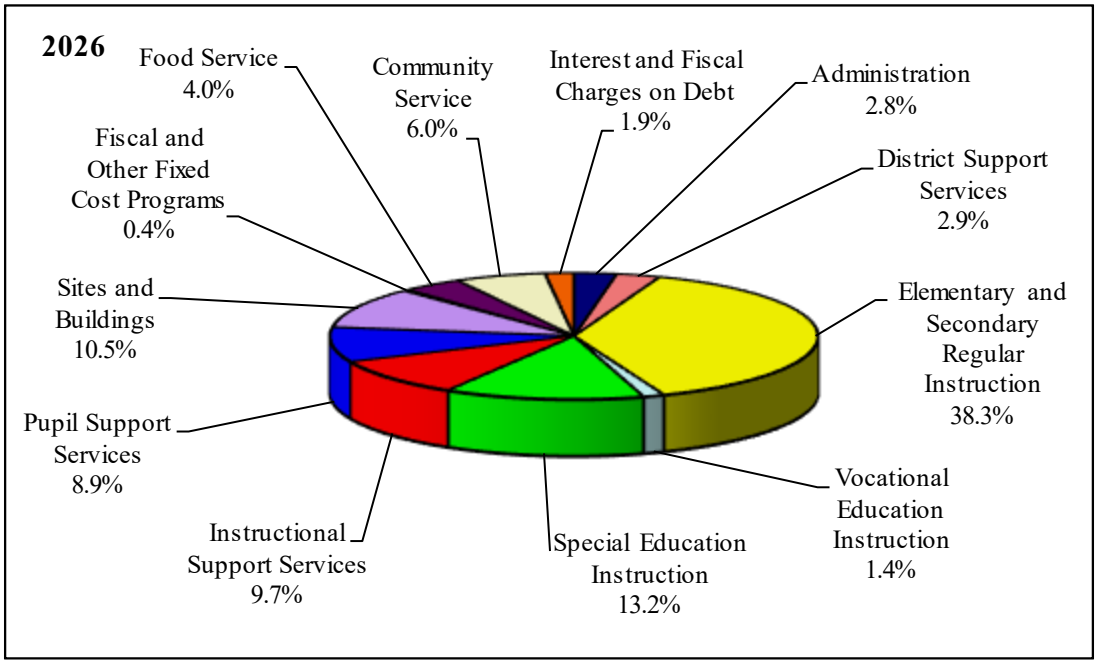


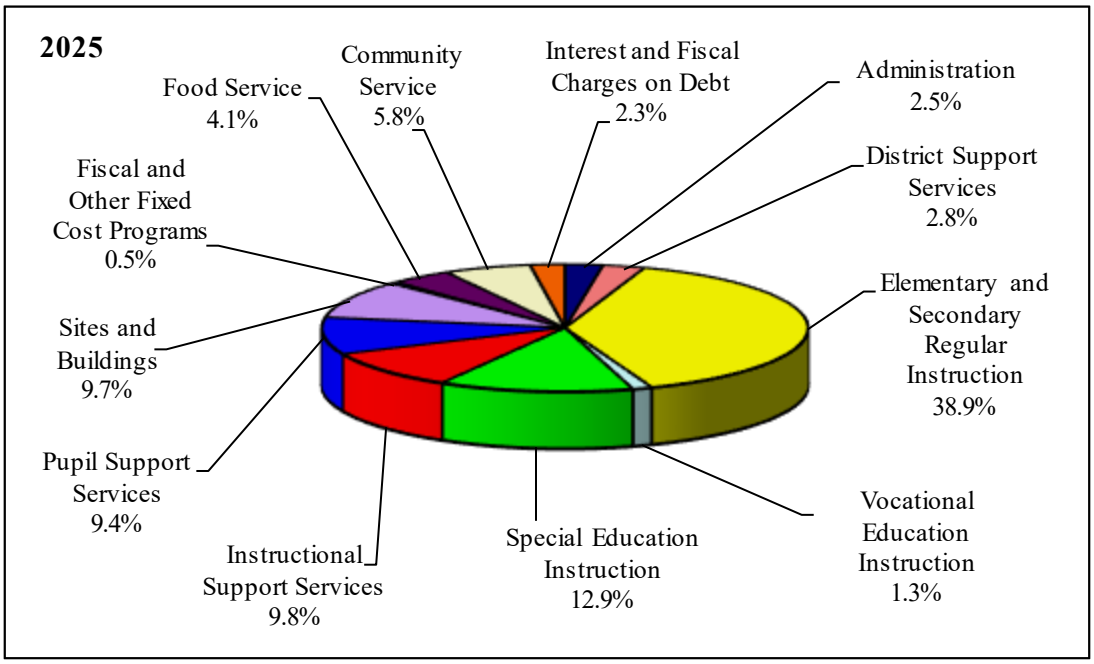
The largest share of the District's revenue is received from the state, including the majority of both the general grants and aids and the operating grants and contributions as shown in Figure C above.

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.

As seen in the above graphs, the split of revenues by source remained consistent between the two fiscal years shown.

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

Table 3
Governmental Fund Balances
as of June 30, 2026 and 2025

	2026	2025	Change
Major funds			
General	$ 72,089,579	$ 63,566,847	$ 8,522,732
Capital Projects – Building Construction	2,562,123	1,734,945	827,178
Debt Service	3,060,656	3,196,153	(135,497)
Nonmajor funds	9,819,507	8,485,697	1,333,810
Total governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223

At June 30, 2026, the District's governmental funds reported combined fund balances of $87,531,865, an increase of $10,548,223 in comparison with the prior year. Current year activity in the General Fund was the driving factor for the overall increase.

Unassigned fund balance at year-end was $38,242,623, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – $2,891,097, 2) externally restricted for particular purposes – $35,988,071, 3) internally assigned for particular purposes – $10,410,074.

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

Table 4
Revenues, Expenditures, and Changes in Fund Balances – Major Governmental Funds
for the Years Ended June 30, 2026 and 2025

	General Fund		Capital Projects – Building Construction Fund		Debt Service Fund	
	2026	2025	2026	2025	2026	2025
Total revenues	$ 240,059,603	$ 228,791,686	$ 230,592	$ 164,740	$ 18,408,970	$ 17,559,248
Total expenditures	238,008,293	220,819,691	5,479,340	2,570,102	19,055,574	17,508,975
Excess (deficiency) of revenues over expenditures	2,051,310	7,971,995	(5,248,748)	(2,405,362)	(646,604)	50,273
Other financing sources (uses)						
Debt issued	6,032,573	2,710,901	5,500,000	–	32,470,000	–
Premium on debt issued	–	–	575,926	–	3,401,000	–
Sale of assets	429,646	200,483	–	–	–	–
Insurance recovery	9,203	10,000	–	–	–	–
Payment on refunded debt	–	–	–	–	(35,359,893)	–
Total other financing sources (uses)	6,471,422	2,921,384	6,075,926	–	511,107	–
Net change in fund balances	$ 8,522,732	$ 10,893,379	$ 827,178	$ (2,405,362)	$ (135,497)	$ 50,273

General Fund

The total fund balances of the General Fund increased by $8,522,732 during the current year. General Fund revenues were $11,267,917 higher than the prior year in total, mainly from increased state aids for special education and general education. General Fund expenditures were $17,188,602 higher than the previous year. The majority of the overall increase was due to increased salary and benefit costs for instructional programs and increased purchased services and capital expenditures for long-term facilities maintenance projects.

Capital Projects – Building Construction Fund

The total fund balances of the Capital Projects – Building Construction Fund increased by $827,178 during the current year, mainly due to debt proceeds exceeding capital project spending. Revenues were $65,852 higher than the prior year due to higher investment earnings. Expenditures increased $2,909,238 compared to the prior year due to an increase in capital project activity related to the issuance of general obligation capital facilities bonds in the current year.

Debt Service Fund

Debt Service Fund expenditures and other financing uses exceeded revenues and other financing sources by $135,497, decreasing fund balance to $3,060,656 at year-end. Revenues increased by $849,722 compared to last year, and expenditures increased by $1,546,599, both due to recent bond issues, which resulted in additional scheduled debt levies along with higher principal and interest costs. The District issued $32,470,000 of refunding bonds that were used to refund outstanding debt in the current year in order to reduce future debt service costs for district taxpayers.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The total carrying value – original cost minus accumulated depreciation/amortization – of the District's governmental activities capital asset was $280,325,558 at year-end, which represents a net increase of $9,981,932, or 3.7 percent, from the previous year-end.

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

Table 5
Capital Assets
as of June 30, 2026 and 2025

	2026	2025	Change
Land	$ 34,829,012	$ 34,503,312	$ 325,700
Construction in progress	9,730,601	8,274,989	1,455,612
Land improvements	11,295,043	11,295,043	–
Buildings and improvements	391,820,858	376,667,670	15,153,188
Buildings and improvements – lease	1,778,823	1,394,650	384,173
Equipment and transportation vehicles	32,839,364	27,396,659	5,442,705
Equipment and transportation vehicles – lease	1,282,557	–	1,282,557
Food service equipment	2,211,980	2,148,630	63,350
Technology subscriptions	805,040	630,458	174,582
Less accumulated depreciation/amortization	(206,267,720)	(191,967,785)	(14,299,935)
Total	$ 280,325,558	$ 270,343,626	$ 9,981,932
Depreciation/amortization expense	$ 14,299,935	$ 14,078,479	$ 221,456

Most of the activity in capital assets is related to ongoing capital spending in the Capital Projects – Building Construction Fund and General Fund for the District's long-term capital and facilities maintenance program. The majority of the increase was due to improvements at various district sites during fiscal year 2026.

Long-Term Financing Activity

The District's outstanding bonds and other long-term financing agreements totaled $221,953,597 at year-end, a decrease of $9,093,410, or 3.9 percent, from the previous year-end. Table 6 shows the components of the District's long-term financing liabilities and the change from the prior year:

Table 6
Outstanding Bonds and Other Long-Term Financing Agreements
as of June 30, 2026 and 2025

	2026	2025	Change
General obligation bonds payable	$ 159,805,000	$ 175,465,000	$ (15,660,000)
Certificates of participation payable	14,655,000	16,100,000	(1,445,000)
Unamortized premium	7,025,225	7,007,355	17,870
Finance purchase payable	6,266,435	4,388,438	1,877,997
Lease liability	2,677,925	1,201,815	1,476,110
Technology subscription liability	349,184	305,602	43,582
Net OPEB liability	689,321	1,758,413	(1,069,092)
Compensated absences payable	30,485,507	24,820,384	5,665,123
Total	$ 221,953,597	$ 231,047,007	$ (9,093,410)

The overall decrease in long-term liabilities was due to scheduled debt service payments and a current refunding transaction exceeding new debt issued during the year. Principal payments on outstanding debt totaled $17,699,884 during the year and the current refunding transaction reduced the outstanding debt by $40,010,000.

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	$ 21,591,051,125
Limit rate	15.0%
Legal debt limit	$ 3,238,657,669

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 13,071 students. The District continues to analyze enrollment projections to ensure a proper planning of revenues and facility needs.

3) The budget accounts for variable future financial obligations. These include potential contract settlements, projected professional services, and infrastructure operation and maintenance costs.

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.

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BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 132,185,157	$ 116,922,150
Cash and investments held by trustee	4,980	4,557
Receivables		
Current taxes	51,337,073	47,329,137
Delinquent taxes	584,798	550,271
Accounts and interest receivable	320,348	207,121
Due from other governmental units	16,780,210	18,036,931
Due from post-employment benefits trust	2,944,765	1,882,822
Lease	522,028	530,183
Inventory	402,284	326,907
Prepaid items	2,488,813	2,277,460
Capital assets		
Not depreciated/amortized	44,559,613	42,778,301
Depreciated, net of accumulated depreciation/amortization	235,765,945	227,565,325
Total capital assets, net of accumulated depreciation and amortization	280,325,558	270,343,626
Total assets	487,896,014	458,411,165
Deferred outflows of resources		
Deferred charge on refunding	4,927,980	5,420,778
Pension plan deferments	23,992,887	26,830,115
OPEB plan deferments	1,759,800	1,895,119
Total deferred outflows of resources	30,680,667	34,146,012
Total assets and deferred outflows of resources	$ 518,576,681	$ 492,557,177
Liabilities		
Salaries payable	$ 816,138	$ 762,573
Accounts and contracts payable	13,333,566	8,426,580
Accrued interest payable	2,018,930	2,188,215
Due to other governmental units	173,080	112,554
Unearned revenue	1,704,780	1,812,854
Claims incurred, but not reported	1,362,249	1,316,917
Long-term liabilities		
Due within one year	22,382,675	21,810,740
Due in more than one year	292,138,868	310,482,545
Total long-term liabilities	314,521,543	332,293,285
Total liabilities	333,930,286	346,912,978
Deferred inflows of resources		
Property taxes levied for subsequent year	97,719,431	92,016,912
Lease revenue for subsequent years	522,028	530,183
Deferred charge on refunding	7,093,335	–
Pension plan deferments	34,805,998	35,590,904
OPEB plan deferments	19,496,741	18,971,824
Total deferred inflows of resources	159,637,533	147,109,823
Net position		
Net investment in capital assets	89,943,557	73,031,139
Restricted for		
Capital asset acquisition	19,445,560	22,459,586
Debt service	1,210,764	1,110,928
Food service	3,493,846	2,872,975
Community service	6,345,006	5,624,943
Other purposes (state funding restrictions)	1,423,674	2,232,831
Unrestricted	(96,853,545)	(108,798,026)
Total net position	25,008,862	(1,465,624)
Total liabilities, deferred inflows of resources, and net position	$ 518,576,681	$ 492,557,177

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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 Program Revenues: Capital Grants and Contributions
Governmental activities				
Administration	$ 7,220,108	$ 27,085	$ –	$ –
District support services	7,561,308	–	–	60,560
Elementary and secondary regular instruction	99,976,596	2,190,582	4,549,528	170,534
Vocational education instruction	3,589,051	–	70,183	–
Special education instruction	34,466,006	954,018	32,128,134	–
Instructional support services	25,384,594	8,690	–	9,533
Pupil support services	23,338,591	33,340	614,398	–
Sites and buildings	27,445,413	805,290	–	390,821
Fiscal and other fixed cost programs	1,158,364	–	–	–
Food service	10,497,233	1,437,425	9,636,120	–
Community service	15,756,122	13,007,973	1,890,577	–
Interest and fiscal charges	4,917,229	–	–	–
Total governmental activities	$ 261,310,615	$ 18,464,403	$ 48,888,940	$ 631,448
General revenue				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for community service				
Property taxes, levied for debt service				
General grants and aids				
Other general revenues				
Investment earnings				
Total general revenues				
Change in net position				
Net position – beginning				
Net position – ending				

See notes to basic financial statements

	2025
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
$ (7,193,023)	$ (6,120,286)
(7,500,748)	(6,628,328)
(93,065,952)	(86,811,441)
(3,518,868)	(3,190,431)
(1,383,854)	(3,204,157)
(25,366,371)	(23,664,254)
(22,690,853)	(21,681,584)
(26,249,302)	(22,813,846)
(1,158,364)	(1,168,455)
576,312	482,255
(857,572)	(462,257)
(4,917,229)	(5,491,245)
(193,325,824)	(180,754,029)
75,919,199	73,261,327
2,089,506	2,007,800
18,463,549	17,593,286
115,202,426	113,494,826
3,148,032	2,944,173
4,977,598	4,921,382
219,800,310	214,222,794
26,474,486	33,468,765
(1,465,624)	(34,934,389)
$ 25,008,862	$ (1,465,624)

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 91,524,390	$ 3,292,064	$ 13,107,211
Cash and investments held by trustee	–	4,980	–
Receivables			
Current taxes	40,134,473	–	10,077,160
Delinquent taxes	458,856	–	112,913
Accounts and interest	286,327	–	–
Due from other governmental units	16,521,458	–	1,146
Due from other funds	9,223,990	–	–
Lease	522,028	–	–
Inventory	114,412	–	–
Prepaid items	2,453,236	–	–
Total assets	$ 161,239,170	$ 3,297,044	$ 23,298,430
Liabilities			
Salaries payable	$ 297,346	$ –	$ –
Accounts and contracts payable	11,194,417	734,921	–
Due to other governmental units	172,958	–	–
Unearned revenue	868,653	–	–
Total liabilities	12,533,374	734,921	–
Deferred inflows of resources			
Property taxes levied for subsequent year	75,409,374	–	20,068,736
Lease revenue for subsequent years	522,028	–	–
Unavailable revenue – delinquent taxes	684,815	–	169,038
Total deferred inflows of resources	76,616,217	–	20,237,774
Fund balances			
Nonspendable	2,567,648	–	–
Restricted	20,869,234	2,562,123	3,060,656
Assigned	10,410,074	–	–
Unassigned	38,242,623	–	–
Total fund balances	72,089,579	2,562,123	3,060,656
Total liabilities, deferred inflows of resources, and fund balances	$ 161,239,170	$ 3,297,044	$ 23,298,430

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 12,272,508	$ 120,196,173	$ 105,630,645
–	4,980	4,557
1,125,440	51,337,073	47,329,137
13,029	584,798	550,271
33,421	319,748	156,866
257,606	16,780,210	18,036,931
–	9,223,990	6,329,757
–	522,028	530,183
287,872	402,284	326,907
35,577	2,488,813	2,277,460
$ 14,025,453	$ 201,860,097	$ 181,172,714
$ 518,792	$ 816,138	$ 762,573
590,239	12,519,577	8,410,781
122	173,080	112,554
836,127	1,704,780	1,812,854
1,945,280	15,213,575	11,098,762
2,241,321	97,719,431	92,016,912
–	522,028	530,183
19,345	873,198	543,215
2,260,666	99,114,657	93,090,310
323,449	2,891,097	2,604,367
9,496,058	35,988,071	37,900,377
–	10,410,074	11,294,845
–	38,242,623	25,184,053
9,819,507	87,531,865	76,983,642
$ 14,025,453	$ 201,860,097	$ 181,172,714

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INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 87,531,865	$ 76,983,642
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	486,593,278	462,311,411
Accumulated depreciation/amortization	(206,267,720)	(191,967,785)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds payable	(159,805,000)	(175,465,000)
Certificates of participation payable	(14,655,000)	(16,100,000)
Unamortized premium	(7,025,225)	(7,007,355)
Finance purchase payable	(6,266,435)	(4,388,438)
Lease liability	(2,677,925)	(1,201,815)
Technology subscription liability	(349,184)	(305,602)
Net pension liability	(89,395,555)	(98,032,826)
Net OPEB liability	(689,321)	(1,758,413)
Internal service funds are used 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.	(29,987,290)	(22,315,855)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,018,930)	(2,188,215)
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 – deferred charge on refunding	4,927,980	5,420,778
Deferred outflows of resources – pension plan deferments	23,690,002	26,453,351
Deferred outflows of resources – OPEB plan deferments	1,759,800	1,895,119
Deferred inflows of resources – deferred charge on refunding	(7,093,335)	–
Deferred inflows of resources – pension plan deferments	(34,639,600)	(35,370,012)
Deferred inflows of resources – OPEB plan deferments	(19,496,741)	(18,971,824)
Deferred inflows of resources – delinquent property taxes	873,198	543,215
Total net position – governmental activities	$ 25,008,862	$ (1,465,624)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 75,662,388	$ –	$ 18,397,501
Investment earnings	4,166,329	230,592	–
Other	6,728,188	–	–
State sources	149,948,043	–	11,469
Federal sources	3,554,655	–	–
Total revenue	240,059,603	230,592	18,408,970
Expenditures			
Current			
Administration	6,153,648	–	–
District support services	6,665,858	–	–
Elementary and secondary regular instruction	96,535,039	–	–
Vocational education instruction	3,655,064	–	–
Special education instruction	34,855,866	–	–
Instructional support services	28,029,613	–	–
Pupil support services	25,307,045	–	–
Sites and buildings	30,975,586	–	–
Fiscal and other fixed cost programs	1,158,364	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	5,397,696	–
Debt service			
Principal	4,079,884	–	13,620,000
Interest and fiscal charges	592,326	81,644	5,435,574
Total expenditures	238,008,293	5,479,340	19,055,574
Excess (deficiency) of revenue over expenditures	2,051,310	(5,248,748)	(646,604)
Other financing sources (uses)			
Debt issued	6,032,573	5,500,000	–
Refunding debt issued	–	–	32,470,000
Premium on debt issued	–	575,926	3,401,000
Payment on refunded debt	–	–	(35,359,893)
Sale of assets	429,646	–	–
Insurance recovery	9,203	–	–
Total other financing sources (uses)	6,471,422	6,075,926	511,107
Net change in fund balances	8,522,732	827,178	(135,497)
Fund balances			
Beginning of year	63,566,847	1,734,945	3,196,153
End of year	$ 72,089,579	$ 2,562,123	$ 3,060,656

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2026	2025
$ 2,082,382	$ 96,142,271	$ 92,658,271
–	4,396,921	4,344,983
14,445,398	21,173,586	20,001,950
8,569,511	158,529,023	149,187,077
2,957,186	6,511,841	6,556,579
28,054,477	286,753,642	272,748,860
–	6,153,648	6,032,503
–	6,665,858	6,622,139
–	96,535,039	91,328,501
–	3,655,064	3,256,484
–	34,855,866	31,398,295
–	28,029,613	23,775,188
–	25,307,045	23,807,631
–	30,975,586	29,055,458
–	1,158,364	1,168,455
10,343,678	10,343,678	9,835,595
16,172,226	16,172,226	14,512,875
204,763	5,602,459	2,915,926
–	17,699,884	15,968,381
–	6,109,544	5,909,004
26,720,667	289,263,874	265,586,435
1,333,810	(2,510,232)	7,162,425
–	11,532,573	2,710,901
–	32,470,000	–
–	3,976,926	–
–	(35,359,893)	–
–	429,646	200,483
–	9,203	10,000
–	13,058,455	2,921,384
1,333,810	10,548,223	10,083,809
8,485,697	76,983,642	66,899,833
$ 9,819,507	$ 87,531,865	$ 76,983,642

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INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 10,548,223	$ 10,083,809
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	24,281,867	19,664,692
Depreciation/amortization expense	(14,299,935)	(14,078,479)
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.		
General obligation bonds payable	(5,500,000)	–
Refunding general obligation bonds payable	(32,470,000)	–
Finance purchase payable	(4,191,261)	(1,409,436)
Lease liability	(1,666,730)	(914,220)
Technology subscription liability	(174,582)	(387,245)
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.	(7,671,435)	(1,686,336)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	53,630,000	12,235,000
Certificates of participation payable	1,445,000	1,400,000
Finance purchase payable	2,313,264	2,012,688
Lease liability	190,620	120,562
Technology subscription liability	131,000	200,131
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.	169,285	251,105
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.	(17,870)	659,452
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	8,637,271	34,255,025
Net OPEB liability	1,069,092	10,224,289
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 – deferred charge on refunding	(492,798)	(492,798)
Deferred outflows of resources – pension plan deferments	(2,763,349)	(5,529,003)
Deferred outflows of resources – OPEB plan deferments	(135,319)	(561,922)
Deferred inflows of resources – deferred charge on refunding	(7,093,335)	–
Deferred inflows of resources – pension plan deferments	730,412	(24,204,217)
Deferred inflows of resources – OPEB plan deferments	(524,917)	(8,578,474)
Deferred inflows of resources – delinquent property taxes	329,983	204,142
Change in net position – governmental activities	$ 26,474,486	$ 33,468,765

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Current assets		
Investments	$ 11,988,984	$ 11,291,505
Receivables		
Accounts and interest	600	50,255
Due from other funds	2,944,765	1,882,822
Total current assets	14,934,349	13,224,582
Deferred outflows of resources		
Pension plan deferments	302,885	376,764
Liabilities		
Current liabilities		
Accounts and contracts payable	813,989	15,799
Due to other funds	9,223,990	6,329,757
Claims incurred, but not reported	1,362,249	1,316,917
Compensated absences payable	3,747,905	3,921,704
Total pension liability	361,850	989,959
Total current liabilities	15,509,983	12,574,136
Long-term liabilities		
Compensated absences payable	26,737,602	20,898,680
Total pension liability	2,810,541	2,223,493
Total long-term liabilities	29,548,143	23,122,173
Total liabilities	45,058,126	35,696,309
Deferred inflows of resources		
Pension plan deferments	166,398	220,892
Net position		
Unrestricted	$ (29,987,290)	$ (22,315,855)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Operating revenue		
Charges for services	$ 24,830,483	$ 22,665,896
Operating expenses		
Dental benefit claims	1,772,146	1,636,946
Health benefit claims	24,395,013	20,501,973
Early retirement incentive and sick leave benefits	6,915,436	2,789,712
Total operating expenses	33,082,595	24,928,631
Operating income (loss)	(8,252,112)	(2,262,735)
Other nonoperating revenue		
Investment earnings	580,677	576,399
Change in net position	(7,671,435)	(1,686,336)
Net position		
Beginning of year	(22,315,855)	(20,629,519)
End of year	$ (29,987,290)	$ (22,315,855)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Cash flows from operating activities		
Charges for services	$ 23,818,195	$ 24,296,363
Payments for health and dental claims	(26,120,628)	(22,297,327)
Payments for retirement benefits	(474,998)	(1,218,835)
Net cash flows from operating activities	(2,777,431)	780,201
Cash flows from noncapital financing activities		
Cash received from other funds	2,894,233	1,218,835
Cash paid to other funds	–	(1,999,036)
Purchase of investments	(116,802)	–
Net cash flows from noncapital financing activities	2,777,431	(780,201)
Net change in cash and cash equivalents	–	–
Cash and cash equivalents		
Beginning of year	–	–
End of year	$ –	$ –
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (8,252,112)	$ (2,262,735)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets		
Accounts and interest receivable	49,655	(39,613)
Due from other funds	(1,061,943)	1,670,080
Deferred outflows of resources – pension plan deferments	73,879	(88,407)
Changes in liabilities and deferred inflows		
Accounts and contracts payable	798,190	(11,654)
Claims incurred, but not reported	45,332	(146,754)
Compensated absences payable	5,665,123	1,960,471
Total pension liability	(41,061)	(341,181)
Deferred inflows of resources – pension plan deferments	(54,494)	39,994
Net cash flows from operating activities	$ (2,777,431)	$ 780,201
Noncash investing, capital, and financing activities		
Market value adjustment on investments in life insurance contracts	$ 580,677	$ 576,399

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Fiduciary Net Position
as of June 30, 2026

	Post-Employment Benefits Trust Fund
Assets	
Investments held by trustee, at fair value	
Mutual funds	$ 44,356,284
Liabilities	
Current liabilities	
Due to district governmental funds	2,944,765
Net position	
Restricted for OPEB	$ 41,411,519

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	
Total investment earnings	$ 5,838,544
Less investment expense	126,323
Net investment earnings	5,712,221
Deductions	
Benefits to plan members	2,941,760
Change in net position	2,770,461
Net position	
Beginning of year	38,641,058
End of year	$ 41,411,519

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 284 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs 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, except for the fiduciary funds. 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported 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 items are recognized when all eligibility requirements imposed by the provider have been met.

Depreciation and amortization expense are included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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 liabilities, 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.

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

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

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a Post-Employment Benefits Trust Fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

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 primarily used to account for the District's child nutrition program.

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

Proprietary Funds

Internal Service Funds – 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 has established two internal service funds to account for the District's liabilities for self-insured benefits and early retirement benefits.

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund other post-employment benefits (OPEB) for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Budgeted appropriations lapse at year-end. Expenditures in the Debt Service Fund exceeded budgeted appropriations by $510,582 during the year ended June 30, 2026. Other financing sources in excess of budget, along with available fund balance, financed this variance.

F. Use of Estimates

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

G. 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. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, this represents assets held in escrow for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow accounts.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary 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 investments in external investment pools, which are stated at amortized cost, and investments in life insurance contracts, which are reported at the cash surrender value. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

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

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

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

H. 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 are lease receivable and delinquent property taxes receivable.

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

Due from the MDE	$ 15,177,231
Due from other Minnesota school districts	115,654
Due from Hennepin County	1,038,906
Due from other local governments	448,419
Total due from other governmental units	$ 16,780,210

I. Inventories

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

J. Prepaid Items

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

K. 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 $4,517,642 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 separately from other 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.

M. 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. Lease capital assets 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 $10,000 or more for equipment and $20,000 or more for construction and improvements, 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 exceeds $175,000 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 purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and improvements and 5 to 15 years for equipment and vehicles. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress 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.

N. 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. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

O. Employee Benefits

1. **Compensated Absences** – The District recognizes a liability for compensated absences for leave time that (1) had 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.

2. **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.

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

3. **Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. See the Defined Benefit Pension Plan – District note for further information.

4. **Other Post-Employment Benefits (OPEB) Plan** – For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost. See the Other Post-Employment Benefits (OPEB) Plan note for further information.

5. **State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

   For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the 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.

P. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As part of the insurance renewal process and available coverage limits for building and personal property, there was a reduction in this one area of the District's insurance coverage in the current fiscal year.

2. **Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

   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 the stop-loss health insurance premium costs and administrative service charges.

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2025	$ 1,463,671	$ 22,138,919	$ 22,285,673	$ 1,316,917
2026	$ 1,316,917	$ 26,167,159	$ 26,121,827	$ 1,362,249

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

In the government-wide, internal service fund, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred 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.

S. 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 policy, the District's superintendent and executive director of finance and operations are 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)

T. 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 Investments

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

Deposits	$ 331,383
Investments	176,215,038
Total	$ 176,546,421

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

Statement of Net Position	
Cash and temporary investments	$ 132,185,157
Cash and investments held by trustee	4,980
Statement of Fiduciary Net Position	
Investments held by trustee	
Post-Employment Benefits Trust Fund	44,356,284
Total	$ 176,546,421

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 $331,383, while the balance on the bank records was $310,265. 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.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency	Using	Less than 1	1 to 5	
U.S. treasury securities	N/A	N/A	Level 1	$ 2,522,397	$ –	$ 2,522,397
Life insurance contracts	Not Rated		N/A	N/A	N/A	43,729,083
Investment pools/mutual funds						
BNY Dreyfus Treasury Obligation Fund	AAA	S&P	Level 1	N/A	N/A	25,931
BNY Dreyfus Preferred Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	697,345
First American Government Obligation Fund	AAA	S&P	Level 1	N/A	N/A	1,859,816
Mutual funds – fixed income	Not Rated		Level 1	N/A	N/A	16,626,295
Mutual funds – equities	Not Rated		Level 1	N/A	N/A	25,870,173
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	122,504
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost	N/A	N/A	84,761,494
Total investments						$ 176,215,038

N/A – Not Applicable

Investments in life insurance contracts are reported at cash surrender value and are not subject to fair value reporting standards.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Minnesota Trust (MNTrust) Investment Shares Portfolio and Minnesota School District Liquid Asset Fund (MSDLAF) are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, there is no redemption notice for the MNTrust investments or the MSDLAF Liquid Class, and the redemption notice period is 14 days for the MSDLAF MAX Class with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions.

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 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. At June 30, 2026, the District's investment portfolio includes the following percentages of specific issuers:

Guaranteed investment contract – Mass Mutual	6.8%
Guaranteed investment contract – Northwestern Mutual	18.0%

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 address interest rate risk; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – LEASE RECEIVABLE

The District has entered into lease receivable agreements for cell tower rental space on district property. These leases are reported using an incremental rate of 3.00 percent with a final maturity in fiscal 2062. During the current year, the District received principal and interest payments on these leases of $24,000.

NOTE 4 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 34,503,312	$ 325,700	$ –	$ –	$ 34,829,012
Construction in progress	8,274,989	16,608,800	–	(15,153,188)	9,730,601
Total capital assets, not depreciated/amortized	42,778,301	16,934,500	–	(15,153,188)	44,559,613
Capital assets, depreciated/amortized					
Land improvements	11,295,043	–	–	–	11,295,043
Buildings and improvements	376,667,670	–	–	15,153,188	391,820,858
Buildings and improvements – lease	1,394,650	384,173	–	–	1,778,823
Equipment and transportation vehicles	27,396,659	5,442,705	–	–	32,839,364
Equipment and transportation vehicles – lease	–	1,282,557	–	–	1,282,557
Food service equipment	2,148,630	63,350	–	–	2,211,980
Technology subscriptions	630,458	174,582	–	–	805,040
Total capital assets, depreciated/amortized	419,533,110	7,347,367	–	15,153,188	442,033,665
Less accumulated depreciation/amortization for					
Land improvements	(9,260,024)	(220,936)	–	–	(9,480,960)
Buildings and improvements	(159,678,228)	(11,085,849)	–	–	(170,764,077)
Buildings and improvements – lease	(242,392)	(223,141)	–	–	(465,533)
Equipment and transportation vehicles	(21,483,723)	(2,464,714)	–	–	(23,948,437)
Food service equipment	(1,156,479)	(100,163)	–	–	(1,256,642)
Technology subscriptions	(146,939)	(205,132)	–	–	(352,071)
Total accumulated depreciation/amortization	(191,967,785)	(14,299,935)	–	–	(206,267,720)
Net capital assets, depreciated/amortized	227,565,325	(6,952,568)	–	15,153,188	235,765,945
Total capital assets, net	$ 270,343,626	$ 9,981,932	$ –	$ –	$ 280,325,558

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Administration	$ 606
Elementary and secondary regular instruction	3,688,677
Instructional support services	2,056,246
Pupil support services	323,218
Sites and buildings	8,127,972
Food service	100,163
Community service	3,053
Total depreciation/amortization expense	$ 14,299,935

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	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
School building bonds	02/15/2018	3.00–5.00%	$ 66,895,000	02/01/2038	$ 50,905,000
Tax abatement bonds	11/07/2019	2.00–4.00%	$ 7,455,000	02/01/2035	4,970,000
Refunding bonds	07/22/2021	1.65–3.00%	$ 132,865,000	02/01/2036	64,855,000
School building bonds	10/05/2023	5.00%	$ 3,105,000	02/01/2027	1,105,000
Capital facilities bonds	08/07/2025	5.00%	$ 5,500,000	02/01/2036	5,500,000
School refunding bonds	04/30/2026	5.00%	$ 32,470,000	02/01/2036	32,470,000
Total general obligation bonds payable					$ 159,805,000

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 equal 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In April 2026, the District issued $32,470,000 of General Obligation School Building and Alternative Facilities Refunding Bonds, Series 2026A. The proceeds were used to refund, in advance of their stated maturities, the 2027, 2030, 2032, 2033, 2035, and 2036 maturities of the District's General Obligation Taxable Refunding Bonds, Series 2021A. This current refunding reduced the District's total future debt service payments by $3,077,625, and resulted in a present value savings of $1,872,366.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Certificates of Participation Payable

The District currently has the following certificates of participation payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2013A Certificates of Participation	02/27/2013	2.00–2.60%	$ 9,980,000	10/01/2027	$ 1,495,000
2019B Certificates of Participation	11/14/2019	2.25–4.00%	$ 17,000,000	02/01/2040	13,160,000
Total certificates of participation payable					$ 14,655,000

These certificates of participation were issued to finance construction of capital facilities. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on these certificates. These certificates of participation are being paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

C. Finance Purchase Payable

On October 26, 2012, the District entered into a master purchase agreement with Apple, Inc. for iPads. The District acquires equipment from time to time under this master agreement as needed. Each debt schedule added under this master agreement adds equipment and carries its own debt terms and payment schedule. The debt schedules have interest rates ranging from zero percent to 1.69 percent and mature in fiscal year 2029. Upon payment in full of all scheduled debt payments, the debtor's (Apple, Inc.'s) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability. In the event of default, the debtor may do any of the following: a) provide written notice to debtee of the event of default; b) declare due and payable any and all amounts which may then be due and payable under the agreement, plus all payments remaining through the end of the then current fiscal period; c) with or without terminating the debt term under such agreement, i) enter the premises where the equipment is located and retake possession of such equipment or require debtee at debtee's expense to promptly return any or all of such equipment to the possession of debtor and ii) at debtee's expense, sell or lease such equipment, or sublease such equipment continuing to hold debtee liable for the difference between the debt payment payable by debtee and net proceeds or any such sale, lease, or sublease.

The District entered into a finance purchase agreement to finance the construction of a turf field. The finance purchase has an effective interest rate of 2.28 percent and calls for annual principal and interest payments through February 1, 2026. The finance purchase is being paid through the General Fund.

The District entered into a finance purchase agreement to finance the construction of a building addition to Meadow Ridge Elementary School. The finance purchase has an effective interest rate of 2.24 percent and calls for semiannual principal and interest payments through April 1, 2032. The finance purchase is being paid through the General Fund.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Lease Liability

The District has obtained the use of certain building space through 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 on these agreements will be paid from the General Fund. The agreement is secured by the original property. The lessor may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Hanus bus garage	3.18%	08/01/2024	07/31/2032	$ 737,087
Life Time locker room	3.00%	09/01/2003	03/03/2036	339,863
Bus parking	5.00%	7/1/2025	6/30/2030	318,418
Marco copier	5.00%	6/30/2025	6/30/2031	1,282,557
Total lease liability				$ 2,677,925

E. Technology Subscription Liability

The District entered into agreements to finance the use of software, which calls for annual principal and interest payments through January 2030. These agreements are paid by the General Fund. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements.

Technology Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
DNA wireless	3.18%	01/10/2025	01/10/2030	$ 232,797
Raptor platform access	5.00%	10/28/2025	06/30/2028	116,387
Total technology subscription liability				$ 349,184

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

F. Other Long-Term Liabilities

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

District employees participate in several pension plans described later in these notes, including two state-wide, cost-sharing, multiple-employer defined benefit plans administered by the PERA and the TRA, one single-employer defined benefit plan administered by the District, and one single-employer defined contribution plan administered by the District. 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
Defined benefit plans				
State-wide, multiple-employer – PERA	$ 11,843,849	$ 4,171,374	$ 7,967,224	$ (545,956)
State-wide, multiple-employer – TRA	77,551,706	19,518,628	26,672,376	6,811,484
Single-employer – District	3,172,391	302,885	166,398	345,260
Defined contribution plan				
Single-employer – District	–	–	–	626,987
Total	$ 92,567,946	$ 23,992,887	$ 34,805,998	$ 7,237,775

G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, finance purchase, lease, and technology subscription are as follows:

Year Ending	General Obligation Bonds		Certificates of Participation		Finance Purchase		Lease		Technology Subscription	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 14,200,000	$ 5,002,232	$ 1,495,000	$ 419,701	$ 2,009,097	$ 49,120	$ 438,387	$ 99,345	$ 130,436	$ 13,320
2028	13,675,000	4,882,098	1,540,000	370,621	1,530,806	57,599	459,017	84,962	138,677	8,134
2029	14,170,000	4,395,048	815,000	329,406	1,547,306	41,099	486,335	64,079	80,071	2,580
2030	14,290,000	3,932,648	845,000	296,806	384,352	24,274	515,086	41,956	–	–
2031	14,955,000	3,268,285	880,000	263,006	393,009	15,617	448,272	20,729	–	–
2032–2036	67,165,000	9,787,051	4,795,000	919,963	401,865	6,764	330,828	16,055	–	–
2037–2040	21,350,000	1,032,531	4,285,000	289,231	–	–	–	–	–	–
	$ 159,805,000	$ 32,299,893	$ 14,655,000	$ 2,888,734	$ 6,266,435	$ 194,473	$ 2,677,925	$ 327,126	$ 349,184	$ 24,034

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

H. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable (1)	$ 175,465,000	$ 37,970,000	$ 53,630,000	$ 159,805,000	$ 14,200,000
Certificates of participation payable	16,100,000	–	1,445,000	14,655,000	1,495,000
Unamortized premium	7,007,355	3,976,926	3,959,056	7,025,225	–
Total bonds and certificates payable	198,572,355	41,946,926	59,034,056	181,485,225	15,695,000
Finance purchase payable	4,388,438	4,191,261	2,313,264	6,266,435	2,009,097
Lease liability	1,201,815	1,666,730	190,620	2,677,925	438,387
Technology subscription liability	305,602	174,582	131,000	349,184	130,436
Net/total pension liability	101,246,278	100,493,754	109,172,086	92,567,946	361,850
Net OPEB liability	1,758,413	4,655,244	5,724,336	689,321	–
Compensated absences payable (2)	24,820,384	5,665,123	–	30,485,507	3,747,905
	$ 332,293,285	$ 158,793,620	$ 176,565,362	$ 314,521,543	$ 22,382,675

(1) The deletion amount for general obligation bonds includes an adjustment of $4,650,107 resulting from a refunding transaction in the current year.
(2) The change in compensated absences is presented net.

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

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

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	$ 44,559,613
Depreciated/amortized, net of accumulated depreciation/amortization	235,765,945
Less capital related long-term debt outstanding	(190,778,769)
Less debt adjustment for deferred charge	(2,165,355)
Add debt adjustment for unspent debt proceeds	3,297,044
Less capital-related accounts/contracts payable	(734,921)
Total net investment in capital assets	$ 89,943,557

B. Governmental Fund Balance Classifications

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

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

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	$ 114,412	$ –	$ –	$ 287,872	$ 402,284
Prepaid items	2,453,236	–	–	35,577	2,488,813
Total nonspendable	2,567,648	–	–	323,449	2,891,097
Restricted					
Scholarships	226,208	–	–	–	226,208
Capital projects levy	7,108,201	–	–	–	7,108,201
Literacy incentive aid	435,271	–	–	–	435,271
American Indian education aid	21,828	–	–	–	21,828
Operating capital	4,782,472	–	–	–	4,782,472
Quality compensation	170,175	–	–	–	170,175
Long-term facilities maintenance	7,554,887	–	–	–	7,554,887
Medical Assistance	570,192	–	–	–	570,192
Capital projects	–	2,562,123	–	–	2,562,123
Debt service	–	–	3,060,656	–	3,060,656
Food service	–	–	–	3,175,307	3,175,307
Community education	–	–	–	5,210,849	5,210,849
Early childhood family education	–	–	–	449,107	449,107
School readiness	–	–	–	449,448	449,448
Community service	–	–	–	211,347	211,347
Total restricted	20,869,234	2,562,123	3,060,656	9,496,058	35,988,071
Assigned					
Reemployment insurance	1,545,000	–	–	–	1,545,000
Post-employment obligations	4,120,492	–	–	–	4,120,492
Enrollment	1,744,582	–	–	–	1,744,582
Classroom and administration furniture/equipment	3,000,000	–	–	–	3,000,000
Total assigned	10,410,074	–	–	–	10,410,074
Unassigned					
Unassigned	38,242,623	–	–	–	38,242,623
Total	$ 72,089,579	$ 2,562,123	$ 3,060,656	$ 9,819,507	$ 87,531,865

C. Minimum Unassigned Fund Balance Policy

The District's adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of expenditures. At June 30, 2026, the unassigned fund balance of the General Fund was 16.1 percent of fiscal 2026 expenditures.

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 1.75 percent. The 2026 annual increase was 1.75 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.

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

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 $2,478,573. 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 $10,170,576. 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 $11,843,849 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 $285,711.

District's proportionate share of the net pension liability	$ 11,843,849
State's proportionate share of the net pension liability associated with the District	285,711
Total	$ 12,129,560

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 0.3574 percent at the end of the measurement period and 0.3509 percent for the beginning of the period.

For the year ended June 30, 2026, the District recognized negative pension expense of $502,132 for its proportionate share of the GERF's pension expense. The District also recognized an additional $43,824 as negative pension expense and negative 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	$ 1,128,460	$ –
Changes in actuarial assumptions	285,368	2,725,229
Net difference between projected and actual earnings on pension plan investments	–	4,712,781
Changes in proportion	278,973	529,214
District's contributions to the GERF subsequent to the measurement date	2,478,573	–
Total	$ 4,171,374	$ 7,967,224

The $2,478,573 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	$ (1,590,356)
2028	$ (2,311,811)
2029	$ (1,530,380)
2030	$ (841,876)

2. TRA Pension Costs

At June 30, 2026, the District reported a liability of $77,551,706 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 1.3532 percent at the end of the measurement period and 1.3386 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	$ 77,551,706
State's proportionate share of the net pension liability associated with the District	4,816,513
Total	$ 82,368,219

For the year ended June 30, 2026, the District recognized pension expense of $6,932,104. It also recognized $120,620 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 $385,157 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	$ 3,576,184	$ 761,639
Changes in actuarial assumptions	4,380,639	8,203,503
Net difference between projected and actual investment earnings on pension plan investments	–	15,571,941
Changes in proportion	1,391,229	2,135,293
District's contributions to the TRA subsequent to the measurement date	10,170,576	–
Total	$ 19,518,628	$ 26,672,376

The $10,170,576 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	$ 4,788,455
2028	$ (9,816,385)
2029	$ (8,344,492)
2030	$ (4,266,648)
2031	$ 314,746

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, 2026, 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 (asset)	$ 28,766,852	$ 11,843,849	$ (1,884,514)
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 146,284,095	$ 77,551,706	$ 20,985,392

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 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible individuals and contract groups through its Defined Benefit Pension Plan, a single-employer defined benefit plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each two-year bargaining period. 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. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible full-time teachers with at least 20 years of in-district service (or 15 years with the District and 25 years of teaching in the state of Minnesota), hired before July 1, 1997 and at least Step 5 before July 1, 1998, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay.

Specialists and Wayzata Kids Site Managers Pension Benefits – For eligible specialists and site managers with at least 20 years of service (or 10 years in-district specialist/manager capacity or 25 years of directly related service with 15 of the years in the District), hired before July 1, 2003 and not participating in the early retirement incentive matching contribution program, and at least 55 years of age, the District pays a benefit equal to 100 days' pay.

Administrative Professionals and Paraprofessionals Pension Benefits – For eligible administrative professionals and paraprofessionals with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay (or 100 days' pay for administrative professionals and paraprofessionals with 20 years of service).

Support Staff Pension Benefits – For eligible support staff employees with at least 20 years of in-district service, hired before June 30, 2015, and at least 55 years of age, the District pays a pension benefit equal to 100 days' pay.

Food Service Pension Benefits – For eligible food service employees with at least 20 years of in-district service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 100 days' pay.

Custodians Pension Benefits – For eligible custodians with at least 15 years of in-district service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay.

B. Contributions and Funding Policy

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. There are no invested plan assets accumulated for payment of future benefits. The operating funds are used for the funding of all pension/retirement benefits, which are accounted for in an Internal Service Fund. The District has not established a trust fund to finance these pension benefits.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

C. Membership

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

Retirees and beneficiaries receiving benefits	16
Active plan members	263
Total members	279

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2024, and update procedures were used to roll forward the total pension liability to the measurement date. The total pension liability was measured as of June 30, 2026, using the entry-age 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%
Salary increases	Service graded table

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.

E. Discount Rate

The discount rate used to measure the total pension liability was 4.40 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The District discount rate used in the prior measurement date was 4.90 percent.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2025	$ 3,213,452
Changes for the year	
Service cost	116,945
Interest	154,307
Assumption changes	54,623
Benefit payments	(366,936)
Total net changes	(41,061)
Ending balance – June 30, 2026	$ 3,172,391

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.90 percent to 4.40 percent.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District's total pension 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
Pension discount rate	3.40%	4.40%	5.40%
Total pension liability	$ 3,303,577	$ 3,172,391	$ 3,045,372

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

For the current year ended, the District recognized pension expense of $345,260. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 241,905	$ –
Changes in actuarial assumptions	60,980	166,398
Total	$ 302,885	$ 166,398

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

Year Ending June 30,	Pension Expense Amount
2027	$ 34,981
2028	$ 10,640
2029	$ 42,018
2030	$ 18,927
2031	$ 22,122
Thereafter	$ 7,799

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – DISTRICT

On July 1, 2015, the District established a single-employer defined contribution pension plan administered by the District. The plan is offered to all administrators. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. Annual employer contributions are equal to five percent of the eligible employees' annual salary as of June 30th of each year, paid annually for the 10 fiscal years prior to the employee reaching the eligibility requirements for retirement pay benefits as set forth in their respective contracts.

Employer contributions are payable within 60 days following June 30th of each of the 10 years the employee is eligible to receive the benefits, and are deposited into the Minnesota State Retirement System Healthcare Savings Plan and an IRC § 403(b) retirement account. All employer contributions are tax deferred until the time of withdrawal. At June 30, 2026, there were 11 active plan participants. The District has not established a trust fund to finance these pension benefits.

Total contributions made by the District during the fiscal year ended June 30, 2026 were $626,987, which is equal to the required contributions and has been recognized as pension expense in the Early Retirement Accounts Internal Service Fund.

NOTE 10 – 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.

The District has established the Post-Employment Benefits Trust Fund to account for the assets of the plan and finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

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. 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 has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	158
Active plan members	1,574
Total members	1,732

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2026. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 42,100,840
Plan fiduciary net position	(41,411,519)
District's net OPEB liability	$ 689,321
Plan fiduciary net position as a percentage of the total OPEB liability	98.4%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.30%
Expected long-term investment return	6.20% (net of investment expenses)
20-year municipal bond yield	4.40%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.00% grading to 5.00% over 5 years, then to 4.00% over the next 48 years
Dental trend rate	4.00%

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.

The District's policy regarding the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	39.00 %	7.50 %
International equity	21.00	7.10 %
Fixed income	36.00	4.70 %
Cash	4.00	2.70 %
Total	100.00 %	6.20 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 14.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.30 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 5.50 percent.

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance – July 1, 2025	$ 40,399,471	$ 38,641,058	$ 1,758,413
Changes for the year			
Service cost	1,955,478	–	1,955,478
Interest	2,249,707	–	2,249,707
Assumption changes	437,944	–	437,944
Projected investment return	–	2,395,746	(2,395,746)
Difference between expected and actual experience	–	3,316,475	(3,316,475)
Benefit payments – paid through trust	(2,941,760)	(2,941,760)	–
Total net changes	1,701,369	2,770,461	(1,069,092)
Ending balance – June 30, 2026	$ 42,100,840	$ 41,411,519	$ 689,321

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 5.50 percent to 5.30 percent.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.30%	5.30%	6.30%
Net OPEB liability (asset)	$ 3,277,424	$ 689,321	$ (1,775,994)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB medical trend rate	5.00% decreasing to 4.00% then 3.00%	6.00% decreasing to 5.00% then 4.00%	7.00% decreasing to 6.00% then 5.00%
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	$ (1,567,997)	$ 689,321	$ 3,308,793

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

For the current year ended, the District recognized a negative OPEB expense of $408,855. 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	$ 693,281	$ 10,221,848
Changes in actuarial assumptions	1,066,519	4,754,919
Net collective differences between projected and actual investment earnings on OPEB Plan investments	–	4,519,974
Total	$ 1,759,800	$ 19,496,741

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2027	$ (3,628,959)
2028	$ (3,552,501)
2029	$ (3,449,705)
2030	$ (3,113,084)
2031	$ (1,782,136)
Thereafter	$ (2,210,556)

NOTE 11 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the 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. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

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

All assets of the Plan are held in the District's general checking account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District's Self-Insurance Accounts Internal Service Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for 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 12 – INTERFUND BALANCES AND TRANSACTIONS

Interfund Receivables and Payables

The District had the following interfund receivables and payables at June 30, 2026:

	Due From Other Funds	Due To Other Funds
General Fund	$ 9,223,990	$ –
Internal Service Fund	2,944,765	9,223,990
Post-Employment Benefits Trust Fund	–	2,944,765
	$ 12,168,755	$ 12,168,755

As of June 30, 2026, the District had interfund receivables in the General Fund of $4,015,034 and $5,208,956, respectively, due from the Self-Insurance Accounts and Early Retirement Accounts Internal Service Funds to eliminate temporary cash balance deficits.

As of June 30, 2026, the District's Internal Service Fund had an interfund receivable of $2,944,765 due from the Post-Employment Benefits Trust Fund to reimburse post-employment benefit costs.

Such interfund balances are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

NOTE 13 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2026, the District's Early Retirement Accounts Internal Service Fund had a deficit net position of $32,972,569. This deficit is expected to be eliminated through future charges for services.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The District has 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 claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

B. Federal and State Revenues

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 agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

C. Construction Contracts

At June 30, 2026, the District had commitments totaling $12,094,103 under various construction contracts for which the work was not yet completed.

NOTE 15 – SUBSEQUENT EVENTS

General Obligation Bonds

In September 2026, the District awarded the sale of $100,000,000 of General Obligation School Building Bonds, Series 2026B. The bonds bear interest rates ranging from 4.00–5.00 percent and mature in 2049.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 75,487,102	$ 76,686,068	$ 1,198,966	$ 75,662,388	$ (1,023,680)
Investment earnings	3,000,000	2,500,000	(500,000)	4,166,329	1,666,329
Other	3,953,290	4,633,040	679,750	6,728,188	2,095,148
State sources	145,237,049	149,078,152	3,841,103	149,948,043	869,891
Federal sources	3,844,673	4,154,907	310,234	3,554,655	(600,252)
Total revenue	231,522,114	237,052,167	5,530,053	240,059,603	3,007,436
Expenditures					
Current					
Administration	6,363,682	6,302,826	(60,856)	6,153,648	(149,178)
District support services	5,959,485	6,551,879	592,394	6,665,858	113,979
Elementary and secondary regular instruction	99,712,473	101,764,495	2,052,022	96,535,039	(5,229,456)
Vocational education instruction	3,441,836	3,486,014	44,178	3,655,064	169,050
Special education instruction	33,815,352	34,071,645	256,293	34,855,866	784,221
Community education services	35,000	35,000	–	–	(35,000)
Instructional support services	27,479,070	27,752,728	273,658	28,029,613	276,885
Pupil support services	24,736,051	25,139,652	403,601	25,307,045	167,393
Sites and buildings	31,896,650	33,965,496	2,068,846	30,975,586	(2,989,910)
Fiscal and other fixed cost programs	1,294,409	1,294,409	–	1,158,364	(136,045)
Debt service					
Principal	4,650,664	3,876,664	(774,000)	4,079,884	203,220
Interest and fiscal charges	618,911	532,911	(86,000)	592,326	59,415
Total expenditures	240,003,583	244,773,719	4,770,136	238,008,293	(6,765,426)
Excess (deficiency) of revenue over expenditures	(8,481,469)	(7,721,552)	759,917	2,051,310	9,772,862
Other financing sources					
Debt issued	2,707,436	2,707,436	–	6,032,573	3,325,137
Sale of assets	200,000	400,000	200,000	429,646	29,646
Insurance recovery	–	–	–	9,203	9,203
Total other financing sources	2,907,436	3,107,436	200,000	6,471,422	3,363,986
Net change in fund balances	$ (5,574,033)	$ (4,614,116)	$ 959,917	8,522,732	$ 13,136,848
Fund balances					
Beginning of year				63,566,847	
End of year				$ 72,089,579	

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Budgetary Comparison Schedule
June 30, 2026

BUDGETARY PROCESS AND LEGAL COMPLIANCE

The School Board adopts an annual budget for all of Independent School District No. 284'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 $510,582 in the Debt Service Fund. This variance was funded by 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. The most significant revenue budget revision was an increase to projected state aid revenue for updated assumptions and estimates for current year enrollment, general education funding, and special education aid.
b. The property taxes budget was increased to match the final levy for what will be received in revenue.
c. Expenditure budget adjustments were due to finalized contract settlements, staffing needs and assignments, and consideration of prior results to current expenditure trend information.
d. The most significant expenditure budget revision was in elementary and secondary regular instruction salaries due to the District anticipating additional staffing hires in the current year. Site and buildings expenditure budget was increased in the current year primarily in salaries and purchased services due to anticipated long-term facilities maintenance projects.

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

a. Revenues for property taxes reported actual results less than budget due to abatements being more than anticipated.
b. Revenues for investment earnings and other local sources exceeded budget due to the District's conservative budgeting approach for these inconsistent sources.
c. Spending was under budget primarily with less spending than anticipated in elementary and secondary regular instruction and sites and buildings.
d. Elementary and secondary regular instruction spending was under budget due to open positions impacting spending for salaries and related benefits.
e. Sites and buildings spending was under budget due to the timing of long-term facilities maintenance spending that was delayed later than planned with the current budget.

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INDEPENDENT SCHOOL DISTRICT NO. 284

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	0.3669%	$ 29,790,460	$ 388,978	$ 30,179,438	$ 22,576,588	131.95%	68.90%
06/30/2018	06/30/2017	0.3681%	$ 23,499,261	$ 295,505	$ 23,794,766	$ 23,723,555	99.05%	75.90%
06/30/2019	06/30/2018	0.3717%	$ 20,620,393	$ 676,399	$ 21,296,792	$ 24,982,890	82.54%	79.50%
06/30/2020	06/30/2019	0.3687%	$ 20,384,597	$ 633,639	$ 21,018,236	$ 26,067,142	78.20%	80.20%
06/30/2021	06/30/2020	0.3909%	$ 23,436,241	$ 722,773	$ 24,159,014	$ 27,873,561	84.08%	79.10%
06/30/2022	06/30/2021	0.3598%	$ 15,365,070	$ 469,233	$ 15,834,303	$ 25,899,722	59.33%	87.00%
06/30/2023	06/30/2022	0.3738%	$ 29,605,084	$ 868,026	$ 30,473,110	$ 28,005,478	105.71%	76.70%
06/30/2024	06/30/2023	0.3620%	$ 20,242,635	$ 558,051	$ 20,800,686	$ 28,793,555	70.30%	83.10%
06/30/2025	06/30/2024	0.3509%	$ 12,973,885	$ 335,478	$ 13,309,363	$ 29,694,331	43.69%	89.08%
06/30/2026	06/30/2025	0.3574%	$ 11,843,849	$ 285,711	$ 12,129,560	$ 32,364,167	36.60%	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	$ 1,778,667	$ 1,778,667	$ –	$ 23,723,555	7.50%
06/30/2018	$ 1,874,024	$ 1,874,024	$ –	$ 24,982,890	7.50%
06/30/2019	$ 1,957,080	$ 1,957,080	$ –	$ 26,067,142	7.51%
06/30/2020	$ 2,090,441	$ 2,090,441	$ –	$ 27,873,561	7.50%
06/30/2021	$ 1,942,777	$ 1,942,777	$ –	$ 25,899,722	7.50%
06/30/2022	$ 2,100,130	$ 2,100,130	$ –	$ 28,005,478	7.50%
06/30/2023	$ 2,159,318	$ 2,159,318	$ –	$ 28,793,555	7.50%
06/30/2024	$ 2,227,124	$ 2,227,124	$ –	$ 29,694,331	7.50%
06/30/2025	$ 2,425,697	$ 2,425,697	$ –	$ 32,364,167	7.50%
06/30/2026	$ 2,478,573	$ 2,478,573	$ –	$ 33,068,734	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 284

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	1.1661%	$278,142,672	$ 27,917,266	$306,059,938	$ 60,632,426	458.74%	44.88%
06/30/2018	06/30/2017	1.1747%	$234,491,429	$ 22,668,335	$257,159,764	$ 63,155,618	371.29%	51.57%
06/30/2019	06/30/2018	1.2131%	$ 76,194,035	$ 7,158,801	$ 83,352,836	$ 66,998,054	113.73%	78.07%
06/30/2020	06/30/2019	1.2994%	$ 82,824,029	$ 7,329,713	$ 90,153,742	$ 73,710,617	112.36%	78.21%
06/30/2021	06/30/2020	1.3610%	$100,552,504	$ 8,426,843	$108,979,347	$ 79,018,615	127.25%	75.48%
06/30/2022	06/30/2021	1.3899%	$ 60,826,180	$ 5,129,930	$ 65,956,110	$ 83,120,796	73.18%	86.63%
06/30/2023	06/30/2022	1.3721%	$109,870,510	$ 8,148,129	$118,018,639	$ 85,090,593	129.12%	76.17%
06/30/2024	06/30/2023	1.3571%	$112,045,216	$ 7,848,810	$119,894,026	$ 86,754,771	129.15%	76.42%
06/30/2025	06/30/2024	1.3386%	$ 85,058,941	$ 5,563,008	$ 90,621,949	$ 88,686,963	95.91%	82.07%
06/30/2026	06/30/2025	1.3532%	$ 77,551,706	$ 4,816,513	$ 82,368,219	$ 94,163,202	82.36%	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	$ 4,742,705	$ 4,742,705	$ –	$ 63,155,618	7.51%
06/30/2018	$ 5,026,531	$ 5,026,531	$ –	$ 66,998,054	7.50%
06/30/2019	$ 5,687,795	$ 5,687,795	$ –	$ 73,710,617	7.72%
06/30/2020	$ 6,263,877	$ 6,263,877	$ –	$ 79,018,615	7.93%
06/30/2021	$ 6,762,053	$ 6,762,053	$ –	$ 83,120,796	8.14%
06/30/2022	$ 7,072,897	$ 7,072,897	$ –	$ 85,090,593	8.31%
06/30/2023	$ 7,378,530	$ 7,378,530	$ –	$ 86,754,771	8.51%
06/30/2024	$ 7,760,457	$ 7,760,457	$ –	$ 88,686,963	8.75%
06/30/2025	$ 8,235,406	$ 8,235,406	$ –	$ 94,163,202	8.75%
06/30/2026	$ 10,170,576	$ 10,170,576	$ –	$103,764,544	9.80%

INDEPENDENT SCHOOL DISTRICT NO. 284

Defined Benefit Pension Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2026

	District Fiscal Year-End Date									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total pension liability										
Service cost	$ 252,269	$ 235,778	$ 211,666	$ 241,804	$ 214,722	$ 170,908	$ 142,123	$ 141,939	$ 104,790	$ 116,945
Interest	177,900	178,321	211,234	140,881	103,701	85,986	133,916	137,140	136,298	154,307
Assumption changes	–	(115,172)	56,141	83,005	26,516	(219,666)	(30,488)	(22,408)	(108,881)	54,623
Plan changes	–	–	(1,726,541)	–	(2,433)	–	–	–	(5,546)	–
Difference between expected and actual experience	–	–	256,067	–	71,297	–	192,179	–	209,113	–
Benefit payments	(512,772)	(283,900)	(495,456)	(563,410)	(761,355)	(428,943)	(733,499)	(151,579)	(676,955)	(366,936)
Net change in total pension liability	(82,603)	15,027	(1,486,889)	(97,720)	(347,552)	(391,715)	(295,769)	105,092	(341,181)	(41,061)
Total pension liability – beginning of year	6,136,762	6,054,159	6,069,186	4,582,297	4,484,577	4,137,025	3,745,310	3,449,541	3,554,633	3,213,452
Total pension liability – end of year	$ 6,054,159	$ 6,069,186	$ 4,582,297	$ 4,484,577	$ 4,137,025	$ 3,745,310	$ 3,449,541	$ 3,554,633	$ 3,213,452	$ 3,172,391
Covered-employee payroll	$28,004,800	$28,844,944	$19,728,311	$20,320,160	$16,542,845	$17,039,131	$ 14,779,450	$ 15,222,834	$ 13,377,564	$ 13,778,891
Total pension liability as a percentage of covered-employee payroll	21.62%	21.04%	23.23%	22.07%	25.01%	21.98%	23.34%	23.35%	24.02%	23.02%

Note: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	District Fiscal Year-End Date									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total OPEB liability										
Service cost	$ 2,551,063	$ 2,390,402	$ 2,693,689	$ 3,223,065	$ 3,011,908	$ 2,745,593	$ 2,432,691	$ 2,426,803	$ 1,838,371	$ 1,955,478
Interest	1,454,492	1,513,499	1,677,230	1,731,921	1,473,157	1,703,045	2,177,662	2,244,581	2,419,799	2,249,707
Assumption changes	–	(1,204,821)	851,818	2,621,680	(5,116,533)	(2,794,384)	(282,213)	(519,705)	(1,038,686)	437,944
Plan changes	–	(1,097,125)	871,345	–	24,568	–	–	–	(24,240)	–
Difference between expected and actual experience	–	–	(1,008,111)	–	(1,535,825)	1,386,566	(4,063,685)	–	(9,305,889)	–
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)	(1,452,227)	(1,642,420)	(2,154,712)	(1,830,808)	(2,045,878)	(2,941,760)
Net change in total OPEB liability	2,011,757	(725,076)	3,129,971	5,911,112	(3,594,952)	1,398,400	(1,890,257)	2,320,871	(8,156,523)	1,701,369
Total OPEB liability – beginning of year	39,994,168	42,005,925	41,280,849	44,410,820	50,321,932	46,726,980	48,125,380	46,235,123	48,555,994	40,399,471
Total OPEB liability – end of year	42,005,925	41,280,849	44,410,820	50,321,932	46,726,980	48,125,380	46,235,123	48,555,994	40,399,471	42,100,840
Plan fiduciary net position										
Contributions – employer	293,798	27,031	–	65,554	102,227	142,420	561,087	490,657	163,056	–
Projected investment return	1,366,041	1,456,650	1,648,705	1,290,620	1,949,067	2,416,355	2,082,779	2,098,366	2,267,544	2,395,746
Difference between expected and actual experience	1,657,592	1,002,046	300,328	624,945	6,369,376	(7,662,109)	295,464	1,970,467	1,683,044	3,316,475
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)	(1,452,227)	(1,642,420)	(2,154,712)	(1,830,808)	(2,045,878)	(2,941,760)
Net change in plan fiduciary net position	1,323,633	158,696	(6,967)	315,565	6,968,443	(6,745,754)	784,618	2,728,682	2,067,766	2,770,461
Plan fiduciary net position – beginning of year	31,046,376	32,370,009	32,528,705	32,521,738	32,837,303	39,805,746	33,059,992	33,844,610	36,573,292	38,641,058
Plan fiduciary net position – end of year	32,370,009	32,528,705	32,521,738	32,837,303	39,805,746	33,059,992	33,844,610	36,573,292	38,641,058	41,411,519
Net OPEB liability	$ 9,635,916	$ 8,752,144	$ 11,889,082	$ 17,484,629	$ 6,921,234	$ 15,065,388	$ 12,390,513	$ 11,982,702	$ 1,758,413	$ 689,321
Fiduciary net position as a percentage of the total OPEB liability	77.06%	78.80%	73.23%	65.25%	85.19%	68.70%	73.20%	75.32%	95.65%	98.36%
Covered-employee payroll	$ 82,333,402	$ 84,803,404	$ 91,067,372	$ 93,799,393	$ 101,974,315	$ 105,033,544	$ 108,624,104	$ 111,882,827	$ 117,642,092	$ 121,171,354
Net OPEB liability as a percentage of covered-employee payroll	11.70%	10.32%	13.06%	18.64%	6.79%	14.34%	11.41%	10.71%	1.49%	0.57%

INDEPENDENT SCHOOL DISTRICT NO. 284

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	9.7%
2018	7.6%
2019	6.0%
2020	5.9%
2021	25.7%
2022	(13.1%)
2023	7.2%
2024	12.0%
2025	10.8%
2026	14.8%

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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.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2026 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.90 percent to 4.40 percent.

2025 CHANGES IN PLAN PROVISIONS

- The sunset date for support staff was updated from June 30, 2018 to June 30, 2015.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.10 percent to 4.90 percent.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN PLAN PROVISIONS

- Wayzata Kids site managers are covered by the specialists' contract. Therefore, the Governmental Accounting Standards Board (GASB) Statement No. 73 benefit for employees who meet the eligibility requirements is now 75.00 percent of 100 days (instead of 100.00 percent of 80 days) multiplied by the daily rate of pay, which is paid as a lump sum to a 403(b) plan. The remaining 25.00 percent is paid to a Healthcare Savings Plan and is included under GASB Statement No. 75.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, paraprofessionals, secretaries, and support staff. Only employees hired before this date are eligible for GASB Statement No. 73 benefits.
- Secretaries and paraprofessionals with 15 years of service no longer need to retire by June 30, 2018 in order to receive a GASB Statement No. 73 benefit.
- GASB Statement No. 73 benefits were only valued for teachers who attained Step 5 or greater by July 1, 1998. Previously, all teachers hired by July 1, 1998 were assumed to receive a GASB Statement No. 73 benefit.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement table (only for employees eligible to retire with Rule of 90) were also updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2026 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 5.50 percent to 5.30 percent.

2025 CHANGES IN PLAN PROVISIONS

- The sunset date for support staff was updated from June 30, 2018 to June 30, 2015.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.90 percent to 5.50 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.20 percent.
- The discount rate was changed from 4.70 percent to 4.90 percent.

2023 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 from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 4.40 percent to 4.70 percent.
- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 3.50 percent to 4.40 percent.

2021 CHANGES IN PLAN PROVISIONS

- The superintendent's eligibility for GASB Statement No. 75 post-employment subsidies changed from age 55 with 9 years of service to age 55 with 10 years of service. The district-paid life insurance subsidy (based on $750,000) now ends at age 70 rather than age 65.
- Wayzata Kids site managers are now covered by the specialists' contract. Therefore, 25.00 percent of the 100 days of pay severance benefit is now paid to a Healthcare Savings Plan and is included in this valuation. The other 75.00 percent is paid to a 403(b) plan and is included under GASB Statement No. 73. The District also paid a dental subsidy up to $120 per month instead of the full single premium amount.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2021 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 from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 4.00 percent to 6.30 percent.
- The discount rate was changed from 2.80 percent to 3.50 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.10 percent to 4.00 percent.
- The discount rate was changed from 3.70 percent to 2.80 percent.

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, Home Base site managers, paraprofessionals, secretaries, specialists, and support staff. Only employees hired before this date are eligible for GASB Statement No. 75 post-employment subsidies.
- The teachers' limits on post-employment medical subsidies were increased from $920 to $980 per month for employees and an additional increase of $490 to $540 per month for spouses.
- Post-employment subsidies were changed for Home Base site managers, specialists, and support staff. They now receive $1,000 per month toward medical insurance and up to $120 per month toward dental insurance (with the exception of Home Base site managers who will receive full single dental premiums while retired) payable from retirement until age 65, but calculated at retirement and paid as a lump sum to a Healthcare Savings Plan.

2019 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 from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 4.50 percent to 5.10 percent.
- The discount rate was changed from 3.90 percent to 3.70 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal $1,000 per month, payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums, but limited to $120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a Healthcare Savings Plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70 and $25,000 thereafter for the administrators, executive directors, and principals.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 were also updated.
- The discount rate was changed from 6.00 percent to 3.50 percent.
- The percentage of future retirees who are assumed to continue on one of the District's medical plans, post-employment, was reduced from 50.00 percent to 10.00 percent for part-time custodians, food service employees, and paraprofessionals.

SUPPLEMENTARY INFORMATION

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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 fund category for the District includes the General Fund, Capital Projects – Building Construction Fund, Debt Service Fund, Food Service Special Revenue Fund, and Community Service Special Revenue 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. 284

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 3,494,407	$ 8,778,101	$ 12,272,508
Receivables			
Current taxes	–	1,125,440	1,125,440
Delinquent taxes	–	13,029	13,029
Accounts and interest	9,385	24,036	33,421
Due from other governmental units	20,602	237,004	257,606
Inventory	287,872	–	287,872
Prepaid items	30,667	4,910	35,577
Total assets	$ 3,842,933	$ 10,182,520	$ 14,025,453
Liabilities			
Salaries payable	$ 16,258	$ 502,534	$ 518,792
Accounts and contracts payable	96,659	493,580	590,239
Due to other governmental units	–	122	122
Unearned revenue	236,170	599,957	836,127
Total liabilities	349,087	1,596,193	1,945,280
Deferred inflows of resources			
Property taxes levied for subsequent year	–	2,241,321	2,241,321
Unavailable revenue – delinquent taxes	–	19,345	19,345
Total deferred inflows of resources	–	2,260,666	2,260,666
Fund balances			
Nonspendable	318,539	4,910	323,449
Restricted	3,175,307	6,320,751	9,496,058
Total fund balances	3,493,846	6,325,661	9,819,507
Total liabilities, deferred inflows of resources, and fund balances	$ 3,842,933	$ 10,182,520	$ 14,025,453

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ –	$ 2,082,382	$ 2,082,382
Other	1,437,425	13,007,973	14,445,398
State sources	6,678,934	1,890,577	8,569,511
Federal sources	2,957,186	–	2,957,186
Total revenue	11,073,545	16,980,932	28,054,477
Expenditures			
Current			
Food service	10,343,678	–	10,343,678
Community service	–	16,172,226	16,172,226
Capital outlay	108,996	95,767	204,763
Total expenditures	10,452,674	16,267,993	26,720,667
Net change in fund balances	620,871	712,939	1,333,810
Fund balances			
Beginning of year	2,872,975	5,612,722	8,485,697
End of year	$ 3,493,846	$ 6,325,661	$ 9,819,507

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Cash and temporary investments	$ 91,524,390	$ 80,031,826
Receivables		
Current taxes	40,134,473	37,091,259
Delinquent taxes	458,856	433,451
Accounts and interest	286,327	104,694
Due from other governmental units	16,521,458	17,812,687
Due from other funds	9,223,990	6,329,757
Lease	522,028	530,183
Inventory	114,412	118,072
Prepaid items	2,453,236	2,277,460
Total assets	$ 161,239,170	$ 144,729,389
Liabilities		
Salaries payable	$ 297,346	$ 416,556
Accounts and contracts payable	11,194,417	7,532,684
Due to other governmental units	172,958	108,338
Unearned revenue	868,653	967,048
Total liabilities	12,533,374	9,024,626
Deferred inflows of resources		
Property taxes levied for subsequent year	75,409,374	71,179,729
Lease revenue for subsequent years	522,028	530,183
Unavailable revenue – delinquent taxes	684,815	428,004
Total deferred inflows of resources	76,616,217	72,137,916
Fund balances		
Nonspendable for inventory	114,412	118,072
Nonspendable for prepaid items	2,453,236	2,277,460
Restricted for scholarships	226,208	226,244
Restricted for capital projects levy	7,108,201	6,056,415
Restricted for literacy incentive aid	435,271	400,885
Restricted for American Indian education aid	21,828	1,046
Restricted for operating capital	4,782,472	4,490,011
Restricted for quality compensation	170,175	658,424
Restricted for literacy aid	–	504,243
Restricted for teacher compensation for READ Act	–	78,596
Restricted for long-term facilities maintenance	7,554,887	11,913,160
Restricted for Medical Assistance	570,192	363,393
Assigned for local collaborative time study	–	175,326
Assigned for reemployment insurance	1,545,000	1,275,000
Assigned for post-employment obligations	4,120,492	4,294,291
Assigned for enrollment	1,744,582	1,700,228
Assigned for classroom and administration furniture/equipment	3,000,000	3,000,000
Assigned for safety and security	–	850,000
Unassigned	38,242,623	25,184,053
Total fund balances	72,089,579	63,566,847
Total liabilities, deferred inflows of resources, and fund balances	$ 161,239,170	$ 144,729,389

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 76,686,068	$ 75,662,388	$ (1,023,680)	$ 73,105,863
Investment earnings	2,500,000	4,166,329	1,666,329	4,180,243
Other	4,633,040	6,728,188	2,095,148	6,404,136
State sources	149,078,152	149,948,043	869,891	141,295,127
Federal sources	4,154,907	3,554,655	(600,252)	3,806,317
Total revenue	237,052,167	240,059,603	3,007,436	228,791,686
Expenditures				
Current				
Administration				
Salaries	4,466,656	4,284,116	(182,540)	4,192,232
Employee benefits	1,538,248	1,572,888	34,640	1,505,462
Purchased services	164,654	152,853	(11,801)	204,107
Supplies and materials	59,360	66,502	7,142	48,818
Capital expenditures	18,021	–	(18,021)	8,414
Other expenditures	55,887	77,289	21,402	73,470
Total administration	6,302,826	6,153,648	(149,178)	6,032,503
District support services				
Salaries	3,587,714	3,595,519	7,805	3,493,715
Employee benefits	1,394,231	1,513,070	118,839	1,370,610
Purchased services	1,027,188	1,113,865	86,677	758,232
Supplies and materials	289,886	328,943	39,057	976,905
Capital expenditures	149,660	98,491	(51,169)	5,073
Other expenditures	103,200	15,970	(87,230)	17,604
Total district support services	6,551,879	6,665,858	113,979	6,622,139
Elementary and secondary regular instruction				
Salaries	70,965,187	67,990,142	(2,975,045)	63,288,275
Employee benefits	23,883,834	22,442,855	(1,440,979)	20,698,253
Purchased services	3,221,673	3,147,490	(74,183)	2,741,185
Supplies and materials	2,724,278	2,431,703	(292,575)	3,265,442
Capital expenditures	302,307	148,310	(153,997)	936,044
Other expenditures	667,216	374,539	(292,677)	399,302
Total elementary and secondary regular instruction	101,764,495	96,535,039	(5,229,456)	91,328,501

INDEPENDENT SCHOOL DISTRICT NO. 284

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	2,308,099	2,400,104	92,005	2,158,810
Employee benefits	784,202	819,445	35,243	744,825
Purchased services	287,156	353,527	66,371	281,143
Supplies and materials	79,420	38,043	(41,377)	36,151
Capital expenditures	7,150	13,029	5,879	2,871
Other expenditures	19,987	30,916	10,929	32,684
Total vocational education instruction	3,486,014	3,655,064	169,050	3,256,484
Special education instruction				
Salaries	23,096,189	23,405,604	309,415	21,225,806
Employee benefits	8,296,430	8,662,274	365,844	7,444,623
Purchased services	2,049,189	2,205,693	156,504	2,183,453
Supplies and materials	415,186	298,534	(116,652)	261,578
Capital expenditures	50,000	30,367	(19,633)	19,771
Other expenditures	164,651	253,394	88,743	263,064
Total special education instruction	34,071,645	34,855,866	784,221	31,398,295
Community education services				
Employee benefits	35,000	–	(35,000)	23,383
Instructional support services				
Salaries	11,365,360	12,170,363	805,003	11,115,757
Employee benefits	4,744,777	4,824,210	79,433	4,387,532
Purchased services	1,715,264	1,479,803	(235,461)	1,324,546
Supplies and materials	3,384,363	3,356,190	(28,173)	3,636,668
Capital expenditures	6,518,414	6,118,163	(400,251)	3,243,597
Other expenditures	24,550	80,884	56,334	67,088
Total instructional support services	27,752,728	28,029,613	276,885	23,775,188
Pupil support services				
Salaries	5,867,475	5,556,782	(310,693)	4,769,629
Employee benefits	2,206,385	1,983,263	(223,122)	1,709,744
Purchased services	16,725,288	17,170,666	445,378	16,070,453
Supplies and materials	301,908	369,819	67,911	311,673
Capital expenditures	37,096	191,649	154,553	920,687
Other expenditures	1,500	34,866	33,366	25,445
Total pupil support services	25,139,652	25,307,045	167,393	23,807,631

INDEPENDENT SCHOOL DISTRICT NO. 284

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	6,758,052	6,499,585	(258,467)	6,388,123
Employee benefits	2,642,366	2,359,146	(283,220)	2,303,499
Purchased services	10,407,413	8,350,829	(2,056,584)	7,422,406
Supplies and materials	1,625,465	1,743,140	117,675	1,745,993
Capital expenditures	12,402,700	12,003,540	(399,160)	11,175,865
Other expenditures	129,500	19,346	(110,154)	19,572
Total sites and buildings	33,965,496	30,975,586	(2,989,910)	29,055,458
Fiscal and other fixed cost programs				
Purchased services	1,294,409	1,137,864	(156,545)	1,141,755
Other expenditures	–	20,500	20,500	26,700
Total fiscal and other fixed cost programs	1,294,409	1,158,364	(136,045)	1,168,455
Debt service				
Principal	3,876,664	4,079,884	203,220	3,717,269
Interest and fiscal charges	532,911	592,326	59,415	634,385
Total debt service	4,409,575	4,672,210	262,635	4,351,654
Total expenditures	244,773,719	238,008,293	(6,765,426)	220,819,691
Excess (deficiency) of revenue over expenditures	(7,721,552)	2,051,310	9,772,862	7,971,995
Other financing sources				
Debt issued	2,707,436	6,032,573	3,325,137	2,710,901
Sale of assets	400,000	429,646	29,646	200,483
Insurance recovery	–	9,203	9,203	10,000
Total other financing sources	3,107,436	6,471,422	3,363,986	2,921,384
Net change in fund balances	$ (4,614,116)	8,522,732	$ 13,136,848	10,893,379
Fund balances				
Beginning of year		63,566,847		52,673,468
End of year		$ 72,089,579		$ 63,566,847

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,494,407	$ 3,058,480
Receivables		
Accounts and interest	9,385	11,766
Due from other governmental units	20,602	15,399
Inventory	287,872	208,835
Prepaid items	30,667	–
Total assets	$ 3,842,933	$ 3,294,480
Liabilities		
Salaries payable	$ 16,258	$ 15,504
Accounts and contracts payable	96,659	139,825
Unearned revenue	236,170	266,176
Total liabilities	349,087	421,505
Fund balances		
Nonspendable for inventory	287,872	208,835
Nonspendable for prepaid items	30,667	–
Restricted for food service	3,175,307	2,664,140
Total fund balances	3,493,846	2,872,975
Total liabilities and fund balances	$ 3,842,933	$ 3,294,480

INDEPENDENT SCHOOL DISTRICT NO. 284

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				
Other – primarily meal sales	$ 1,442,395	$ 1,437,425	$ (4,970)	$ 1,539,883
State sources	6,345,000	6,678,934	333,934	6,244,540
Federal sources	2,722,840	2,957,186	234,346	2,750,262
Total revenue	10,510,235	11,073,545	563,310	10,534,685
Expenditures				
Current				
Salaries	3,225,892	3,404,770	178,878	3,127,093
Employee benefits	1,177,332	1,283,486	106,154	1,111,228
Purchased services	339,750	153,787	(185,963)	317,297
Supplies and materials	5,340,840	5,482,650	141,810	5,263,497
Other expenditures	20,600	18,985	(1,615)	16,480
Capital outlay	1,108,000	108,996	(999,004)	266,290
Debt service				
Principal	–	–	–	16,112
Interest and fiscal charges	–	–	–	644
Total expenditures	11,212,414	10,452,674	(759,740)	10,118,641
Net change in fund balances	$ (702,179)	620,871	$ 1,323,050	416,044
Fund balances				
Beginning of year		2,872,975		2,456,931
End of year		$ 3,493,846		$ 2,872,975

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Cash and temporary investments	$ 8,778,101	$ 7,528,512
Receivables		
Current taxes	1,125,440	1,041,006
Delinquent taxes	13,029	12,389
Accounts and interest	24,036	40,406
Due from other governmental units	237,004	207,879
Prepaid items	4,910	–
Total assets	$ 10,182,520	$ 8,830,192
Liabilities		
Salaries payable	$ 502,534	$ 330,513
Accounts and contracts payable	493,580	172,126
Due to other governmental units	122	4,216
Unearned revenue	599,957	579,630
Total liabilities	1,596,193	1,086,485
Deferred inflows of resources		
Property taxes levied for subsequent year	2,241,321	2,118,764
Unavailable revenue – delinquent taxes	19,345	12,221
Total deferred inflows of resources	2,260,666	2,130,985
Fund balances		
Nonspendable for prepaid items	4,910	–
Restricted for community education	5,210,849	4,794,845
Restricted for early childhood family education	449,107	276,431
Restricted for school readiness	449,448	326,325
Restricted for community service	211,347	215,121
Total fund balances	6,325,661	5,612,722
Total liabilities, deferred inflows of resources, and fund balances	$ 10,182,520	$ 8,830,192

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 2,095,301	$ 2,082,382	$ (12,919)	$ 2,002,828
Other – primarily tuition and fees	12,692,026	13,007,973	315,947	12,057,931
State sources	1,917,029	1,890,577	(26,452)	1,637,742
Total revenue	16,704,356	16,980,932	276,576	15,698,501
Expenditures				
Current				
Salaries	9,829,450	9,792,722	(36,728)	8,817,341
Employee benefits	3,243,606	3,087,590	(156,016)	2,879,575
Purchased services	2,415,033	2,373,597	(41,436)	2,012,778
Supplies and materials	965,112	913,058	(52,054)	774,715
Other expenditures	6,650	5,259	(1,391)	5,083
Capital outlay	87,100	95,767	8,667	79,534
Total expenditures	16,546,951	16,267,993	(278,958)	14,569,026
Net change in fund balances	$ 157,405	712,939	$ 555,534	1,129,475
Fund balances				
Beginning of year		5,612,722		4,483,247
End of year		$ 6,325,661		$ 5,612,722

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,292,064	$ 2,296,534
Cash and investments held by trustee	4,980	4,557
Total assets	$ 3,297,044	$ 2,301,091
Liabilities		
Accounts and contracts payable	$ 734,921	$ 566,146
Fund balances		
Restricted for capital projects	2,562,123	1,734,945
Total liabilities and fund balances	$ 3,297,044	$ 2,301,091

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 200,000	$ 230,592	$ 30,592	$ 164,740
Expenditures				
Capital outlay				
Purchased services	1,326,000	1,060,043	(265,957)	77,900
Capital expenditures	6,580,000	4,337,653	(2,242,347)	2,141,335
Other expenditures	–	–	–	350,867
Debt service				
Fiscal charges and other	–	81,644	81,644	–
Total expenditures	7,906,000	5,479,340	(2,426,660)	2,570,102
Excess (deficiency) of revenue over expenditures	(7,706,000)	(5,248,748)	2,457,252	(2,405,362)
Other financing sources				
Debt issued	5,500,074	5,500,000	(74)	–
Premium on debt issued	575,926	575,926	–	–
Total other financing sources	6,076,000	6,075,926	(74)	–
Net change in fund balances	$ (1,630,000)	827,178	$ 2,457,178	(2,405,362)
Fund balances				
Beginning of year		1,734,945		4,140,307
End of year		$ 2,562,123		$ 1,734,945

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2026	2025
Assets		
Cash and temporary investments	$ 13,107,211	$ 12,715,293
Receivables		
Current taxes	10,077,160	9,196,872
Delinquent taxes	112,913	104,431
Due from other governmental units	1,146	966
Total assets	$ 23,298,430	$ 22,017,562
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 20,068,736	$ 18,718,419
Unavailable revenue – delinquent taxes	169,038	102,990
Total deferred inflows of resources	20,237,774	18,821,409
Fund balances		
Restricted for debt service	3,060,656	3,196,153
Total deferred inflows of resources and fund balances	$ 23,298,430	$ 22,017,562

INDEPENDENT SCHOOL DISTRICT NO. 284

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	$ 18,717,215	$ 18,397,501	$ (319,714)	$ 17,549,580
State sources	9,405	11,469	2,064	9,668
Total revenue	18,726,620	18,408,970	(317,650)	17,559,248
Expenditures				
Debt service				
Principal	13,620,000	13,620,000	–	12,235,000
Interest	4,922,092	4,922,092	–	5,273,500
Fiscal charges and other	2,900	513,482	510,582	475
Total expenditures	18,544,992	19,055,574	510,582	17,508,975
Excess (deficiency) of revenue over expenditures	181,628	(646,604)	(828,232)	50,273
Other financing sources (uses)				
Refunding debt issued	–	32,470,000	32,470,000	–
Premium on debt issued	–	3,401,000	3,401,000	–
Payment on refunded debt	–	(35,359,893)	(35,359,893)	–
Total other financing sources (uses)	–	511,107	511,107	–
Net change in fund balances	$ 181,628	(135,497)	$ (317,125)	50,273
Fund balances				
Beginning of year		3,196,153		3,145,880
End of year		$ 3,060,656		$ 3,196,153

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured benefits and early retirement benefits.

The statements that follow are to provide further detail and support additional analysis for the District's internal service funds.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2026	Totals 2025
Assets				
Current assets				
Investments	$ 5,434,195	$ 6,554,789	$ 11,988,984	$ 11,291,505
Receivables				
Accounts and interest	600	–	600	50,255
Due from other funds	2,944,765	–	2,944,765	1,882,822
Total current assets	8,379,560	6,554,789	14,934,349	13,224,582
Deferred outflows of resources				
Pension plan deferments	–	302,885	302,885	376,764
Liabilities				
Current liabilities				
Accounts and contracts payable	16,998	796,991	813,989	15,799
Due to other funds	4,015,034	5,208,956	9,223,990	6,329,757
Claims incurred, but not reported	1,362,249	–	1,362,249	1,316,917
Compensated absences payable	–	3,747,905	3,747,905	3,921,704
Total pension liability	–	361,850	361,850	989,959
Total current liabilities	5,394,281	10,115,702	15,509,983	12,574,136
Long-term liabilities				
Compensated absences payable	–	26,737,602	26,737,602	20,898,680
Total pension liability	–	2,810,541	2,810,541	2,223,493
Total long-term liabilities	–	29,548,143	29,548,143	23,122,173
Total liabilities	5,394,281	39,663,845	45,058,126	35,696,309
Deferred inflows of resources				
Pension plan deferments	–	166,398	166,398	220,892
Net position				
Unrestricted	$ 2,985,279	$ (32,972,569)	$ (29,987,290)	$ (22,315,855)

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2026	Totals 2025
Operating revenue				
Charges for services	$ 24,830,483	$ –	$ 24,830,483	$ 22,665,896
Operating expenses				
Dental benefit claims	1,772,146	–	1,772,146	1,636,946
Health benefit claims	24,395,013	–	24,395,013	20,501,973
Early retirement incentive and sick leave benefits	–	6,915,436	6,915,436	2,789,712
Total operating expenses	26,167,159	6,915,436	33,082,595	24,928,631
Operating income (loss)	(1,336,676)	(6,915,436)	(8,252,112)	(2,262,735)
Other nonoperating revenue				
Investment earnings	268,364	312,313	580,677	576,399
Change in net position	(1,068,312)	(6,603,123)	(7,671,435)	(1,686,336)
Net position				
Beginning of year	4,053,591	(26,369,446)	(22,315,855)	(20,629,519)
End of year	$ 2,985,279	$ (32,972,569)	$ (29,987,290)	$ (22,315,855)

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2026	Totals 2025
Cash flows from operating activities				
Charges for services	$ 23,818,195	$ –	$ 23,818,195	$ 24,296,363
Payments for health and dental claims	(26,120,628)	–	(26,120,628)	(22,297,327)
Payments for retirement benefits	–	(474,998)	(474,998)	(1,218,835)
Net cash flows from operating activities	(2,302,433)	(474,998)	(2,777,431)	780,201
Cash flows from noncapital financing activities				
Cash received from other funds	2,419,235	474,998	2,894,233	1,218,835
Cash paid to other funds	–	–	–	(1,999,036)
Purchase of investments	(116,802)	–	(116,802)	–
Net cash flows from noncapital financing activities	2,302,433	474,998	2,777,431	(780,201)
Net change in cash and cash equivalents	–	–	–	–
Cash and cash equivalents				
Beginning of year	–	–	–	–
End of year	$ –	$ –	$ –	$ –
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (1,336,676)	$ (6,915,436)	$ (8,252,112)	$ (2,262,735)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets				
Accounts and interest receivable	49,655	–	49,655	(39,613)
Due from other funds	(1,061,943)	–	(1,061,943)	1,670,080
Deferred outflows of resources – pension plan deferments	–	73,879	73,879	(88,407)
Changes in liabilities and deferred inflows				
Accounts and contracts payable	1,199	796,991	798,190	(11,654)
Claims incurred, but not reported	45,332	–	45,332	(146,754)
Compensated absences payable	–	5,665,123	5,665,123	1,960,471
Total pension liability	–	(41,061)	(41,061)	(341,181)
Deferred inflows of resources – pension plan deferments	–	(54,494)	(54,494)	39,994
Net cash flows from operating activities	$ (2,302,433)	$ (474,998)	$ (2,777,431)	$ 780,201
Noncash investing, capital, and financing activities				
Market value adjustment on investments in life insurance contracts	$ 268,364	$ 312,313	$ 580,677	$ 576,399

SECTION III

STATISTICAL SECTION

(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 284's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2017	2018	2019	2020
Governmental activities				
Net investment in capital assets	$ 40,112,576	$ 37,679,712	$ 37,050,317	$ 27,572,468
Restricted	7,822,506	10,695,169	10,648,975	9,472,475
Unrestricted	(122,259,148)	(158,453,974)	(122,967,598)	(133,667,103)
Total governmental activities net position	$ (74,324,066)	$(110,079,093)	$ (75,268,306)	$ (96,622,160)

Note 1: The District implemented GASB Statement No. 84 in fiscal 2020, reported as a change in accounting principle as a result of implementing this standard, which increased net position by approximately $1.2 million. Prior year amounts have not been restated.

Note 2: In fiscal 2024, the District reported a change in accounting principle for a change in reporting certain groups of similar capital assets acquired in prior years, that increased net position by $3,579,312.

Note 3: The District implemented GASB Statement No. 101 in fiscal 2025, reported as a change in accounting principle as a result of implementing this standard, which decreased net position by $19,742,612. Prior years were not restated.

2021	2022	2023	2024	2025	2026
$ 29,989,500	$ 33,227,426	$ 36,667,330	$ 56,426,154	$ 73,031,139	$ 89,943,557
3,126,677	11,224,124	25,400,096	33,131,167	34,301,263	31,918,850
(139,295,623)	(131,772,607)	(116,456,636)	(104,749,098)	(108,798,026)	(96,853,545)
$(106,179,446)	$ (87,321,057)	$ (54,389,210)	$ (15,191,777)	$ (1,465,624)	$ 25,008,862

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2017	2018	2019	2020
Governmental activities				
Expenses				
Administration	$ 6,700,296	$ 6,052,169	$ 4,265,884	$ 5,744,321
District support services	6,114,326	5,347,446	5,961,373	7,124,303
Elementary and secondary regular instruction	97,927,589	98,324,381	57,568,978	94,447,134
Vocational education instruction	3,737,593	3,782,104	2,163,529	3,448,696
Special education instruction	23,736,177	23,646,291	15,166,922	22,972,019
Instructional support services	13,276,121	18,777,288	13,281,310	20,521,549
Pupil support services	14,566,050	14,370,024	12,799,455	15,297,882
Sites and buildings	35,215,528	23,723,765	21,884,093	31,256,979
Fiscal and other fixed cost programs	566,951	281,446	541,321	539,743
Food service	6,484,275	6,469,883	6,943,797	6,743,253
Community service	9,811,345	10,971,816	10,774,854	11,509,169
Interest and fiscal charges	5,326,192	6,692,718	7,556,619	8,353,500
Total governmental activities expenses	223,462,443	218,439,331	158,908,135	227,958,548
Program revenues				
Charges for services				
Administration	57,422	39,922	117,202	1,566
Elementary and secondary regular instruction	1,287,405	1,323,071	1,339,296	1,435,317
Special education instruction	350,928	498,813	307,962	431,278
Instructional support services	6,703	15,338	14,469	12,733
Pupil support services	22,018	152,731	148,244	185,197
Sites and buildings	558,826	628,772	591,360	454,390
Food service	5,067,696	5,357,091	5,318,392	4,000,966
Community service	7,410,890	8,164,553	8,933,531	7,775,972
Operating grants and contributions	17,625,350	16,357,459	16,952,023	20,694,796
Capital grants and contributions	1,351,039	2,870,495	1,534,850	1,517,914
Total governmental activities program revenues	33,738,277	35,408,245	35,257,329	36,510,129
Net (expense) revenue	(189,724,166)	(183,031,086)	(123,650,806)	(191,448,419)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	42,239,180	52,196,919	55,461,620	58,866,293
Property taxes, levied for community service	1,096,913	993,672	1,222,047	1,537,423
Property taxes, levied for debt service	14,587,642	8,274,499	12,085,201	12,427,460
General grants and aids	83,119,553	81,977,981	82,036,235	90,978,084
Other general revenues	2,001,619	1,672,313	1,429,838	2,621,106
Investment earnings	1,886,224	2,160,675	3,191,342	2,476,239
Special item	–	–	3,035,310	–
Total general revenues and other changes in net position	144,931,131	147,276,059	158,461,593	168,906,605
Change in net position	$ (44,793,035)	$ (35,755,027)	$ 34,810,787	$ (22,541,814)

2021	2022	2023	2024	2025	2026
$ 5,749,982	$ 5,580,376	$ 5,747,682	$ 6,043,652	$ 6,144,869	$ 7,220,108
5,397,237	6,003,506	6,294,468	6,239,323	6,691,641	7,561,308
94,959,700	87,857,642	76,223,157	88,673,106	94,427,907	99,976,596
3,897,753	3,731,676	2,759,344	2,997,519	3,249,525	3,589,051
24,080,587	21,614,577	21,371,825	27,325,867	31,295,269	34,466,006
18,730,543	18,462,776	17,420,412	20,239,606	23,694,920	25,384,594
16,167,678	17,624,546	18,480,033	19,922,400	22,959,676	23,338,591
30,193,336	25,596,931	28,343,784	21,618,947	23,642,017	27,445,413
420,778	895,025	867,690	757,321	1,168,455	1,158,364
5,743,363	8,047,821	7,732,984	9,814,491	10,052,430	10,497,233
9,728,339	10,984,506	12,046,032	13,275,131	14,157,930	15,756,122
7,878,465	4,683,351	6,008,024	5,824,339	5,491,245	4,917,229
222,947,761	211,082,733	203,295,435	222,731,702	242,975,884	261,310,615
215	9,582	14,112	14,457	24,583	27,085
776,860	1,622,069	1,661,240	1,901,447	2,082,987	2,190,582
437,583	670,258	597,917	633,169	534,852	954,018
11,952	14,287	17,656	9,083	6,891	8,690
172,328	192,904	230,392	277,382	347,787	33,340
326,747	687,156	685,254	711,107	673,346	805,290
273,566	1,121,098	5,069,270	1,428,966	1,539,883	1,437,425
4,837,454	9,440,594	10,035,942	10,963,905	12,057,931	13,007,973
24,733,862	30,187,591	24,542,184	41,248,216	44,026,042	48,888,940
1,389,335	1,171,004	1,200,886	1,160,656	927,553	631,448
32,959,902	45,116,543	44,054,853	58,348,388	62,221,855	67,984,791
(189,987,859)	(165,966,190)	(159,240,582)	(164,383,314)	(180,754,029)	(193,325,824)
64,000,234	67,563,040	67,527,408	70,318,741	73,261,327	75,919,199
1,884,647	2,186,740	2,094,077	2,131,568	2,007,800	2,089,506
14,575,929	15,150,556	16,426,286	15,799,436	17,593,286	18,463,549
96,793,030	94,871,042	99,864,411	104,649,181	113,494,826	115,202,426
1,499,701	2,902,407	2,577,988	2,293,369	2,944,173	3,148,032
1,677,032	2,150,794	3,682,259	4,809,140	4,921,382	4,977,598
–	–	–	–	–	–
180,430,573	184,824,579	192,172,429	200,001,435	214,222,794	219,800,310
$ (9,557,286)	$ 18,858,389	$ 32,931,847	$ 35,618,121	$ 33,468,765	$ 26,474,486

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2017	2018	2019	2020
General Fund				
Nonspendable	$ 355,711	$ 287,085	$ 316,399	$ 611,106
Restricted	2,824,355	5,770,694	7,600,701	6,775,773
Assigned	4,918,059	5,712,743	5,369,294	5,529,336
Unassigned	8,050,979	8,304,664	12,681,756	19,030,745
Total General Fund	$ 16,149,104	$ 20,075,186	$ 25,968,150	$ 31,946,960
All other governmental funds				
Nonspendable				
Special revenue funds	$ 100,667	$ 108,812	$ 87,830	$ 138,321
Capital Projects –				
Building Construction Fund	370,688	357,895	19,169	–
Restricted				
Special revenue funds	3,131,609	2,824,021	2,479,699	854,097
Capital Projects –				
Building Construction Fund	8,669,298	68,914,606	33,749,841	23,516,237
Debt Service Fund	2,475,932	2,606,958	2,833,280	2,683,374
Unassigned				
Special revenue funds	–	–	–	(137,471)
Capital Projects –				
Building Construction Fund	(528,128)	–	(1,219,341)	(4,611,885)
Total all other governmental funds	$ 14,220,066	$ 74,812,292	$ 37,950,478	$ 22,442,673
Total all governmental funds	$ 30,369,170	$ 94,887,478	$ 63,918,628	$ 54,389,633

2021	2022	2023	2024	2025	2026
$ 608,414	$ 155,695	$ 196,362	$ 1,512,203	$ 2,395,532	$ 2,567,648
2,976,949	8,513,378	19,675,220	25,528,501	24,692,417	20,869,234
7,775,597	11,348,017	8,002,652	8,643,744	11,294,845	10,410,074
15,496,057	15,056,047	13,079,093	16,989,020	25,184,053	38,242,623
$ 26,857,017	$ 35,073,137	$ 40,953,327	$ 52,673,468	$ 63,566,847	$ 72,089,579
$ 110,760	$ 54,380	$ 197,530	$ 194,058	$ 208,835	$ 323,449
–	–	–	–	–	–
243,867	2,351,836	4,196,218	6,746,120	8,276,862	9,496,058
13,926,905	9,432,482	8,017,315	4,140,307	1,734,945	2,562,123
2,799,411	3,079,092	3,836,342	3,145,880	3,196,153	3,060,656
(1,393,729)	–	–	–	–	–
–	–	–	–	–	–
$ 15,687,214	$ 14,917,790	$ 16,247,405	$ 14,226,365	$ 13,416,795	$ 15,442,286
$ 42,544,231	$ 49,990,927	$ 57,200,732	$ 66,899,833	$ 76,983,642	$ 87,531,865

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2017	2018	2019	2020
Revenues				
Local sources				
Taxes	$ 57,642,494	$ 61,547,600	$ 68,770,016	$ 72,813,330
Investment earnings	538,191	838,461	2,770,330	2,197,147
Other	17,174,010	17,856,126	18,202,110	16,918,525
State sources	93,888,892	96,910,458	101,283,833	107,226,242
Federal sources	4,239,619	4,329,494	4,609,793	5,924,132
Total revenues	173,483,206	181,482,139	195,636,082	205,079,376
Expenditures				
Current				
Administration	4,307,817	4,380,862	4,785,410	5,067,908
District support services	4,856,373	4,807,590	5,445,961	6,694,187
Elementary and secondary regular instruction	64,754,485	68,352,055	76,186,117	81,936,301
Vocational education instruction	2,782,707	2,953,500	3,043,470	3,272,414
Special education instruction	17,738,153	18,658,389	20,099,837	21,779,719
Instructional support services	9,841,449	15,992,693	16,158,133	19,718,543
Pupil support services	13,117,743	13,098,157	14,067,489	15,049,233
Sites and buildings	18,089,426	17,692,885	14,265,340	14,028,350
Fiscal and other fixed cost programs	566,951	281,446	541,321	539,743
Food service	6,173,350	6,403,380	6,737,168	6,657,150
Community service	8,912,116	10,298,600	11,073,210	11,322,610
Capital outlay	26,537,306	18,646,356	40,253,946	47,880,501
Debt service				
Principal	11,554,610	5,789,891	6,547,836	7,992,578
Interest and fiscal charges	6,023,460	6,081,787	7,937,194	8,371,309
Total expenditures	195,255,946	193,437,591	227,142,432	250,310,546
Excess of revenues over (under) expenditures	(21,772,740)	(11,955,452)	(31,506,350)	(45,231,170)
Other financing sources (uses)				
Sale of assets	21,653	–	–	–
Sale of real property	–	–	–	6,251,000
Insurance recovery	–	–	–	–
Bonds issued	–	66,895,000	–	7,455,000
Certificates of participation issued	–	–	–	17,000,000
Premium on debt issued	–	3,406,305	–	1,690,099
Finance purchase issued	767,400	6,172,455	537,500	1,824,796
Lease liability issued	–	–	–	–
Technology subscription issued	–	–	–	–
Payment to refunded bond escrow agent	–	–	–	–
Transfers in	13,006,244	6,779,299	2,042,900	8,667,013
Transfers out	(13,117,868)	(6,779,299)	(2,042,900)	(8,373,693)
Total other financing sources (uses)	677,429	76,473,760	537,500	34,514,215
Net change in fund balances	$ (21,095,311)	$ 64,518,308	$ (30,968,850)	$ (10,716,955)
Debt service as a percentage of noncapital expenditures	9.7%	6.7%	7.6%	7.6%

2021	2022	2023	2024	2025	2026
$ 80,433,919	$ 84,873,103	$ 86,018,437	$ 88,402,355	$ 92,658,271	$ 96,142,271
1,305,933	1,674,000	2,881,075	4,325,830	4,344,983	4,396,921
8,336,406	16,450,029	20,858,552	18,050,864	20,001,950	21,173,586
108,577,224	111,439,713	117,192,391	138,306,107	149,187,077	158,529,023
14,093,576	15,439,120	7,751,132	8,220,578	6,556,579	6,511,841
212,747,058	229,875,965	234,701,587	257,305,734	272,748,860	286,753,642
5,083,452	5,483,945	6,184,834	5,947,788	6,032,503	6,153,648
5,096,001	5,935,170	6,178,953	5,910,159	6,622,139	6,665,858
83,152,766	84,858,958	86,970,728	87,877,605	91,328,501	96,535,039
3,670,138	3,796,628	3,300,153	3,114,979	3,256,484	3,655,064
22,445,977	22,174,862	24,337,265	27,821,384	31,398,295	34,855,866
18,149,211	18,826,900	18,432,426	19,926,594	23,775,188	28,029,613
15,855,236	17,625,696	19,192,005	19,974,710	23,807,631	25,307,045
25,477,618	20,344,916	22,440,027	28,281,722	29,055,458	30,975,586
420,778	895,025	867,690	757,321	1,168,455	1,158,364
5,601,859	8,086,232	7,610,322	9,135,033	9,835,595	10,343,678
9,602,128	11,107,228	11,767,021	13,012,458	14,512,875	16,172,226
9,634,742	5,195,897	2,103,663	8,134,665	2,915,926	5,602,459
9,337,680	13,954,352	13,715,658	14,960,635	15,968,381	17,699,884
8,761,139	6,546,015	6,625,993	6,230,409	5,909,004	6,109,544
222,288,725	224,831,824	229,726,738	251,085,462	265,586,435	289,263,874
(9,541,667)	5,044,141	4,974,849	6,220,272	7,162,425	(2,510,232)
–	–	–	–	200,483	429,646
–	–	–	–	–	–
–	210,326	31,219	182,021	10,000	9,203
8,340,000	132,865,000	–	3,105,000	–	37,970,000
–	–	–	–	–	–
951,055	4,923,285	–	130,618	–	3,976,926
1,350,145	2,251,230	1,181,850	1,117,052	1,409,436	4,191,261
–	–	–	–	914,220	1,666,730
–	–	398,925	–	387,245	174,582
(9,200,000)	(136,886,511)	–	–	–	(35,359,893)
4,611,885	–	622,962	309,446	–	–
(8,356,820)	(960,775)	–	(1,365,308)	–	–
(2,303,735)	2,402,555	2,234,956	3,478,829	2,921,384	13,058,455
$ (11,845,402)	$ 7,446,696	$ 7,209,805	$ 9,699,101	$ 10,083,809	$ 10,548,223
8.6%	9.3%	9.0%	9.3%	8.9%	9.0%

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INDEPENDENT SCHOOL DISTRICT NO. 284

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2017	$ 127,889,211	$ 11,410,014,227	1.1 %
2018	137,065,114	12,249,671,471	1.1
2019	146,188,244	13,028,383,691	1.1
2020	156,060,319	13,916,257,860	1.1
2021	166,478,303	14,839,903,276	1.1
2022	176,520,258	15,755,769,997	1.1
2023	182,970,236	16,443,824,055	1.1
2024	217,667,832	19,229,146,613	1.1
2025	240,984,017	21,015,136,874	1.1
2026	246,845,985	21,591,051,125	1.1

Note: Per the Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available.

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	ISD No. 284	Corcoran	Maple Grove	Medicine Lake	Medina
2017	26.106%	45.691%	39.196%	40.413%	23.301%
2018	26.290%	45.994%	38.245%	35.525%	22.270%
2019	25.464%	45.357%	36.709%	45.247%	21.521%
2020	24.833%	45.160%	34.746%	42.765%	21.529%
2021	26.681%	45.013%	32.756%	48.696%	22.493%
2022	26.912%	43.522%	31.911%	46.388%	22.468%
2023	23.848%	42.122%	26.902%	41.635%	22.559%
2024	19.805%	42.410%	27.280%	37.834%	20.357%
2025	21.005%	42.727%	29.261%	37.035%	20.836%
2026	22.270%	44.291%	30.187%	39.195%	22.476%
County Auditor's Gross Spread Levies					
2017	$ 58,429,819	$ 233,740	$ 3,272,362	$ 409,045	$ 4,090,453
2018	68,605,225	304,340	3,226,004	426,076	4,199,892
2019	72,641,789	480,237	3,567,472	480,237	4,802,366
2020	79,769,816	797,649	3,828,717	558,355	5,344,251
2021	83,771,787	921,490	3,853,502	586,403	5,612,710
2022	85,835,162	1,201,692	4,034,253	515,011	6,008,461
2023	88,096,119	1,409,538	4,580,998	616,673	6,342,920
2024	92,385,480	1,662,939	4,711,659	646,698	6,928,911
2025	96,322,943	1,926,459	4,912,470	674,261	7,513,190
2026	102,228,554	2,044,571	5,213,656	715,600	7,973,827

Note: Above tax rates are used to levy city, county, and school district taxes.

Source: Hennepin County Taxpayer Services Division

Minnetonka	Orono	Plymouth	Wayzata	Hennepin County	Special Districts
35.674%	17.325%	27.330%	24.673%	45.356%	9.530%
36.378%	16.759%	26.482%	23.352%	44.087%	9.319%
35.710%	16.555%	26.344%	21.749%	42.808%	8.973%
34.676%	16.406%	25.920%	21.672%	41.861%	8.550%
36.574%	16.512%	25.796%	21.055%	41.084%	8.219%
35.556%	16.780%	26.119%	20.644%	38.535%	8.176%
33.922%	16.569%	24.307%	19.468%	38.535%	7.148%
34.958%	16.349%	24.775%	19.224%	34.681%	8.405%
37.583%	16.361%	26.136%	19.772%	37.081%	8.114%
39.646%	16.414%	27.675%	19.602%	39.242%	7.124%

$ 9,641,782	$ 584,350	$ 32,022,403	$ 8,180,906	$ 726,763,726	$ 135,429,950
9,556,277	608,680	33,903,780	8,643,257	759,408,857	142,541,391
10,771,020	686,052	37,870,083	9,947,758	788,559,712	147,240,760
11,964,741	717,884	45,226,722	11,326,622	829,555,042	154,800,273
12,565,768	753,946	47,749,919	11,728,050	868,958,906	156,344,726
12,703,604	772,516	48,754,372	11,845,252	899,375,132	162,053,155
12,157,264	792,865	50,038,596	12,157,265	930,849,945	166,557,210
12,379,654	831,469	52,013,025	13,211,124	991,309,287	179,657,718
12,810,951	866,906	53,555,556	14,063,150	1,045,829,900	187,849,642
13,596,398	920,057	56,839,076	14,925,369	1,127,321,508	186,067,199

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INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2026 Net Tax Capacity	2026 Rank	2026 Percentage of Tax Capacity Value	2017 Net Tax Capacity	2017 Rank	2017 Percentage of Tax Capacity Value
Ridgedale Center, LLC	Commercial	$ 1,793,190	1	0.73 %	$ 2,119,250	1	1.66 %
IRET Prosperities	Apartment	1,224,100	2	0.50	950,113	6	0.74
GEP XI Minnetonka, LLC	Apartment	1,149,488	3	0.47	–	–	–
CP6 Carlson, LLC	Apartment	1,061,250	4	0.43	–	–	–
AX 601 Tower L.P.	Commercial	994,750	5	0.40	1,249,250	3	0.98
WHQ, LLC	Commercial	947,670	6	0.38	979,250	5	0.77
CVIII Vicksburg Village, LLC	Apartment	853,925	7	0.35	–	–	–
Centerpoint Energy	Utility	780,868	8	0.32	–	–	–
TFO Reva Wildamere PCC LL	Commercial	777,970	9	0.32	1,009,050	4	0.79
United Properties Dev. LLC	Apartment	686,000	10	0.28	–	–	–
Medica Health Plans	Commercial	–	–	–	1,388,930	2	1.09
Talcott III Atria LLC	Commercial	–	–	–	907,250	7	0.71
AEW LT Vicksburg, LLC	Apartment	–	–	–	815,100	8	0.64
RREEF America Reit II Corp.	Commercial	–	–	–	761,250	9	0.60
TCA RE, LLC	Commercial	–	–	–	439,250	10	0.34
		–	–	–	–	–	–
Total		$ 10,269,211		4.18 %	$ 10,618,693		8.32 %

Sources: Fiscal year 2026 information: obtained from the District's bond agents, Ehlers Public Finance Advisors (prepared by Ehlers and Associates, Inc.)

Fiscal year 2017 information: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 284

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

For Taxes Collectible	Taxes Levied for the Fiscal Year			First Year Levy Recognized		Collections Received in Subsequent Years
	Operating Tax Levy	Debt Tax Levy	Total	Amount	Percentage of Levy	
2017	$ 43,779,692	$ 14,650,127	$ 58,429,819	$ 58,223,020	99.6 %	$ 206,799
2018	56,479,703	12,125,522	68,605,225	68,580,763	100.0	24,462
2019	60,211,031	12,430,758	72,641,789	72,441,691	99.7	200,098
2020	65,159,083	14,610,733	79,769,816	79,555,962	99.7	205,903
2021	68,682,875	15,092,146	83,775,021	83,456,658	99.6	296,436
2022	69,309,760	16,528,296	85,838,056	85,445,760	99.5	372,259
2023	72,129,983	15,969,580	88,099,563	87,754,007	99.6	337,098
2024	74,659,493	17,736,000	92,395,493	91,980,846	99.6	340,606
2025	77,610,718	18,718,419	96,329,137	95,876,753	99.5	–
2026	82,168,337	20,068,736	102,237,073	50,900,000	49.8	–

Note: Collections received in subsequent years includes adjustments and abatements.

Source: Minnesota Department of Education School Tax Reports and Hennepin County Tax Settlement Reports

Total to Date		Uncollected Taxes Receivable as of June 30, 2026			
		Delinquent		Current	
Amount	Percentage of Levy	Amount	Percent	Amount	Percent
$ 58,429,819	100.0 %	$ –	– %	$ –	– %
68,605,225	100.0	–	–	–	–
72,641,789	100.0	–	–	–	–
79,761,865	100.0	7,951	–	–	–
83,753,094	100.0	21,927	–	–	–
85,818,019	100.0	20,037	–	–	–
88,091,105	100.0	8,458	–	–	–
92,321,452	99.9	74,041	0.1	–	–
95,876,753	99.5	452,384	0.5	–	–
50,900,000	49.8	–	–	51,337,073	50.2
		$ 584,798		$ 51,337,073	

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Finance Purchase	Lease	Technology Subscription	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2017	$ 156,210,000	$ 3,120,929	$ 7,755,000	$ 5,092,079	$ –	$ –	$ 172,178,008	N/A %	$ 2,588
2018	220,160,000	6,208,464	7,000,000	9,174,643	–	–	242,543,107	N/A	3,646
2019	215,880,000	5,790,352	6,225,000	8,219,307	–	–	236,114,659	N/A	3,421
2020	218,020,000	7,035,999	22,590,000	8,001,525	–	–	255,647,524	N/A	3,600
2021	210,715,000	7,229,090	21,460,000	7,588,990	–	–	246,993,080	N/A	3,383
2022	205,420,000	9,277,034	20,180,000	7,305,616	686,185	–	242,868,835	N/A	3,318
2023	195,640,000	8,357,439	18,860,000	6,150,648	550,957	255,313	229,814,357	N/A	3,140
2024	187,700,000	7,666,807	17,500,000	4,991,690	408,157	118,488	218,385,142	N/A	2,951
2025	175,465,000	7,007,355	16,100,000	4,388,438	1,201,815	305,602	204,468,210	N/A	2,763
2026	159,805,000	7,025,225	14,655,000	6,266,435	2,677,925	349,184	190,778,769	N/A	2,552

N/A – Not Available

(1) See Demographic and Economic Statistics table for population and personal income.

Source: The District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratio of Net General Obligation Bonded Debt
to Tax Capacity and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2017	$ 159,330,929	$ 2,475,932	$ 156,854,997	$ 127,889,211	122.65 %	66,517	$ 2,358
2018	226,368,464	2,606,958	223,761,506	137,065,114	163.25	66,517	3,364
2019	221,670,352	2,833,280	218,837,072	146,188,244	149.70	69,017	3,171
2020	225,055,999	2,683,374	222,372,625	156,060,319	142.49	71,017	3,131
2021	217,944,090	2,799,411	215,144,679	166,478,303	129.23	73,017	2,947
2022	214,697,034	3,079,092	211,617,942	176,520,258	119.88	73,197	2,891
2023	203,997,439	3,836,342	200,161,097	182,970,236	109.40	73,197	2,735
2024	195,366,807	3,145,880	192,220,927	217,667,832	88.31	74,015	2,597
2025	182,472,355	3,196,153	179,276,202	240,984,017	74.39	74,015	2,422
2026	166,830,225	3,060,656	163,769,569	246,845,985	66.34	74,762	2,191

(1) See Demographic and Economic Statistics table for population.

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INDEPENDENT SCHOOL DISTRICT NO. 284

Direct and Overlapping Debt
as of June 30, 2026

Governmental Unit	Tax Collection Calendar Year – 2026 Taxable Net Tax Capacity	General Obligation Debt (1)	Debt Applicable to Tax Capacity in ISD No. 284 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 284	$ 243,168,806	$ 190,778,769	100.00 %	$ 190,778,769
Overlapping debt				
Hennepin County	2,885,601,120	1,222,750,000	6.23	76,128,496
Cities				
Corcoran	24,227,434	12,330,000	17.25	2,127,427
Maple Grove	166,462,477	83,355,000	7.05	5,880,533
Medicine Lake	1,730,743	3,725,000	95.00	3,538,813
Medina	33,224,650	5,935,000	52.23	3,099,916
Minnetonka	152,043,071	21,610,000	20.43	4,414,077
Orono	62,625,370	15,090,000	3.35	505,760
Plymouth	206,976,464	49,610,000	63.00	31,252,709
Wayzata	36,943,849	18,330,000	89.31	16,371,263
Other				
Metropolitan Council	6,503,726,905	261,560,000	3.71	9,696,938
Three Rivers Park District	2,121,317,192	53,165,000	11.37	6,042,905
Total overlapping debt				159,058,837
Total direct and overlapping debt				$ 349,837,606

(1) Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

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

Source: Hennepin County Department of General Services – Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt limit	$ 1,711,502,134	$ 1,837,450,721	$ 1,954,257,554	$ 2,087,438,679
Total net debt applicable to the limit	156,854,997	223,761,506	218,837,072	222,372,625
Legal debt margin	$ 1,554,647,137	$ 1,613,689,215	$ 1,735,420,482	$ 1,865,066,054
Total net debt applicable to the limit as a percentage of debt limit	9.16%	12.18%	11.20%	10.65%

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

Source: State of Minnesota School Tax Report

2021	2022	2023	2024	2025	2026
$ 2,225,985,491	$ 2,363,365,500	$ 2,466,573,608	$ 2,884,371,992	$ 3,152,270,531	$ 3,238,657,669
215,144,679	211,617,942	200,161,097	192,220,927	179,276,202	163,769,569
$ 2,010,840,812	$ 2,151,747,558	$ 2,266,412,511	$ 2,692,151,065	$ 2,972,994,329	$ 3,074,888,100
9.67%	8.95%	8.11%	6.66%	5.69%	5.06%

Legal Debt Margin Calculation for Fiscal Year 2026

Market value	$21,591,051,125
Debt limit (15% of market value)	3,238,657,669
Debt applicable to the limit	
General obligation bonds	166,830,225
Less amount set aside for repayment of general obligation debt	(3,060,656)
Total net debt applicable to the limit	163,769,569
Legal debt margin	$ 3,074,888,100

INDEPENDENT SCHOOL DISTRICT NO. 284

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2017	66,517	$ 4,611,956,195	$ 69,335	11,330	3.5 %
2018	66,517	4,873,833,624	73,272	11,642	2.8
2019	69,017	5,230,867,447	75,791	11,912	3.2
2020	71,017	5,537,266,507	77,971	12,134	9.8
2021	73,017	6,408,921,141	87,773	11,909	4.7
2022	73,197	6,650,093,844	90,852	11,841	2.2
2023	73,197	7,055,751,618	96,394	12,248	3.2
2024	74,015	7,427,553,280	100,352	12,500	3.9
2025	74,015	7,650,379,878	103,363	12,908	2.5
2026	74,762	7,879,891,275	105,400	13,072	4.3

N/A – Not Available

Sources: Population data based on information from property developers and cities; methodology approved by the State Demographer's Office.

Per capita personal income data is for the state of Minnesota and is obtained from the United States Census Bureau.

Enrollment information from district records.

Unemployment rates are for Hennepin County as of June and is obtained from the Minnesota Department of Employment and Economic Development.

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2026 Employees	2026 Rank	Fiscal Year 2017 Employees	2017 Rank
Independent School District No. 284	1,600	1	1,510	3
Medica Health	1,300	2	1,300	4
Aimia	1,000	3	1,000	5
CWT	400	4	–	–
Wagner Spray Tech Corporation	400	4	–	–
Life Time	325	6	–	–
Turck, Inc.	300	7	–	–
Lunds & Byerly's	300	7	–	–
Crown Plaza Minneapolis West	281	9	–	–
Target	270	10	–	–
Cargill, Inc.	–	–	3,000	1
Carlson Companies	–	–	2,700	2
TCF National Bank	–	–	1,000	5
St. Jude Medical	–	–	800	7
US Foods	–	–	550	8
Nilfisk-Advance, Inc.	–	–	450	9
Deltak, LLC	–	–	30	10
Total	6,176		12,340	
Demographic and Economic Statistics	74,762		66,517	
Percent of principal employers to total ISD No. 284 population	8.26%		18.55%	

Sources: Fiscal year 2026 information obtained from the District's bond agents, Ehlers Public Finance Advisors (prepared by Ehlers and Associates, Inc.)

Fiscal year 2017 information obtained from the District's 2017 ACFR.

INDEPENDENT SCHOOL DISTRICT NO. 284

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year 2017	2018	2019	2020
Administration				
Principals	12.0	12.0	13.0	13.0
Associate principals	6.0	6.0	7.0	7.0
Unaffiliated	38.2	39.1	43.1	43.1
Total administration	56.2	57.1	63.1	63.1
Instructional administrators				
High school classroom teachers	155.7	155.4	157.8	162.3
Middle school classroom teachers	133.4	137.2	139.5	139.7
Elementary classroom teachers	219.0	230.0	241.0	250.0
High school – area learning center	7.7	6.7	6.7	6.7
Middle school – area learning center	1.5	1.0	3.0	3.3
Community education – early childhood family education	3.5	3.5	3.5	3.7
Special services	68.6	96.6	92.3	88.6
Elementary specialists and intervention	72.2	82.7	87.9	93.9
Total instructional administrators	661.5	713.1	731.7	748.3
Student services				
Curriculum and instruction – resource, peer, alt comp	15.5	16.5	23.0	25.0
Media centers – elementary	8.0	7.9	8.0	9.0
High school – professional development	0.3	0.3	0.3	–
High school – counselors, media, Vision 21, intervention	18.7	18.5	20.4	23.0
Middle schools – counselors, media, Vision 21, intervention	18.2	19.3	20.0	19.4
Technology	3.0	3.0	3.0	3.0
Special services – social workers, psychologists, nurses, etc.	54.9	38.3	58.6	58.9
Total student services	118.6	103.8	133.3	138.3
Support services				
Clerical/secretarial/administrative professional	50.9	49.9	47.9	45.7
Custodial	83.5	85.5	86.0	88.2
Food service	48.8	49.4	57.0	55.0
Paraprofessionals	238.6	239.7	228.2	243.7
Unaffiliated specialists	20.9	21.9	20.5	29.1
Unaffiliated support staff	4.8	5.7	6.7	10.4
Total support services	447.5	452.1	446.3	472.1
District-wide totals	1,283.8	1,326.1	1,374.4	1,421.8

Note: All full-time equivalents are based on an 8-hour day.

Source: The District's Human Resources Department

2021	2022	2023	2024	2025	2026
13.0	13.0	13.0	13.0	13.0	13.0
8.0	8.0	8.0	8.0	9.0	9.0
45.0	44.0	43.8	44.8	43.1	46.4
66.0	65.0	64.8	65.8	65.1	68.4
163.3	161.2	157.8	152.5	150.1	159.1
149.6	151.6	137.8	133.4	128.9	136.6
248.5	239.2	230.0	225.7	235.5	249.6
7.0	6.3	7.0	7.0	7.1	7.1
1.5	0.8	1.0	0.5	1.0	1.0
4.2	4.2	4.7	5.2	5.0	5.0
103.3	105.9	105.5	124.3	116.0	123.0
102.7	93.4	86.8	79.6	86.6	91.8
780.1	762.6	730.6	728.2	730.2	773.2
21.3	17.2	18.1	19.5	19.0	20.1
9.0	9.0	4.5	4.5	6.8	7.2
–	–	–	–	–	–
23.0	19.0	21.8	21.5	16.5	17.5
19.8	20.3	20.5	16.0	27.5	29.2
3.0	3.0	3.0	3.0	3.0	3.2
62.9	62.3	70.7	65.1	85.0	90.0
139.0	130.8	138.6	129.6	157.7	167.2
44.7	44.6	44.1	45.1	39.4	41.7
89.2	88.7	88.1	93.1	92.3	97.8
50.2	56.6	51.8	61.8	63.4	67.2
208.2	209.2	215.5	216.4	185.1	196.2
26.0	14.0	21.7	21.6	21.0	24.5
15.0	8.0	11.8	12.8	14.3	13.7
433.3	421.1	433.0	450.8	415.5	441.1
1,418.4	1,379.5	1,367.0	1,374.4	1,368.4	1,449.9

INDEPENDENT SCHOOL DISTRICT NO. 284

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2017	11,330	$143,803,361	$ 12,692	1.0 %	508	22.3	14.0 %
2018	11,642	154,352,148	13,258	4.5	523	22.3	12.0
2019	11,912	167,080,676	14,026	5.8	538	22.1	12.0
2020	12,134	178,135,010	14,681	4.7	552	22.0	11.5
2021	11,909	179,341,831	15,059	2.6	561	21.2	10.3
2022	11,841	185,223,767	15,643	3.9	552	21.5	9.6
2023	12,248	196,731,064	16,062	2.7	526	23.3	15.6
2024	12,500	205,831,722	16,467	2.5	512	24.4	16.9
2025	12,908	224,480,802	17,391	5.6	515	25.1	14.7
2026	13,072	241,248,438	18,455	6.1	526	24.9	15.1

Note: Operating expenditures are total expenditures less debt service, capital outlays, and capital expenditures in the General Fund which are reported within each function.

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 284

Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Elementary schools										
Birchview (1969)										
Square feet	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	481	499	474	447	415	395	433	452	441	518
Gleason Lake (1988)										
Square feet	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710
Capacity	690	690	690	690	690	690	690	690	690	690
Enrollment	571	568	586	634	602	573	568	589	604	581
Greenwood (1964)										
Square feet	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016
Capacity	780	780	780	780	780	780	780	780	780	780
Enrollment	747	794	813	775	722	779	824	810	763	593
Kimberly Lane (1991)										
Square feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity	710	710	710	710	710	710	710	710	710	710
Enrollment	649	760	778	628	571	571	526	531	534	678
Meadow Ridge (2016)										
Square feet	85,208	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508
Capacity	710	828	828	828	828	828	828	828	828	828
Enrollment	758	853	869	768	769	783	769	755	764	792
North Woods (2020)										
Square feet	–	–	–	104,611	104,611	104,611	104,611	104,611	104,611	104,611
Capacity	–	–	–	760	760	760	760	760	760	760
Enrollment	–	–	–	569	601	691	775	809	776	813
Oakwood (1957)										
Square feet	95,476	95,476	95,476	95,476	139,570	139,570	139,570	139,570	139,570	139,570
Capacity	640	640	640	640	640	640	640	640	640	640
Enrollment	475	515	562	494	458	424	418	448	550	510
Plymouth Creek (1988)										
Square feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity	710	710	710	710	710	710	710	710	710	710
Enrollment	669	690	714	675	629	603	588	659	680	678
Sunset Hill (1963)										
Square feet	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598
Capacity	660	660	660	660	660	660	660	660	660	660
Enrollment	664	681	681	682	621	635	675	706	712	655
Middle schools										
East (1967)										
Square feet	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	780	733	747	690	677	648	648	674	818	818
West (1949)										
Square feet	167,525	167,525	167,525	167,525	167,525	167,525	167,525	167,525	167,525	167,525
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	791	771	758	748	723	684	680	714	836	867
Central (1961)										
Square feet	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568
Capacity (1)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,209	1,268	1,320	1,316	1,401	1,412	1,532	1,546	1,343	1,452
High school										
Peony (1997)										
Square feet	656,432	656,432	656,432	656,432	656,432	656,432	656,432	656,432	656,432	656,432
Capacity	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Enrollment	3,410	3,453	3,558	3,669	3,685	3,685	3,687	3,711	3,939	4,039
Transition School (2023)										
Square feet	–	–	–	4,000	4,000	4,000	4,000	8,600	8,600	8,600
Capacity	–	–	–	30	30	30	30	75	75	75
Enrollment	–	–	–	15	30	30	48	39	38	43

(1) Through fiscal 2016, Central Middle School capacity includes space for 1,400 middle school students and 300 birth-to-kindergarten students.

Source: Information was obtained from district records. Enrollment data is as of October 1 of the fiscal year.

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Management Report

for

Independent School District No. 284
Wayzata, Minnesota

June 30, 2026

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LB | CARLSON

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 284's (the District) financial statements for the year ended June 30, 2026. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- General Fund Analysis
- Other District Funds
- Government-Wide Financial Statements
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 19, 2026

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

The District is subject to a Single Audit of its federal awards expenditures for the year ended June 30, 2026, which is required to be performed in accordance with Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It was originally planned that the Single Audit would be completed and issued along with the District's financial statement audit by December 31, 2026. However, issuance of the 2026 *Compliance Supplement* by the Office of Management and Budget has been delayed, and the final version is not yet issued. The 2026 *Compliance Supplement* guidance is effective for Single Audits of federal awards expenditures for the year ended June 30, 2026. Consequently, Single Audits for this period cannot be finalized until the final version of this guidance is issued. The District plans to issue its audited Schedule of Expenditures of Federal Awards and related reports separately when the finalized guidance is available, no later than March 31, 2027.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2026:

- We have issued unmodified opinions on the District's basic financial statements.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses. It should be understood that internal controls are never perfected, and those controls which, protect the District's funds from such things as fraud and accounting errors need to be continually reviewed by management and modified as necessary.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Internal Controls Over Vendors

A relatively common method of attempting to defraud local governments involves inducing them to pay claims from fictitious vendors for goods or services that were never provided. Strong safeguards over adding new vendors or making changes to existing vendors within the government's accounts payable system is an important control to help mitigate this risk. Some considerations in this area include:

- Limiting the number of employees with access to add or alter vendor records within the accounts payable system,
- Requiring vendor additions or changes to be reviewed and approved by supervisory personnel, preferably one not directly involved in processing accounts payable,
- Verifying the legitimacy of vendors by obtaining a W-9 or other means,
- Verifying any changes to vendor address or banking information prior to processing payments, and
- Periodically reviewing the vendor listing to remove inactive vendors from the system.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2026. However, the District implemented the following governmental accounting standard during the year:

- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements* during the fiscal year ended June 30, 2026. This standard improved key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for compensated absences. Management's estimate is based on current rates of pay, unused compensated absence balances, and the likelihood compensated absences will be paid out over the course of employment or at termination.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies, primarily described in GASB Statement Nos. 68, 73, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation/amortization of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated November 19, 2026.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the budgetary, pension, and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements and the separately issued Uniform Financial Accounting and Reporting Standards Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

GOVERNMENTAL FUNDS OVERVIEW

This section of the report provides you with an overview of the financial trends and activities of the District's governmental funds, which includes the General, special revenue, capital project and debt service funds. These funds are used to account for the various services the District provides, which are financed primarily with intergovernmental revenue and property taxes. The governmental fund information in the District's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

Governmental Fund Balances

The following table summarizes the changes in the fund balances of the District's governmental funds during the year ended June 30, 2026, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance

	Fund Balances as of June 30,		
	2026	2025	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 2,891,097	$ 2,604,367	$ 286,730
Restricted	35,988,071	37,900,377	(1,912,306)
Assigned	10,410,074	11,294,845	(884,771)
Unassigned	38,242,623	25,184,053	13,058,570
Total governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223
Total by fund			
General	$ 72,089,579	$ 63,566,847	$ 8,522,732
Capital Projects – Building Construction	2,562,123	1,734,945	827,178
Debt Service	3,060,656	3,196,153	(135,497)
Nonmajor funds			
Food Service	3,493,846	2,872,975	620,871
Community Service	6,325,661	5,612,722	712,939
Total governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223

In total, the fund balances of the District's governmental funds increased by $10,548,223 during the year. The majority of the increase was due to positive operating results in the General Fund.

GOVERNMENTAL FUNDS REVENUE

The following table presents all of the District's governmental funds revenue by source for the last two fiscal years. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers are excluded.

Governmental Funds Revenue by Source

	2026		2025		Year-to-Year Change	
	Revenue	Percent of Total	Revenue	Percent of Total	Dollar Change	Percent Change
Property taxes	$ 96,142,271	33.6 %	$ 92,658,271	34.0 %	$ 3,484,000	3.8 %
State sources	158,529,023	55.3	149,187,077	54.7	9,341,946	6.3 %
Federal sources	6,511,841	2.3	6,556,579	2.4	(44,738)	(0.7) %
Other local sources						
Meal sales	1,437,425	0.5	1,539,883	0.6	(102,458)	(6.7) %
Community service fees	13,007,973	4.5	12,057,931	4.4	950,042	7.9 %
Investment earnings	4,396,921	1.5	4,344,983	1.6	51,938	1.2 %
Other	6,728,188	2.3	6,404,136	2.3	324,052	5.1 %
Total revenue	$286,753,642	100.0 %	$272,748,860	100.0 %	$ 14,004,782	5.1 %

The District's governmental funds revenues for 2026 were $286,753,642, an increase of $14,004,782 (5.1 percent), from the prior year.

The mix of local and state revenues vary from year-to-year, primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

State sources increased $9,341,946 due to a growth in the general education basic formula allowance and special education funding. The District also had an increase in enrollment in the current year. Property taxes increased $3,484,000 due to an increase in the certified levy for General Fund, Community Service Special Revenue Fund, and Debt Service Fund operations.

BASIC GENERAL EDUCATION REVENUE

The table on the previous page illustrates the District's dependence on state aids and grants which provided 55.3 percent of its total governmental funds revenue in the current year. The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

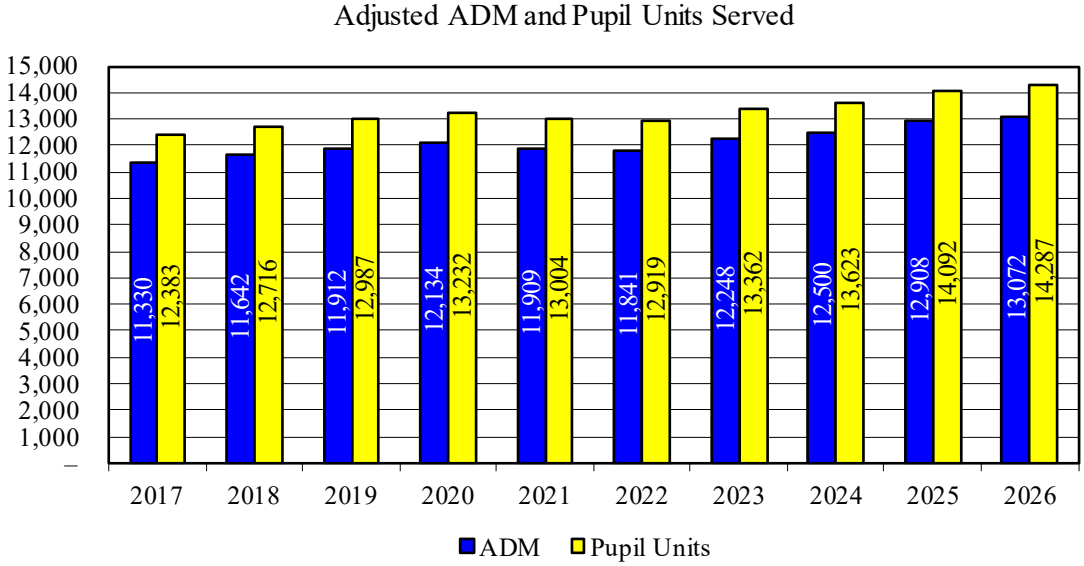
The table below presents a summary of the formula allowance for the past decade and as approved for the next fiscal year. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the "roll-in" of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts.

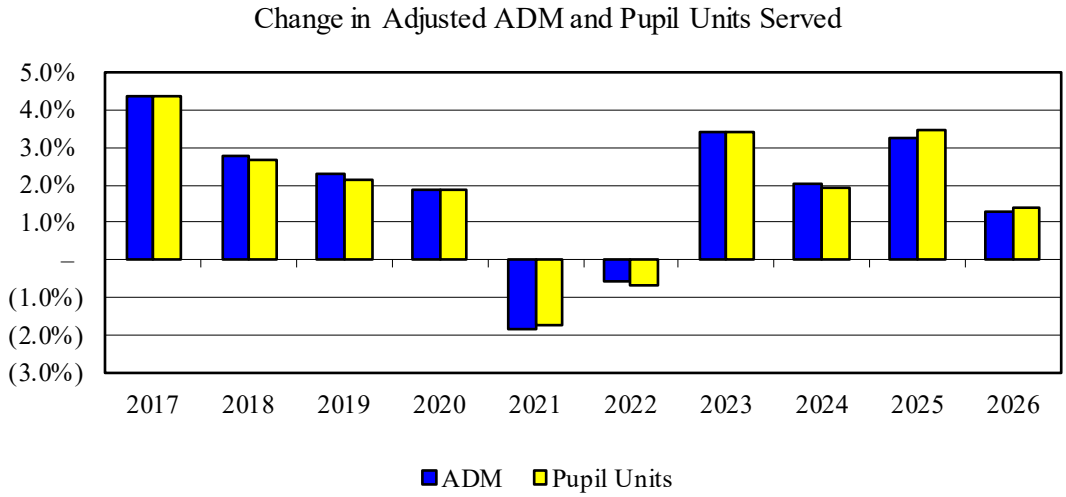
For fiscal 2026 and beyond, the annual formula increase will be adjusted for inflation, using a formula based on the Consumer Price Index-Urban (CPI-U) average inflation rate for the fourth calendar quarter of the immediately prior fiscal year compared to the average for the fourth calendar quarter of the second prior fiscal year, with a floor of 2.00 percent and a cap of 3.00 percent. This resulted in a per pupil increase to the basic formula allowance of $200 for fiscal 2026 and $202 for fiscal 2027.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2017	$ 6,067	2.00 %
2018	$ 6,188	2.00 %
2019	$ 6,312	2.00 %
2020	$ 6,438	2.00 %
2021	$ 6,567	2.00 %
2022	$ 6,728	2.45 %
2023	$ 6,863	2.00 %
2024	$ 7,138	4.00 %
2025	$ 7,281	2.00 %
2026	$ 7,481	2.75 %
2027	$ 7,683	2.70 %

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The number of students served by the District determines the amount of general education aid the District earns, and factors into various other funding formulas. The following graphs present the District's adjusted ADM and pupil units served for the past 10 years, along with the annual rates of change for both:





ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 13,072 in 2026, an increase of 164 from the previous year. The number of pupil units served by the District for fiscal 2026 was 14,287, an increase of 195 (1.4 percent) from the prior year.

PROPERTY TAXES

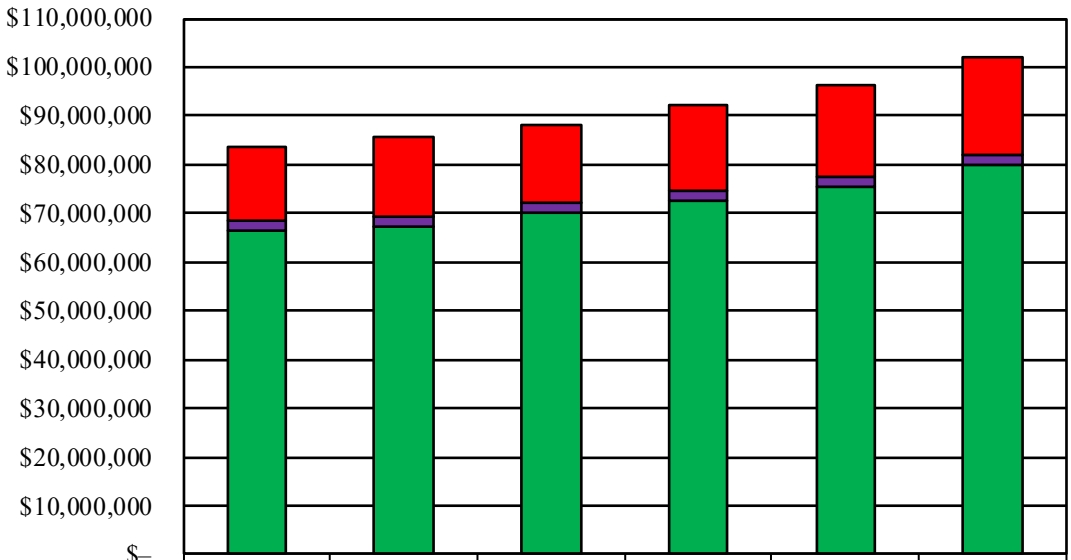
The second largest revenue source Minnesota school districts depend on to support governmental fund activities is local property taxes. State legislative priorities, property values and types, and other factors impact the split of some revenue sources between state aids and property taxes. Additional local support through voter-approved operating or capital referenda may also impact the size of a district's annual levy. In the 2026 fiscal year, property taxes provided 33.6 percent of the District's total governmental funds revenue.

A unique aspect of Minnesota school district funding results from property taxes being levied and collected on a calendar year basis, while districts operate with a June 30 fiscal year-end. Generally, property taxes recognized as revenue by a district in a given fiscal year relate to the levy that is collectible during the calendar year that begins six-months prior to a district's fiscal year. The Minnesota Legislature utilizes a tool referred to as the "tax shift" which periodically changes the recognition of district property tax revenue. However, the net year-to-year impact of this shift has been minimal in recent years.

Property tax revenue realized by a district year-to-year will also be affected by cancellations or abatements of taxes levied, as well as collection delinquencies. These factors primarily disrupt the timing of revenues, as adjustments are made to future levy authority to recover abatements. However, some districts have experienced significant short-term budgetary challenges due to large abatement adjustments from market value declines in the commercial/industrial property class in recent years.

The following graph shows the District's annual certified property tax levy by fund for each of the past five fiscal years, along with the levy certified for collection during calendar year 2026, which will fund the District's 2027 fiscal year operations:

Certified Property Tax Levies
Revenue for FYE June 30,



	2022	2023	2024	2025	2026	2027
Debt Service Fund	$15,090,755	$16,527,148	$15,968,503	$17,732,354	$18,717,215	$20,067,062
Community Service Fund	$2,177,497	$2,105,551	$2,153,956	$2,023,442	$2,118,627	$2,241,134
General Fund	$66,503,536	$67,202,463	$69,973,660	$72,629,684	$75,487,101	$79,920,348

The District's total certified property tax levy for fiscal year 2026 was $96,322,943, which represented an increase of 4.3 percent compared to the prior year. The District has set a total certified property tax levy for fiscal year 2027 at $102,228,544, which represents an increase of 6.1 percent compared to the fiscal year 2026 levy.

GOVERNMENTAL FUNDS EXPENDITURES

The District's governmental funds expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, which are primarily funded by general sources, such as taxes and intergovernmental revenues.

- **Capital Outlay** – These expenditures represent the cost of acquiring, constructing, or maintaining the District's facilities and other significant capital assets. They are typically project-oriented and occur on a less consistent basis, often fluctuating significantly from year-to-year. These expenditures are primarily funded with various types of debt issues, or through specific capital or deferred maintenance property tax levies.

- **Debt Service** – Expenditures for debt service tend to be relatively consistent over the term of each individual debt issuance, but fluctuate based on changes in the volume of debt outstanding. Factors such as changing demographics, aging infrastructure, or evolving technology may impact a district's capital needs, and consequently its use of debt financing, over time.

The following table presents the District's governmental funds expenditures by type for the last two fiscal years. Other financing uses, such as bond refundings and transfers, are excluded**.**

Governmental Funds Expenditures by Type

	2026		2025		Year-to-Year Change	
	Expenditures	Percent of Total	Expenditures	Percent of Total	Dollar Change	Percent Change
Current						
Administration and district support	$ 12,819,506	4.4 %	$ 12,654,642	4.8 %	$ 164,864	1.3 %
Regular instruction	96,535,039	33.4	91,328,501	34.4	5,206,538	5.7 %
Special and vocational education instruction	38,510,930	13.3	34,654,779	13.0	3,856,151	11.1 %
Instructional support services	28,029,613	9.7	23,775,188	8.9	4,254,425	17.9 %
Pupil support services	25,307,045	8.8	23,807,631	9.0	1,499,414	6.3 %
Sites, buildings, and other	32,133,950	11.1	30,223,913	11.4	1,910,037	6.3 %
Food service	10,343,678	3.6	9,835,595	3.7	508,083	5.2 %
Community service	16,172,226	5.6	14,512,875	5.5	1,659,351	11.4 %
Total current	259,851,987	89.9	240,793,124	90.7	19,058,863	7.9 %
Capital outlay	5,602,459	1.9	2,915,926	1.1	2,686,533	92.1 %
Debt service	23,809,428	8.2	21,877,385	8.2	1,932,043	8.8 %
Total expenditures	$ 289,263,874	100.0 %	$ 265,586,435	100.0 %	$ 23,677,439	8.9 %

Total expenditures in the District's governmental funds for 2026 were $289,263,874, an increase of $23,677,439 (8.9 percent), from the prior year.

Total current spending was up as anticipated in the budget with inflationary changes for salaries, benefits, purchased services, and spending for long-term facilities maintenance. Capital outlay spending was up in the current year with ongoing construction at district sites. Debt service spending increased with more interest and fiscal charges due to scheduled payments on outstanding debt.

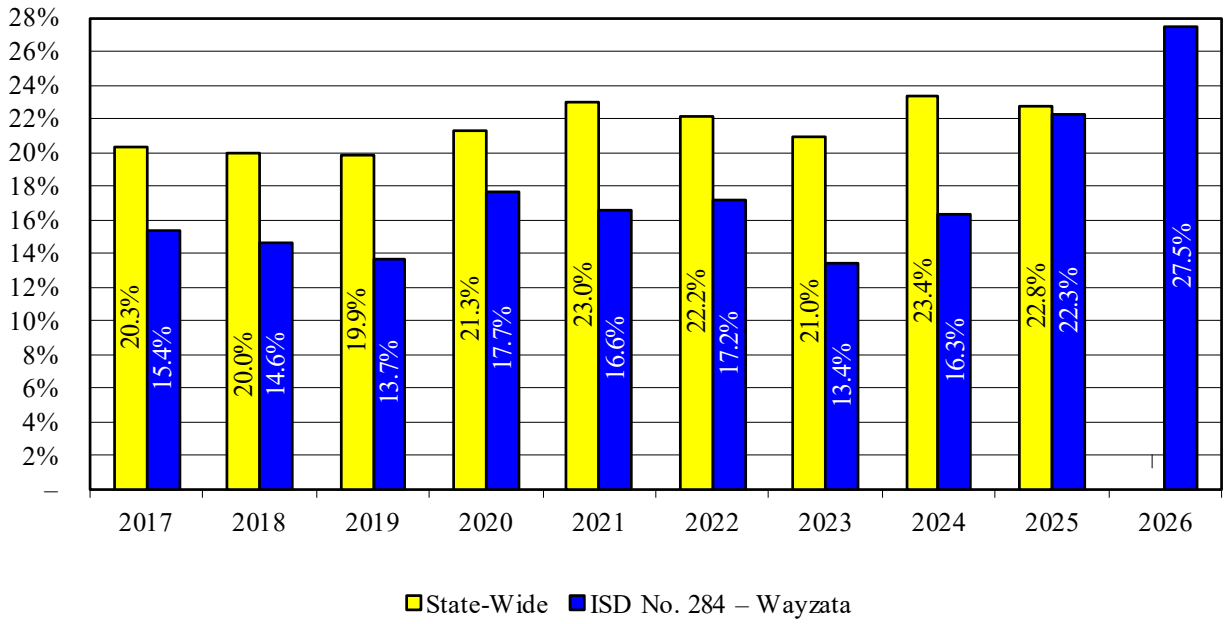
GENERAL FUND ANALYSIS

This section of the report focuses specifically on the financial trends and activities of the General Fund, which accounts for financial activity related to the basic services the District provides to the community. The primary services included within this fund include instructional services and support, administration and district support, pupil transportation and support, and the maintenance and operation of the District's facilities.

STATE-WIDE GENERAL FUND FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the General Fund unrestricted operating fund balance as a percentage of unrestricted operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2026.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

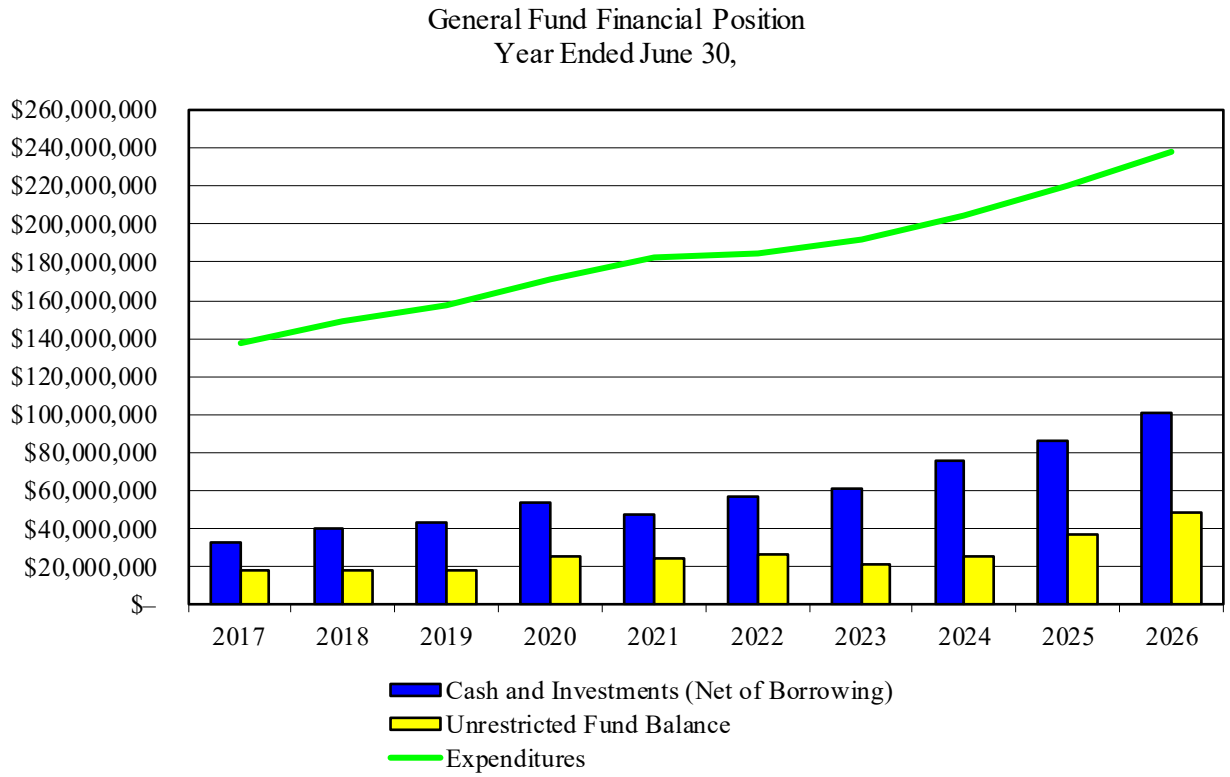
The state-wide average unrestricted fund balance as a percentage of operating expenditures for Minnesota school districts has fluctuated between 21.0 percent and 23.4 percent over the last five fiscal years for which data is available.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 27.5 percent at the end of the current year, as compared to 22.3 percent at June 30, 2025.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2026 with a General Fund cash balance (net of interfund borrowing) of $100,748,380, an increase of $14,386,797 from the prior year. Total fund balance at year-end was $72,089,579, an increase of $8,522,732, compared to a decrease of $4,614,116 approved in the final budget.

The following table presents the components of the General Fund balance for the past five years:

	June 30,				
	2022	2023	2024	2025	2026
Nonspendable fund balances	$ 155,695	$ 196,362	$ 1,512,203	$ 2,395,532	$ 2,567,648
Restricted fund balances (1)	8,513,378	19,675,220	25,528,501	24,692,417	20,869,234
Unrestricted fund balances					
Assigned	11,348,017	8,002,652	8,643,744	11,294,845	10,410,074
Unassigned	15,056,047	13,079,093	16,989,020	25,184,053	38,242,623
Total fund balance	$ 35,073,137	$ 40,953,327	$ 52,673,468	$ 63,566,847	$ 72,089,579
Total expenditures	$ 184,673,419	$ 192,549,651	$ 204,195,230	$ 220,819,691	$ 238,008,293
Unrestricted fund balances as a percentage of expenditures	14.3%	10.9%	12.6%	16.5%	20.4%
Unassigned fund balances as a percentage of expenditures	8.2%	6.8%	8.3%	11.4%	16.1%

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula. The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

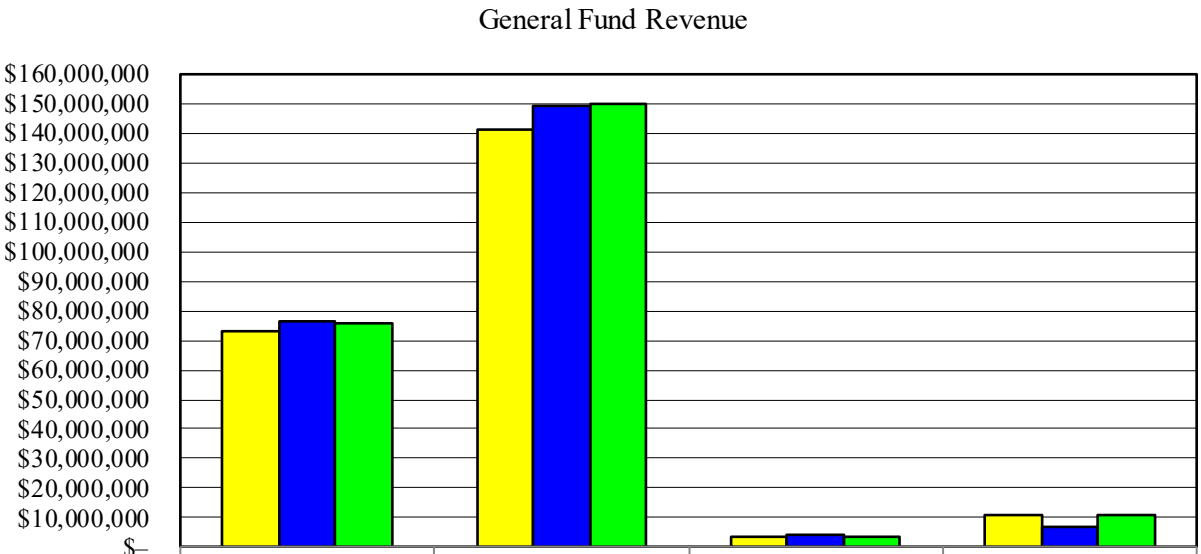
Minimum Fund Balance Policy

The District's adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of expenditures.

At June 30, 2026, unassigned fund balance in the General Fund represented 16.1 percent of annual expenditures, or approximately eight weeks of operations assuming level spending throughout the year.

GENERAL FUND REVENUES

The following graph summarizes the District's General Fund revenue for 2026:



	Property Taxes	State Sources	Federal Sources	Other
Prior Year	$73,105,863	$141,295,127	$3,806,317	$10,584,379
Budget	$76,686,068	$149,078,152	$4,154,907	$7,133,040
Actual	$75,662,388	$149,948,043	$3,554,655	$10,894,517

Total General Fund revenues were $240,059,603 for the year ended June 30, 2026, which was an increase of $11,267,917 (4.9 percent) from the prior year, and $3,007,436 (1.3 percent) more than projected in the final budget.

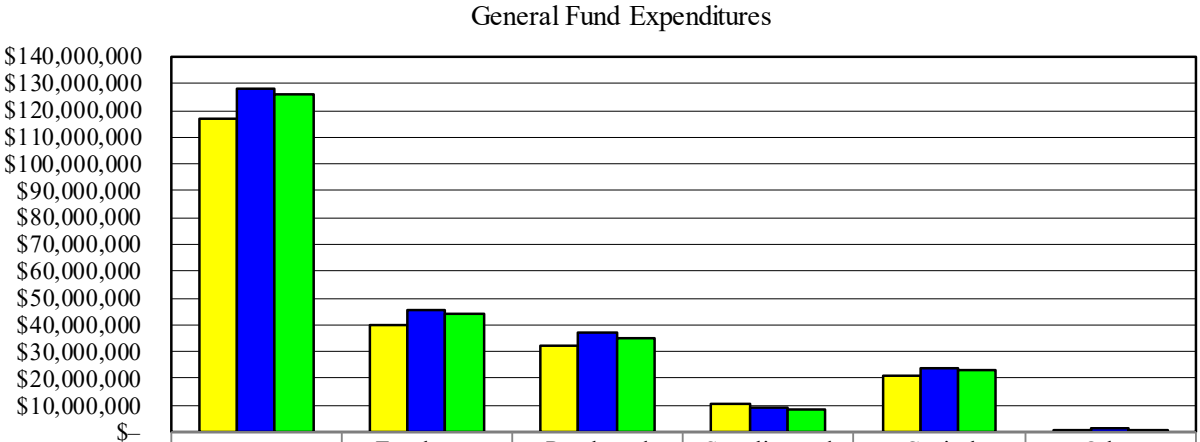
The favorable variance to budget was mainly in other revenues and state sources. Other revenues were $3,761,477 over budget, mainly in investment earnings, due to positive investment market performance and due to the District budgeting conservatively for donations, activity fees, and local grants. State sources were $869,891 over budget, mainly in general education and special education funding. These variances were offset by property taxes which were $1,023,680 under budget due to abatements being more than anticipated.

The increase from the prior year was spread across most revenue sources presented in the above table. State sources increased $8,652,916, mainly due to an increase in enrollment and improvements in general education and special education funding formulas. Property taxes increased $2,556,525, due to an increase in the approved tax levy.

The graph above reflects the concentration of state sources (62.5 percent) followed by property taxes (31.5 percent) received to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2026:



	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Expenditures	Other Expenditures
Prior Year	$116,632,347	$40,187,931	$32,127,280	$10,283,228	$20,663,976	$924,929
Budget	$128,414,732	$45,525,473	$36,892,234	$8,879,866	$23,894,923	$1,166,491
Actual	$125,902,215	$44,177,151	$35,112,590	$8,632,874	$23,275,759	$907,704

Total General Fund expenditures were $238,008,293 for the year ended June 30, 2026, which was an increase of $17,188,602 (7.8 percent) from the prior year, but $6,765,426 (2.8 percent) under the final budget.

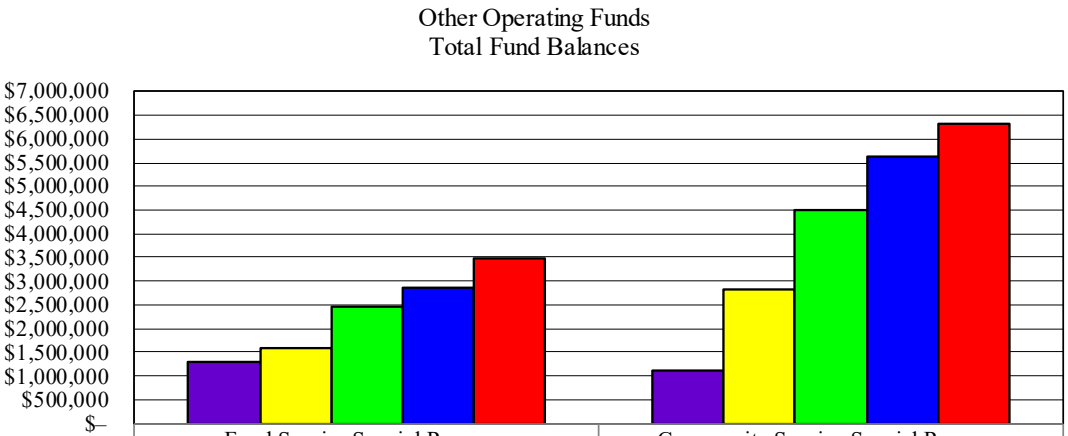
The variance to budget was primarily in salaries, employee benefits, and purchased services costs. Salaries and employee benefits were under budget $3,860,839 due to conservative budgeting but the District having several vacant positions in the current year. Purchased services were $1,779,644 under budget due to the timing of long-term facilities maintenance spending that was delayed later than planned with the current budget.

Expenditure increases were mainly in salaries, employee benefits, purchased services, and capital expenditures. The increase in salaries and employee benefits was mostly due to contractual increases in the current year. Purchased services increased mainly in pupil support services with increased transportation costs. The increase in capital expenditures was mainly in instructional support services due to an increase in finance purchases issued for technology equipment in the current year.

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OTHER DISTRICT FUNDS

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



	Food Service Special Revenue	Community Service Special Revenue
2022	$1,303,099	$1,103,117
2023	$1,577,572	$2,816,176
2024	$2,456,931	$4,483,247
2025	$2,872,975	$5,612,722
2026	$3,493,846	$6,325,661

Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal 2026 with a fund balance of $3,493,846, which is an increase of $620,871 from last year, compared to a budgeted decrease of $702,179. Food service revenue was $11,073,545, which was over budget by $563,310, mainly in state and federal sources. Expenditures of $10,452,674 were under budget by $759,740, primarily in capital outlay as equipment was budgeted to be purchased in the current year but was later purchased with other funding sources.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended fiscal 2026 with a fund balance increase of $712,939, compared to a budgeted increase of $157,405. Revenues of $16,980,932 were over budget by $276,576, mainly in other local sources with more participation than anticipated. Expenditures totaling $16,267,993 were under budget by $278,958, mainly in salaries and employee benefits, purchased services, and supplies and materials.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining, and should not become an additional burden on general education funds.

The District should continue reviewing upcoming capital needs of these operations and incorporate that information in establishing optimal level of fund balances that are also within state and federal fund balance limits.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund ended the year with a fund balance increase of $827,178, compared to a $1,630,000 decrease anticipated in the budget. The increase from prior year is due to the issuance of debt for which a portion was not spent as of year end. The year-end fund balance of $2,562,123 is restricted for capital projects.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2026, the District has $3,060,656 available for general debt service. The District issued $32,470,000 of refunding bonds that were used to refund outstanding debt in the current year in order to reduce future debt service costs for district taxpayers.

Proprietary Funds – Internal Service Funds

The District uses internal service funds to account for the District's liabilities for self-insured benefits and early retirement benefits. The following table presents the combined activity reported for the past two fiscal years for the internal service funds:

	June 30,	
	2026	2025
Operating revenue		
Charges for services	$ 24,830,483	$ 22,665,896
Operating expenses		
Dental benefit claims	1,772,146	1,636,946
Health benefit claims	24,395,013	20,501,973
Early retirement incentive and sick leave benefits	6,915,436	2,789,712
Total operating expenses	33,082,595	24,928,631
Operating income (loss)	(8,252,112)	(2,262,735)
Nonoperating revenue		
Investment earnings	580,677	576,399
Change in net position	(7,671,435)	(1,686,336)
Net position		
Beginning of year	(22,315,855)	(20,629,519)
End of year	$ (29,987,290)	$ (22,315,855)

Post-Employment Benefits Trust Fund

The District has established a Post-Employment Benefits Trust Fund to account for an irrevocable trust account established to finance the District's liability for post-employment healthcare benefits. At year-end, trust net position of $41,411,519 is available for future OPEB payments.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		
	2026	2025	Change
Net position – governmental activities			
Total fund balances – governmental funds	$ 87,531,865	$ 76,983,642	$ 10,548,223
Total capital assets, net of depreciation/amortization	280,325,558	270,343,626	9,981,932
Pension adjustments	(100,345,153)	(106,949,487)	6,604,334
OPEB adjustments	(18,426,262)	(18,835,118)	408,856
Other long-term liabilities/obligations	(190,778,769)	(204,468,210)	13,689,441
Other adjustments	(33,298,377)	(18,540,077)	(14,758,300)
Total net position – governmental activities	$ 25,008,862	$ (1,465,624)	$ 26,474,486
Net position			
Net investment in capital assets	$ 89,943,557	$ 73,031,139	$ 16,912,418
Restricted	31,918,850	34,301,263	(2,382,413)
Unrestricted	(96,853,545)	(108,798,026)	11,944,481
Total net position	$ 25,008,862	$ (1,465,624)	$ 26,474,486

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as compensated absences payable, net pension, and net OPEB liabilities.

Total net position increased by $26,474,486 during fiscal 2026. The District's net investment in capital assets increased by $16,912,418. The change in this category of net position typically depends on the relationship between the rate at which the District's capital assets are being added, 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.

Decreases in net position restricted for capital asset acquisition and other state funding restrictions contributed to the change in the restricted portion of net position.

Unrestricted net position improved compared to the prior year, due to the changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments. The financial operations of the General Fund, as previously discussed, also contributed to the change in unrestricted net position.

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ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 105, *SUBSEQUENT EVENTS*

The primary objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This statement defines subsequent events as transactions or other events that occur after the date of the financial statements, but before the date the financial statements are available to be issued. This statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This statement also requires the date through which subsequent events have been evaluated to be disclosed.

This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

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INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2026

LB | CARLSON
Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 284

Special Purpose Audit Reports
Year Ended June 30, 2026

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

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated November 19, 2026.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

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REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 19, 2026

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated November 19, 2026.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 19, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

A. FINANCIAL STATEMENT FINDINGS

None.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated November 19, 2026.

Auditing standards referred to in the previous paragraph require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 19, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 284

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2026

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 240,059,603	$ 240,059,603	$ –
Total expenditures		$ 238,008,293	$ 238,008,291	$ 2
Nonspendable				
460	Nonspendable fund balance	$ 2,567,648	$ 2,567,648	$ –
Restricted				
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ 226,208	$ 226,208	$ –
403	Staff development	$ –	$ –	$ –
407	Capital projects levy	$ 7,108,201	$ 7,108,201	$ –
408	Cooperative revenue	$ –	$ –	$ –
412	Literacy incentive aid	$ 435,271	$ 435,271	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
420	American Indian education aid	$ 21,828	$ 21,828	$ –
424	Operating capital	$ 4,782,472	$ 4,782,472	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
437	Quality compensation	$ 170,175	$ 170,175	$ –
438	Gifted and talented	$ –	$ –	$ –
439	English learner	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
443	School library aid	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
456	Literacy aid	$ –	$ –	$ –
457	Teacher compensation for READ Act	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 7,554,887	$ 7,554,887	$ –
471	Student support personnel	$ –	$ –	$ –
472	Medical Assistance	$ 570,192	$ 570,192	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – impact aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 10,410,074	$ 10,410,074	$ –
Unassigned				
422	Unassigned fund balance	$ 38,242,623	$ 38,242,623	$ –
Food Service				
Total revenue		$ 11,073,545	$ 11,073,545	$ –
Total expenditures		$ 10,452,674	$ 10,452,674	$ –
Nonspendable				
460	Nonspendable fund balance	$ 318,539	$ 318,539	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 3,175,307	$ 3,175,307	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 16,980,932	$ 16,980,933	$ (1)
Total expenditures		$ 16,267,993	$ 16,267,993	$ –
Nonspendable				
460	Nonspendable fund balance	$ 4,910	$ 4,910	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ 5,210,849	$ 5,210,849	$ –
432	ECFE	$ 449,107	$ 449,107	$ –
437	Quality compensation	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 449,448	$ 449,448	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
456	Literacy aid	$ –	$ –	$ –
457	Teacher compensation for READ Act training	$ –	$ –	$ –
464	Restricted fund balance	$ 211,347	$ 211,347	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 230,592	$ 230,593	$ (1)
Total expenditures		$ 5,479,340	$ 5,479,340	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 2,562,123	$ 2,562,123	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 18,408,970	$ 18,408,970	$ –
Total expenditures		$ 19,055,574	$ 19,055,574	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 3,060,656	$ 3,060,656	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 25,411,160	$ 25,411,161	$ (1)
Total expenditures		$ 33,082,595	$ 33,082,595	$ –
422	Net position	$ (29,987,290)	$ (29,987,290)	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ 5,838,544	$ 5,838,544	$ –
Total expenditures		$ 3,068,083	$ 3,068,083	$ –
422	Net position	$ 41,411,519	$ 41,411,519	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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Agenda Item: 4

Board of Education

Regular Meeting – November 23, 2026

AGENDA SECTION: Recognitions

ITEM: Employees of the Month

COMMENTS BY: Robb Virgin, Superintendent

Wayzata Public Schools
November 2026 Employees of the Month
Anna Lawrence
West Middle School

West Middle School is proud to introduce Anna Lawrence as the November Employee of the Month! Anna has been a health and physical education teacher for five years, with the past three years being at West. Anna is a student-centered teacher who brings significant expertise, innovation and enthusiasm to the classroom every day.

During her time in Wayzata, Anna has served as a member of the Building Instructional Leadership Team. She has played a key role in setting the building's goals and leading the work to achieve those goals. Anna has gone above and beyond to support the implementation of student-centered instructional practices both in her classroom and throughout the building, never losing sight of the fact that the students are the most critical piece of the daily experiences she leads.

Anna also inspires her colleagues to grow as practitioners. Anna has facilitated numerous professional learning opportunities at West and has done so in a way that has allowed each staff member to take a next step in their instructional practice, whether through implementing intentional movement or finding ways for students to make meaning of their learning through collaboration. Her impact has influenced others to meet students where they are and to find ways to help them grow as students and citizens. Recently, Anna was chosen to present a session titled, *The Movement Mission,* at the annual Association of Middle Level Education National Conference in Nashville, Tennessee.

Anna models and leads with positivity, a growth mindset, and a true passion for middle level education. In 2025, Anna was able to win a $14,000 grant from the Wayzata Education Fund to purchase cross country skis. Anna works to build community with her students and colleagues each and every day, which is integral in building a culture of learning and community. With our staff at West, she has organized staff wellness opportunities before school that have included yoga, basketball and pickleball.

Katelyn Palasek, a colleague at West Middle School, had this to say about Anna:
Anna embodies true commitment and passion in her role as our health and physical education teacher at West. She goes above and beyond for her students, using creative ideas and innovative techniques to keep everyone

actively engaged. By thoughtfully incorporating dynamic movement into her health lessons, she makes learning both meaningful and fun. Anna ensures that her gym and classroom are welcoming, supportive, and encouraging environments where every student feels valued, confident, and included. Her energy and commitment elevate our entire school community, making her a standout educator and truly deserving of this recognition.

Congratulations to Anna Lawrence on being named the Wayzata Public Schools November Employee of the Month!

November School Spotlight: WMS

Call to Adventure:
Advisory as the Heart of Middle School

Be BOLD! Be West



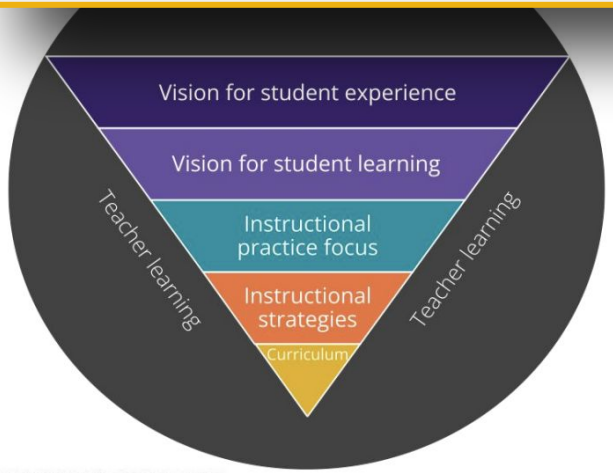


Getting to Know West Middle School

- ★ Population - approximately 900 students this year
  - 6th - 280 students
  - 7th - 310 students
  - 8th - 310 students

Student Experience Goal 2026-2027

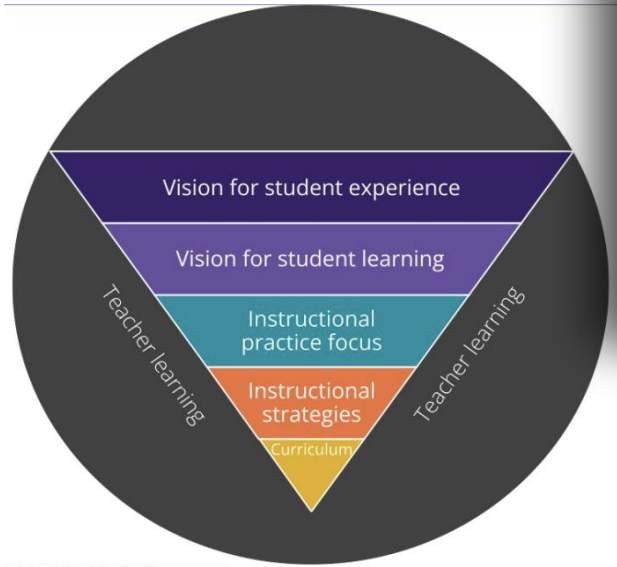
Each and every student feels connected to at least 1 trusted adult in the building. This will increase from 90% of students feeling connected to a trusted adult in our Spring 2026 Student Engagement Survey to **91% or higher on the Spring 2027 Student Engagement Survey**. This will contribute to the overall sense of belonging within the West community.

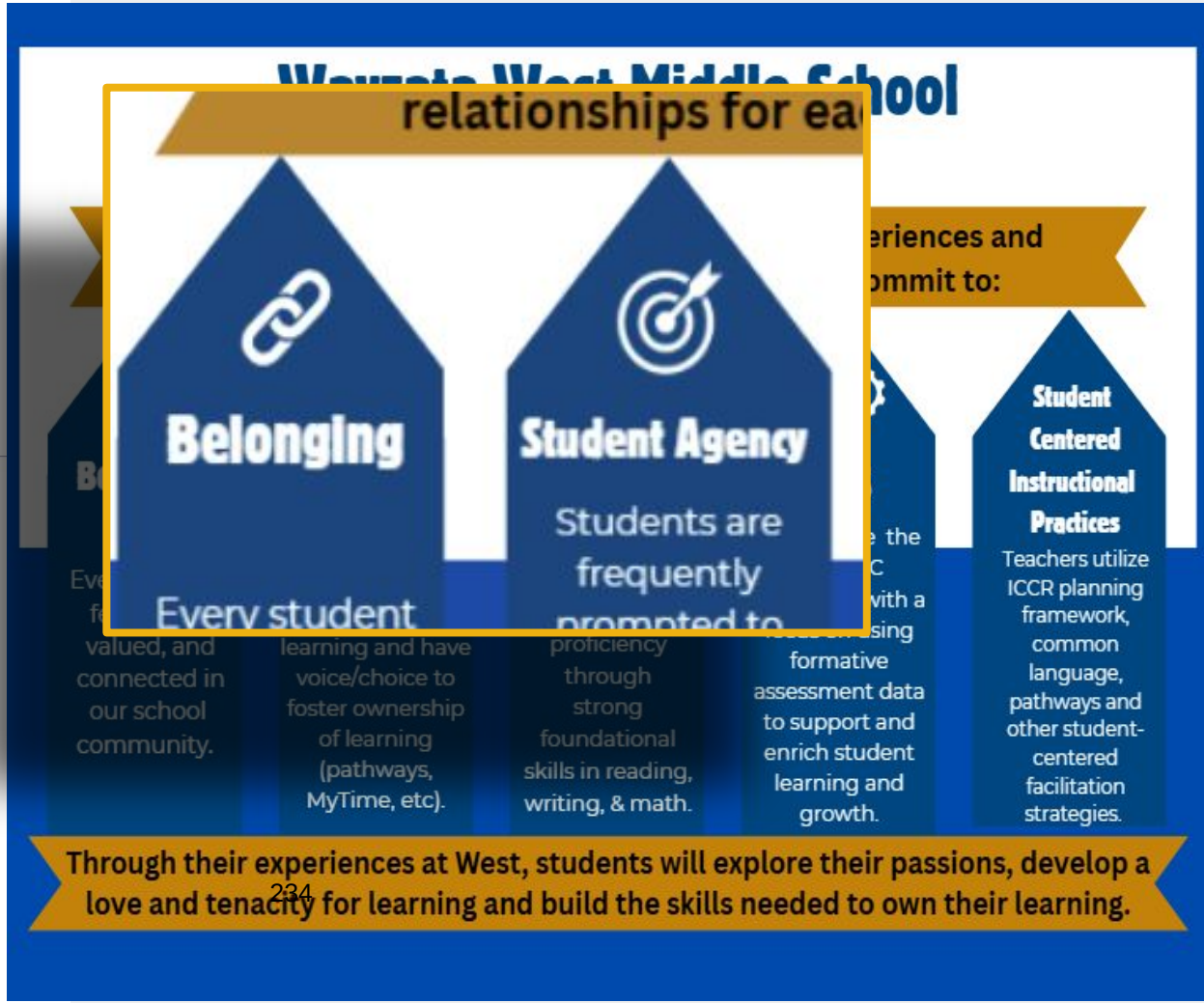


The percentage of all students in grades 6-8 West Middle School who **score as "Low Risk" or "On Target"** in the Spring FastBridge aReading test will increase from **80%** in the Spring of 2026 to **83%** in the Spring of 2027 and by sub group as follows:

a. The percentage of all students in grades 6-8 at West Middle School who scored in the **"High Risk" or "Some Risk"** range on the Fall aReading test and **demonstrate "Aggressive Growth"** from Fall-to-Spring will increase from **18%** in Spring 2026 to **30%** in Spring 2027.

WEST BUILDING GOALS:





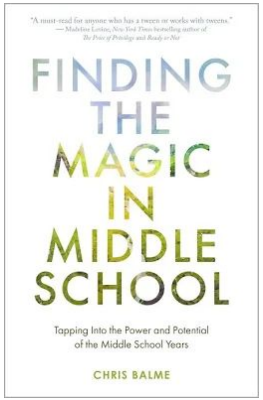
A Call To Adventure: Why Advisory?

WAYZATA PUBLIC SCHOOLS

Adolescent Development

All middle schoolers wrestle with these three questions:

1. Who Am I?
2. How Do I Connect?
3. What Will I Contribute?



(from *Finding the Magic in Middle School* by Chris Balme)

Using What We Know About Adolescents to Make Our School Better:

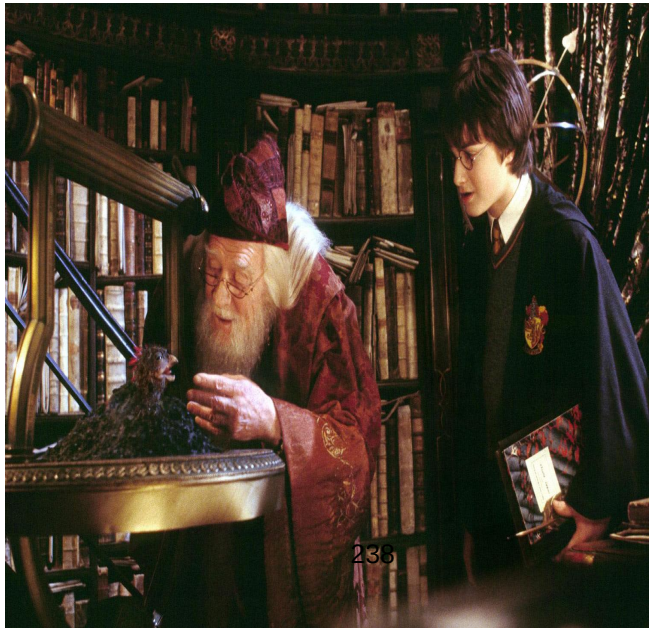
1. Belonging would come first
2. Teachers would be guides - less focused on content and more on conditions
3. Classes would become quests
4. **Advisory would be the heart of the school**

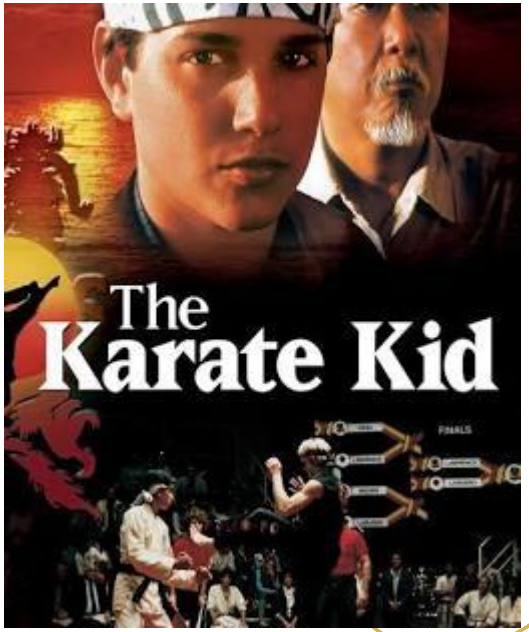
(from *Finding the Magic in Middle School* by Chris Balme)

A Hero's Journey…

Think about some of the great adventure stories that you've read or watched…..







A Hero's Journey…

The story often involves a mentor that is by the side and mentoring the young hero.

If there wasn't someone by their side, it would feel like an impossible nightmare instead of an adventure.

When you have people with you, that can validate you in the hard times then we turn it to an **adventure**.

How can we be that caring adult that helps the middle school journey feel like an adventure?

Purpose of Advisory

To create the CONDITIONS to support students as they move through the developmental stages of:

- belonging
- achievement
- authenticity

Purpose of Advisory: Brain Science

- Neuroscience tells us the brain feels safest and relaxed when we are connected to others we trust to treat us well.

- Academic conferencing with a trusted adult advisor helps to guide learning choices, support executive functioning skills and are a piece in developing students ability to own their learning.

Purpose of Advisory: Connection to Brain Science, Belonging and Learning

- The brain needs to be a part of a caring social community to maximize its sense of well being
- Positive relationships keep the brain's safety/threat detection system in check (helps the amygdala stay calm so the prefrontal cortex can focus on higher order thinking and learning)
- Neuroscience tells us the brain feels safest and relaxed when we are connected to others we trust to treat us well (importance of each student having at least 1 trusted adult)

Impact of Advisory on both Belonging and Academic Achievement

- When we create conditions in a school where students have a strong sense of belonging and can be their authentic selves it primes their brain for learning and allows students to take risks in the learning process.

- Advisory is also a place we support students executive functioning skills and can help grow their skills in owning their learning. Advisory/Advisee conferencing is a key component - a trusted adult helping to guide learning choices.

Learning from Experts

Learning from Experts

A small team of teachers attended the Association for Middle Level Education Annual conference where they had numerous sessions on middle school best practices including Advisory.

During the 2025-26 school year, the Advisory Guiding Coalition Team and the Belonging/Purposeful Community Guiding Coalition Team read the book *Finding the Magic in Middle School* by Chris Balme. That book and discussions that came out of it shaped many of the steps we are taking this year.

-

Learning from Experts

With the support of the West PTO, we were able to send a small team to Chris Balme's Argonaut Advisory facilitation intensive 3 day training in New York.

- That team came back with new ideas and a new perspective that help to drive our practices at West
- Team participates in on-going virtual coaching sessions to refine facilitation skills and use to share with staff.



Learning from Experts

Multiple visits to Southview Middle School in Edina to hear Chris Balme speak, see multi-grade advisory in action and participate in adult advisory.

In October, we got to send another small team of teachers to another of Chris' professional learning opportunities at Bethel.

Professional Learning Opportunities

- A small team of teachers attended the Association for Middle Level Education Annual conference where they had numerous sessions on middle school best practices including Advisory.

- During the 2025-26 school year, the Advisory Guiding Coalition Team and the Belonging/Purposeful Community Guiding Coalition Team read the book *Finding the Magic in Middle School* by Chris Balme. That book and discussions that came out of it shaped many of the steps we are taking this year.

Learning Into Action

Learning into Action

- Day in the Life - The Ideal State of Advisory
- What if play is enough
- Power of Multi Grade Advisory

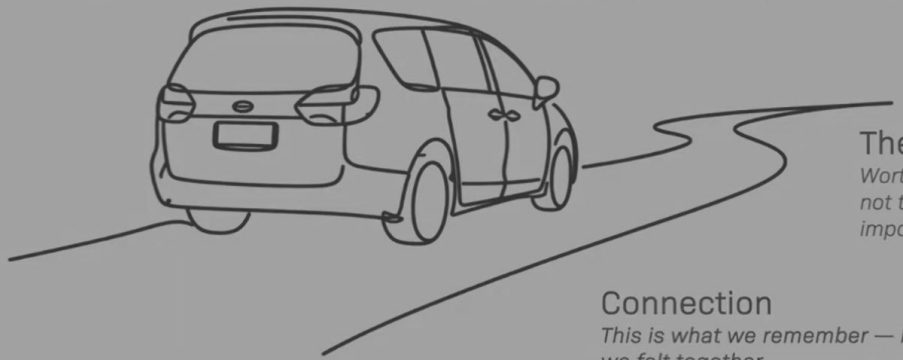
A Day in the Life - The Ideal State of Advisory

Advisory is like a road trip

A safe, reliable vehicle.
Agreements, rituals, consistent use of time.

The Driver (You)
You presence is essential, but also not what they're focused on.

The Fuel
Their interest in each other. The desire to see, and be seen.



The Sights (Topics)
Worthy and often interesting — but not the most memorable or important part.

Connection
This is what we remember — how we felt together.

251

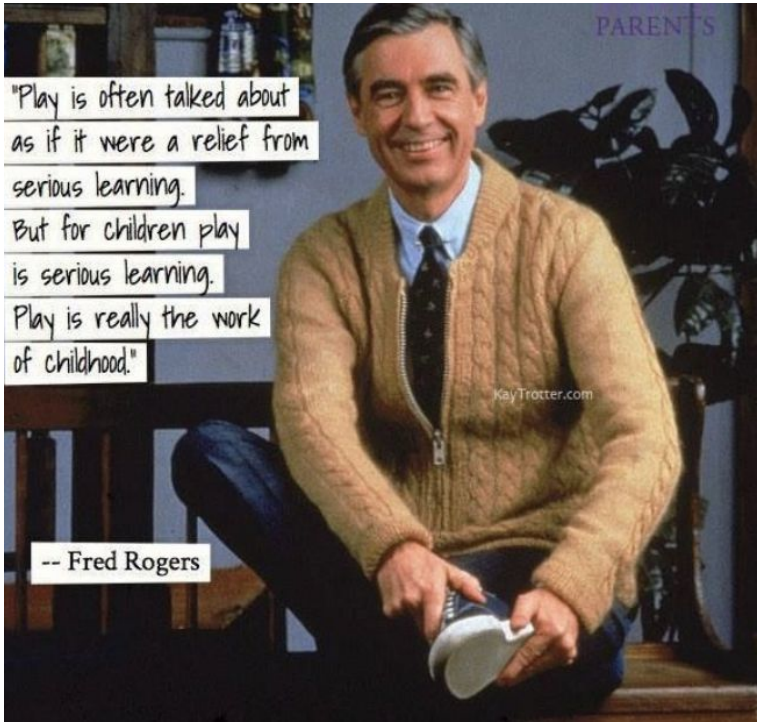
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Student Perspective

How has Advisory helped you feel connected at school?

252

What if Play is Enough?



Advisory Guiding Coalition

Adult Advisory

<u>FOCUS:</u>

Connecting through **play**

Modeling and practicing positive risk taking and challenge by choice.

Adult Advisory

- Each licensed staff is a part of an Adult Advisory that meets once a month.
- During Adult Advisory we grow in our facilitation skills by participating in many of the activities our students will participate in that month.
- Also has been an amazing way to grow purposeful community among our staff.



Student Perspective

What is a favorite way you have connected through “play” in advisory this year?

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The Power of Play

Sample Advisory Activity

Finger Grab

3, 2, 1, Go!

1. Set Up:
   a. Stand and tighten the circle.
   b. Hold out left to partner on left. Put pointer finger in that person's palm.
   c. Hold out palm on right. Partner on right puts pointer finger in your palm.
2. When you hear "Go" after countdown. At the same time, try to lift your pointer finger and grab the pointer finger of partner on the right
   a. Were you able to grab the finger or not have your finger grabbed?
3. Continue until desired.



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Speed Circle

Have your group sit or stand in a circle with a token to pass around. Ask for a volunteer to start with the token. Give that individual a topic that they need to name 5 items from before the token gets passed all the way around the circle. You can increase the number from 5 to increase the challenge.

Category topic ideas: teachers you have currently, teachers from last year, breakfast cereals, brands of shoes, grocery stores, NBA teams, names of restaurants, students from your grade not in this room, etc…

The Power of Multi-Grade Advisory



Strengthen School Community for students and teachers

Built in Mentorship and Leadership

Longitudinal Relationships and Continuity

Broader Social Perspectives

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Student Perspective

Share a connection you have made with someone in another grade level.

260

Advisory is like a road trip

A safe, reliable vehicle.

Agreements, rituals, consistent use of time.

The Driver (You)

You presence is essential, but also not what they're focused on.

The Fuel

Their interest in each other. The desire to see, and be seen.



The Sights (Topics)

Worthy and often interesting — but not the most memorable or important part.

Connection

This is what we remember — how we felt together.

Next Steps: *On the Road again…*

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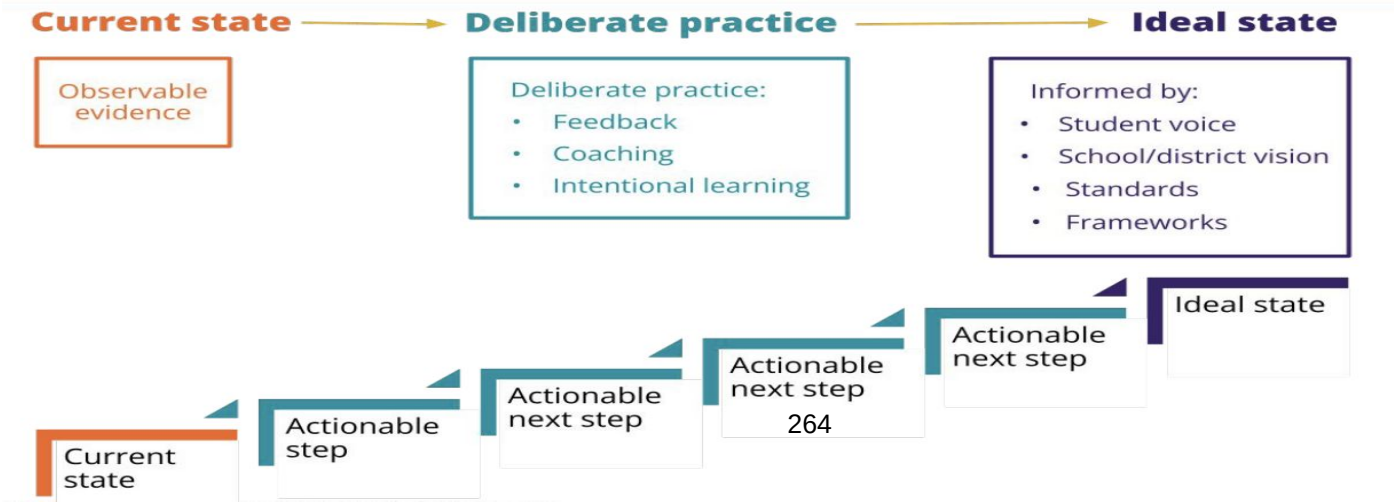
Better Equipped for the Next Road Trip:

How can we learn and grow towards the Ideal State

- Gather information from this year's PLAY
- Identify barriers that need to be removed
- Identify areas to build from and strengthen

West Advisory Guiding Coalition

- Advisory Guiding Coalition is continually getting feedback on what our current state of Advisory practices are and collaborating on our next actionable steps to work toward our ideal state.



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Student Perspective

What has been a highlight of Advisory for your this year?

What's something you want the adults to know as we plan the next "road trips"?

Balanced Technology Framework

A purpose-driven framework for the intentional use of technology to enhance learning, protect student focus, and support instructional goals.

Balanced Technology Framework

Purposeful Learning

Technology is used when it adds value to learning by amplifying or transforming instructional practice.

Protected Focus

System level safeguards designed to protect cognitive bandwidth, reduce digital noise and support engagement.

Student Success

Striving to support a balance in life, while equipping students with the skills and habits to realize our Portrait of a Graduate.

Focus Areas & Performance Indicators

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Long-Term Stewardship, Evaluation and KPIs

Focus Area	Data Collection Methods	Key Performance Indicators (KPIs)
Parent & Community Partnership	• Quantitative Parent Surveys • Qualitative Focus Groups	• **Digital Health Perception:** % of parents reporting improved home-school alignment on tech habits. • **Satisfaction** with evening shutdown policies (MS)
Student Learning and Experience	• Student Surveys (Grades 6–12) • Student Focus Groups / 1:1	• **Focus & Climate:** % of students reporting fewer digital distractions during direct instruction.
Teacher & Instructional Practice	• CEL 5D+ Instructional Framework Rubric Observations • Professional Learning Feedback	• **Norm Consistency:** Observational fidelity of classroom environment norms. • **Efficacy:** Teacher satisfaction with curated apps and access. • **Instructional Alignment:** Reduction of reliance on screens to deliver and support instruction.
Building & District Leadership	• Principal Leadership Team Report Out • Incident / Discipline Reports (tech misuse) • Classroom Observations/Walk Throughs	• **Operational Fidelity:** Consistency of framework implementation across grade bands and buildings. • **Behavioral Impact:** Reduction in classroom disruptions and disciplinary referrals linked to unauthorized device use.
Technical & Vendor Effectiveness	• App/Software Usage & Audits • Vendor Independent Impact Evaluations • Web Filtering & Network Analytics	• **Noise Reduction:** Reduced unauthorized access to non-educational gaming, or unapproved YouTube. • **ROI & Renewal Alignment:** Systemic sun-setting of low-impact or non-vetted applications.

Data Collection Methods (Middle School)

Multimodal

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Feedback Cycles: October



- Staff Survey
- Staff In-Person Feedback Group
- Family Survey
- Family In-Person Feedback Group
- Student Survey
- Student In-Person Feedback Group

Parent & Community Partnership

Survey, Focus Groups, Committees, Email, 1:1

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Parent and Community Partnership (n=700)

Highlights

- 75% support the balanced technology framework and why the shift was made.
- 16% increase in perception of homework being completed on time in comparison to last school year.
- 21% decrease in parents reporting never or rarely having conflicts at home regarding iPad use, in comparison to last year

Considerations

- 64% feel there is appropriate balance between digital and non-digital homework requirements.
- Concern with impact of internet access times and conflicts with activities and evening commitments.

"I absolutely love that my daughter doesn't come home and go straight on her iPad - way too tempting to say she's doing homework but distractions are available."

"I like the fact they are doing homework with paper and not all on screens. They have enough of that in their daily life."

Student Learning and Experience

Survey, Focus Groups, Observations, Email, 1:1

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Student Learning and Experience (n=2616)

Highlights

- 68% report a great balance between digital and non-digital learning in class.
- 95% of students report understanding the purpose behind the rules of using an iPad or not for a classroom activity
- 91% of students report using technology as a study aid to prepare for tests and assessments

Considerations

- 39% have access to websites and apps that they need to complete homework.
- Internet access can make completing homework on time challenging.
- Consider access to study strategy games (e.g. Gimkit, Blooket)

"I get why you made it so we can't use our iPads for certain amount of time. But it's hard to get stuff done or study. I think we should be able to connect to internet for more time."

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Building & District Leadership

Leadership Meetings, Observations, Email, 1:1

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Building & District Leadership - Qualitative

Highlights

- Principal observation and student feedback supports an increase in purposeful use of iPads for learning with an overall decrease in iPad use.
- More focused use of technology has led to a calmer and more focused classroom environment.
- Increased social interaction observed and reported by students.

Considerations

- Continued professional learning to support instructional practices not dependent on technology.
- Commitment to research and refine homework best practice.
- Internet access limits can make completing learning on time challenging.

"From our classrooms to conversations with families, staff and students, it is clear that a more balanced approach to technology is positively impacting the start of our school year. Our students are connected, engaged, and experiencing what they describe as a sense of calm and organized thinking to their learning."

Teacher & Instructional Practices

Survey, Focus Groups, Observations, Email, 1:1

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Teachers and Staff - Instructional Practices (n=121)

Highlights

- 88% support the balanced technology framework and why the shift was made.
- 79% agree that balanced technology has enhanced student focus, well being and learning.
- 80% reduction in conflict around usage of the iPad in class from last year to this year.

Considerations

- 61% agree BTF has influenced PLC teams to reflect on instructional practices.
- 26% decrease in students completing homework on time from last year to this year.
- 69% of staff believe they have access to the technology tools they need to effectively teach standards in their course.

"I have to spend less time dealing with behaviors related to technology (students misusing iPads, not putting them away, etc.) which frees up my day to provide more meaningful support for students."

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Technology Use, Access & Effectiveness

Survey, Focus Groups, Observations, Web Filter, Alert, Rover DPA

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iPad Internet Access Hours: 6th grade

Family Feedback

- 19% maintain current access hours
- 37% extend morning hours
- 18% discontinue access hours
- Value boundaries set by current internet access,
- Need homework practices to align with access

Staff Feedback

- 10% maintain current access hours
- 40% extend morning and evening access
- 7% extend morning hours
- 10% discontinue access hours
- Current internet access hours are challenging for 6th grade

Student Feedback

- 71% feel that current morning hours do not provide enough time to complete schoolwork
- 76% feel that evening hours do not provide enough time to complete schoolwork.
- Current internet access hours are challenging for 6th grade

iPad Internet Access Hours: 7th and 8th grade

Family Feedback

- 33% maintain current access hours
- 18% extend morning hours
- 21% discontinue access hours
- Value boundaries set by current internet access.
- Need homework practices to align with access

Staff Feedback

- 42% maintain current access hours
- 29% extend morning hours
- 6% discontinue access hours
- Value boundaries set by current internet access hours, working to identify homework practices and workflow

Student Feedback

- 68% feel that current morning hours do not provide enough time to complete schoolwork
- 54% feel that evening hours do not provide enough time to complete schoolwork
- Value boundary to support balance with other activities and sleep; however, current homework requires more time

To retain commitment to BTF, while responding to thorough review of feedback across groups, the following changes have been implemented starting Quarter 2 (remaining 26-27 SY):

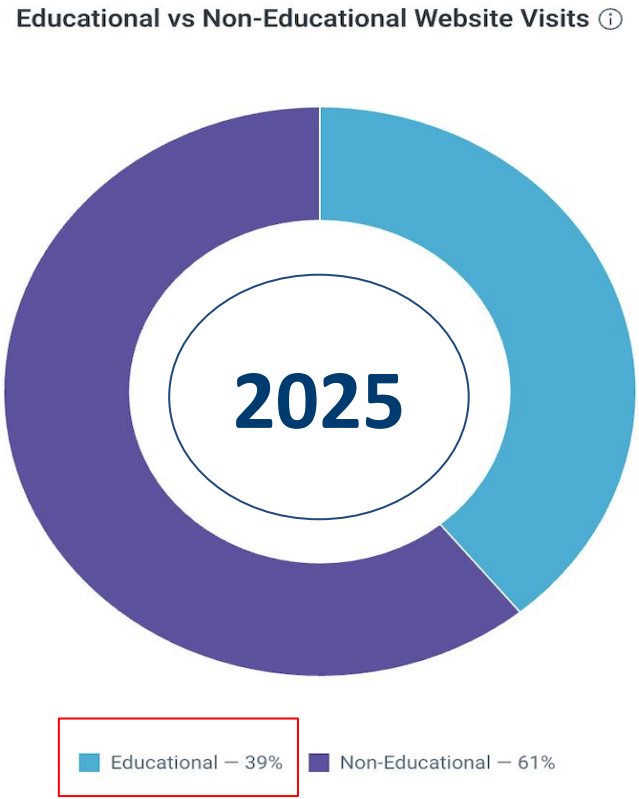
- Adjust student internet access hours grades 6–8 to **7:00 AM – 9:00 PM** daily, beginning Quarter 2 (November 9th)

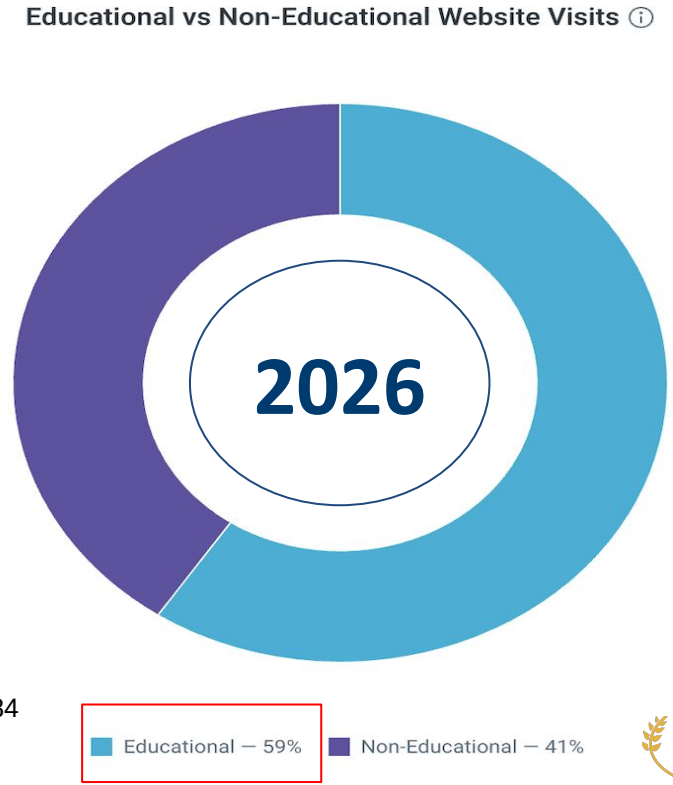
- Reconfigure the system default due date time in Canvas to **9:00 PM** *This will be the default, in alignment with internet access hours.*

- Commitment to ongoing professional learning focused on assessment and deepening our homework philosophy and practices.

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District - 2025 > 2026 Website Category Change





Top 10 Student Websites / Apps Use - Quarter 1 - EDU

Top websites visited

Website | Search... | Aug 24, 2026 - Nov 6, 2026

Showing first 1000 records.

Website visits	Category	Visits	Users
www.google.com	Safesearch	6.2m	8.9k
wayzata.instructure.com	Education	4.2m	8.4k
www.google.com	Search	4.1m	8.9k
login.microsoftonline.com	Microsoft	1.4m	10.4k
www.youtube.com	Education Videos	1.1m	4.2k
accounts.google.com	Computers	990.5k	10.4k
docs.google.com	Computers	700.1k	9.3k
myapps.microsoft.com	Microsoft	575k	10.3k
launcher.myapps.microsoft.com	Microsoft	561.8k	10.3k
sso.canvaslms.com	Education	460.7k	8k
wps.apple.com	Computers	384.3k	10.2k
notability.com	Education	369.7k	7.4k

285

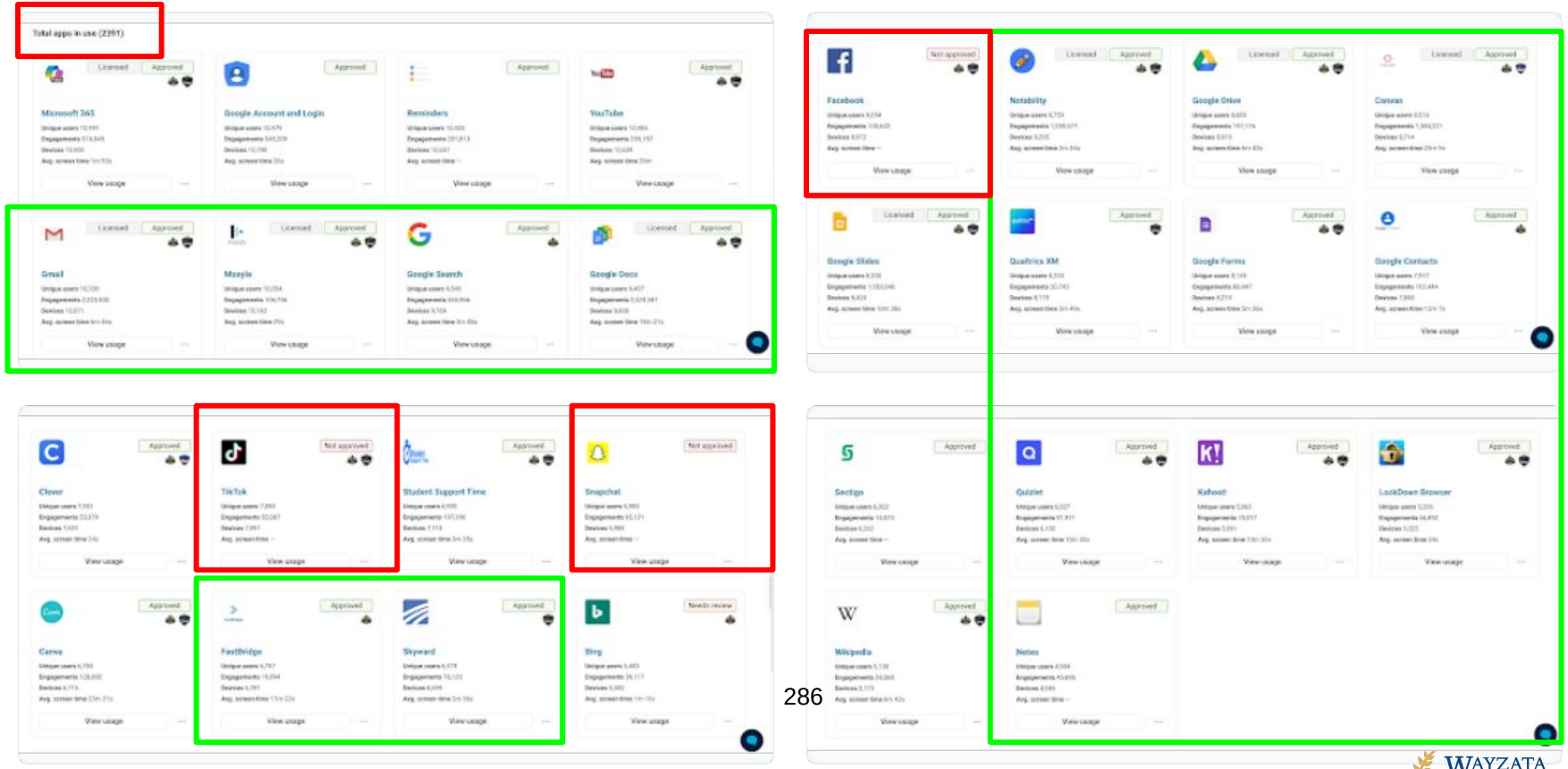
Top websites visited

Category | Education | Aug 24, 2026 - Nov 6, 2026

Showing first 1000 records.

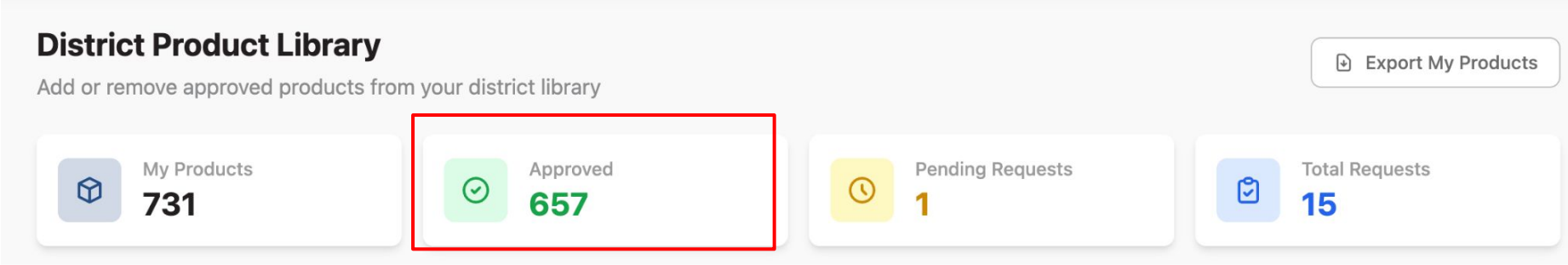
Website visits	Category	Visits	Users
wayzata.instructure.com	Education	4.2m	8.4k
www.youtube.com	Education Videos	1.1m	4.2k
sso.canvaslms.com	Education	460.7k	8k
notability.com	Education	369.7k	7.4k
webwork-hosting.runestone.academy	Education	357.2k	341
quizlet.com	Education	203.1k	6k
m.youtube.com	Education Videos	192k	1.8k
clever.com	Education	145.9k	7.5k
www.noredink.com	Education	112.4k	797
wayzata.instructuremedia.com	Education	100k	7k
nso.district287.org	Education	83.3k	217
wayzatasd284.ilclassroom.com	Education	79.9k	2k
gateway.cengage.com	Education	79k	946

Website - Application Approved Usage - Top 40 / 2391 -



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Student Data Privacy Framework



Data Privacy Agreements

- **Standardized Integration**
  Seamless DPA implementation.
- **Strict Compliance**
  Meets state and federal laws.
- **Vendor Guardrails**
  Secure third-party contracts.



WAYZATA PUBLIC SCHOOLS

Next Steps - Timeline - District

NOV/DEC 2026

Planning / implementation of elementary surveys and data collection

Temperature check on elementary BTF

2027 Winter

Planning / implementation of high school survey and data collection

Temperature check on WHS BTF and AI

Winter Spring

Formative Assessment tool review

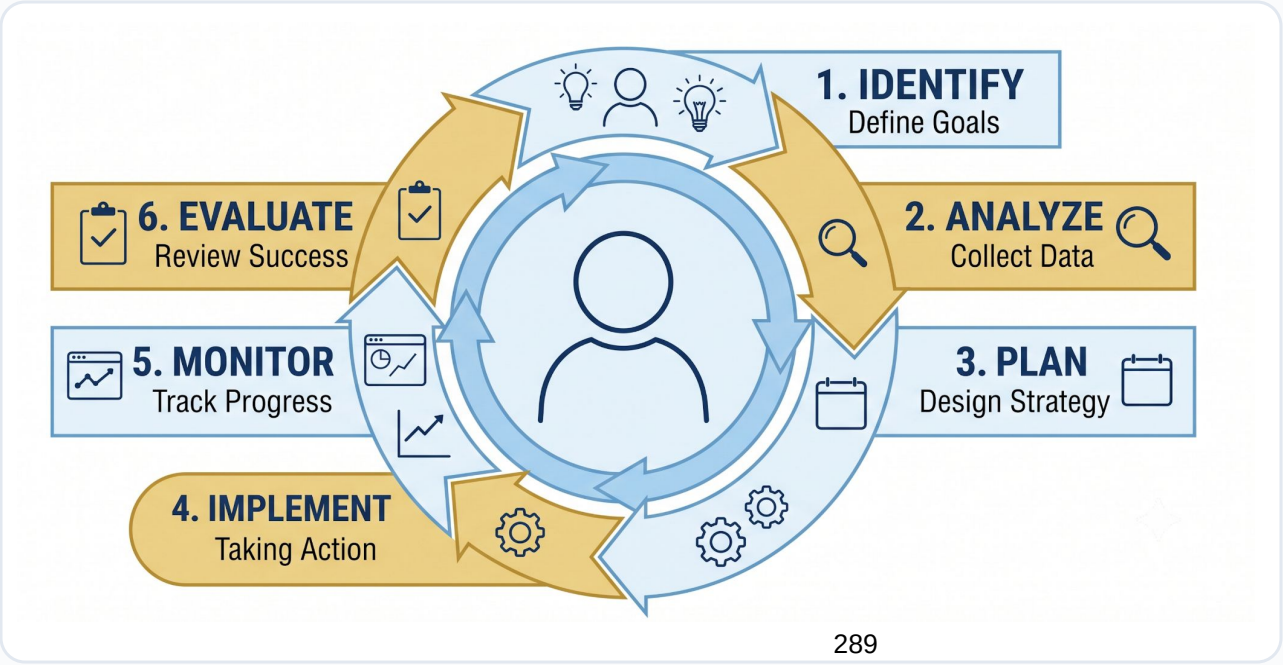
Strengthening a data-informed culture, alignment of tools

Always

Ongoing review and adjustments

Collaborate to refine as needed

Stewardship & Continuous Improvement



Action Cycle

A continuous, systematic approach to school improvement.

Ongoing Cycle

Ensuring sustainability and refinement across all systems.

Thank You

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Wade Phillips

Director of Technology

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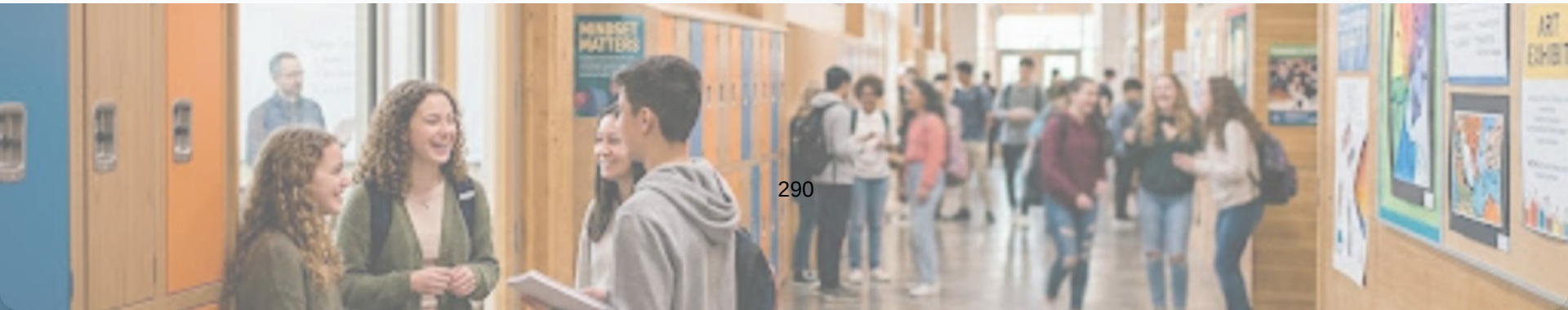
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Middle School Principals:

Meg Bennett - East Middle School

Ryan Carlson - West Middle School

Marian Boyd - Central Middle School



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Agenda Item: 8

Board of Education

Regular Meeting – November 23, 2026

AGENDA SECTION: Adjourn

ITEM: Adjourn

COMMENTS BY: Sheila Prior, Acting Board Chair

This agenda item brings closure to the School Board meeting.

Recommended Action: Call the meeting to a close.

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Time of Adjournment: _____