

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2026

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

New and Refunding Issue

Rating Application Made: Moody's Investors Service, Inc.

INDEPENDENT SCHOOL DISTRICT NO. 279 (OSSEO AREA SCHOOLS), MINNESOTA (Hennepin County)

(Minnesota School District Credit Enhancement Program)

\$99,685,000* GENERAL OBLIGATION SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2026A

PROPOSAL OPENING: February 24, 2026, 9:30 A.M., C.T.

CONSIDERATION: February 24, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$99,685,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, Minnesota Statutes, Section 123B.595, as amended, and a special election held November 7, 2023, by Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District"), for the purposes of financing the acquisition and betterment of school sites and facilities in the District and effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: March 19, 2026

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$11,650,000	2034	\$1,150,000	2041	\$5,750,000
2028	6,815,000	2035	1,175,000	2042	6,000,000
2029	7,350,000	2036	1,200,000	2043	6,250,000
2030	8,180,000	2037	1,225,000	2044	6,500,000
2031	9,315,000	2038	1,250,000	2045	8,285,000
2032	7,265,000	2039	1,460,000	2046	2,240,000
2033	1,125,000	2040	5,500,000		

***MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$99,685,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$1,993,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

ESCROW AGENT: Zions Bancorporation, National Association.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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OSSEO AREA SCHOOLS SCHOOL BOARD

		<u>Term Expires</u>
Tanya Prince	Board Chair	January 2027
Thomas Brooks	Vice Chair	January 2027
Keith Tate	Clerk	January 2029
Sarah Mitchell	Treasurer	January 2027
Kelsey Dawson	Member	January 2029
Erica Foster	Member	January 2029

ADMINISTRATION

Dr. Kim Hiel, Superintendent of Schools
John Morstad, Executive Director of Finance & Operations
Kelly Benusa, Director of Business Services

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District") and the issuance of its \$99,685,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on February 24, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 19, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

The Bonds maturing on and after February 1, 2035 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The District Clerk is required to cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, Minnesota Statutes, Section 123B.595, as amended, and a special election held by the District on November 7, 2023, by the District, for the purposes of financing the acquisition and betterment of school sites and facilities in the District (the "School Building Portion") and effecting a current refunding of the District's General Obligation Facilities Maintenance Bonds, Series 2016A (the "Series 2016A Bonds" or the "Series 2016A Refunding Portion"). The referendum approved by the voters authorized the issuance of general obligation bonds in an amount not to exceed \$223,225,000. The District issued a portion of this authority in February 2024 and plans to issue the remainder of the authorized amount within the next two years.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 688443
Series 2016A Bonds	11/16/16	4/23/26	Par	2027	3.000%	\$5,935,000	T59
				2028	3.000%	6,900,000	T67
				2029	2.750%	7,140,000	T75
				2030	2.875%	7,530,000	T83
				2031	3.000%	8,605,000	T91
				2032	3.125%	<u>6,375,000</u>	U24
Total Series 2016A Bonds Being Refunded						<u>\$42,485,000</u>	

A portion of Bond proceeds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance.

ESTIMATED SOURCES AND USES*

Sources	School Building Portion	Series 2016A Refunding Portion	Total Bond Issue
Par Amount of Bonds	\$60,000,000	\$39,685,000	\$99,685,000
Reoffering Premium	<u>1,219,906</u>	<u>3,323,727</u>	<u>4,543,633</u>
Total Sources	\$61,219,906	\$43,008,727	\$104,228,633
Uses			
Total Underwriter's Discount (0.600%)	\$360,000	\$238,110	\$598,110
Costs of Issuance	226,373	149,727	376,100
Deposit to Construction Fund	60,633,533	-	60,633,533
Deposit to Current Refunding Fund	-	42,620,114	42,620,114
Rounding Amount	<u>-</u>	<u>776</u>	<u>776</u>
Total Uses	\$61,219,906	\$43,008,727	\$104,228,633

Breakdown of Principal Payments*:

Payment Date	School Building Portion	Series 2016A Refunding Portion	Total Bond Issue
2/01/2027	\$6,180,000	\$5,470,000	\$11,650,000
2/01/2028	550,000	6,265,000	6,815,000
2/01/2029	835,000	6,515,000	7,350,000
2/01/2030	1,150,000	7,030,000	8,180,000
2/01/2031	1,075,000	8,240,000	9,315,000
2/01/2032	1,100,000	6,165,000	7,265,000
2/01/2033	1,125,000	-	1,125,000
2/01/2034	1,150,000	-	1,150,000
2/01/2035	1,175,000	-	1,175,000
2/01/2036	1,200,000	-	1,200,000
2/01/2037	1,225,000	-	1,225,000
2/01/2038	1,250,000	-	1,250,000
2/01/2039	1,460,000	-	1,460,000
2/01/2040	5,500,000	-	5,500,000
2/01/2041	5,750,000	-	5,750,000
2/01/2042	6,000,000	-	6,000,000
2/01/2043	6,250,000	-	6,250,000
2/01/2044	6,500,000	-	6,500,000
2/01/2045	8,285,000	-	8,285,000
2/01/2046	<u>2,240,000</u>	<u>-</u>	<u>2,240,000</u>
Total	\$60,000,000	\$39,685,000	\$99,685,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the District to which its full faith and credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds, less estimated collections of other revenues pledged for payments on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a credit enhanced rating from Moody's Investors Service, Inc. ("Moody's"). Moody's has a policy which assigns a minimum rating of "Aa1" to issuers participating in the MNCEP. The "Aa1" rating is based on the State of Minnesota's current "Aaa"/Stable outlook rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has a "Aa1" rating from Moody's and will be requesting an underlying rating on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on January 20, 2026 and the Award Resolution (collectively, the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

The Law requires that all amounts paid by the State on behalf of any school district are required to be repaid by the district to the State with interest, either via a reduction in State aid payable to the district, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated September 23, 2025, for General Obligation State Bonds, Series 2025A, 2025B, 2025C, 2025D and 2025E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

"As of June 30, 2025, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2054, is approximately \$19,610,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2025 is currently estimated at \$3,155,000,000, with the maximum amount of principal and interest payable in any one month being \$1,253,600,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future.

In the Award Resolution, the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District did not timely file notice of the incurrence of a financial obligation that was incurred in March 2023. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The District has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a Bond holder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds. The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2025 have been audited by LB Carlson, LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Minnesota (the "State") may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2022/23	2023/24	2024/25
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - 0.75% Over \$174,000 - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - 0.75% Over \$100,000 - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental – 0.25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2024/25 Economic Market Value	<u>\$28,241,132,901¹</u>
2024/25 Assessor's Estimated Market Value	
Real Estate	\$26,492,985,100
Personal Property	<u>107,685,900</u>
Total Valuation	<u><u>\$26,600,671,000</u></u>
2024/25 Net Tax Capacity	
Real Estate	\$317,789,927
Personal Property	<u>2,131,103</u>
Net Tax Capacity	\$319,921,030
Less:	
Captured Tax Increment Tax Capacity ²	(4,751,898)
Fiscal Disparities Contribution ³	(40,682,734)
Power Line Adjustment ⁴	<u>(7,163)</u>
Taxable Net Tax Capacity	\$274,479,235
Plus: Fiscal Disparities Distribution ³	<u>30,418,007</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$304,897,242</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District was about 94.66% of the actual selling prices of property sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of \$28,241,132,901.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the District.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

⁴ Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2024/25 NET TAX CAPACITY BY CLASSIFICATION

	2024/25 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$183,798,870	57.45%
Agricultural	896,576	0.28%
Commercial/industrial	106,767,095	33.37%
Public utility	674,342	0.21%
Railroad operating property	358,692	0.11%
Non-homestead residential	24,505,664	7.66%
Commercial & residential seasonal/rec.	551,999	0.17%
Other	236,689	0.07%
Personal property	<u>2,131,103</u>	<u>0.67%</u>
 Total	 <u><u>\$319,921,030</u></u>	 <u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2020/21	\$19,577,944,400	\$19,033,815,804	\$200,352,979	\$224,913,697	6.26%
2021/22	20,739,057,200	20,237,071,001	245,430,440	238,096,648	5.93%
2022/23	24,678,431,900	24,308,645,096	294,367,110	287,031,360	19.00%
2023/24	26,174,633,600	25,806,974,571	317,711,471	306,316,726	6.06%
2024/25	26,600,671,000	25,921,824,776	319,921,030	304,897,242	1.63%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment and power line values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment or power line values.

LARGEST TAXPAYERS¹

Taxpayer	Type of Property	2024/25 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Target Corporation	Commercial	\$1,385,764	0.43%
Prisa Arbor Lakes, LLC	Commercial	1,299,250	0.41%
Boston Scientific Scimed Inc.	Industrial	1,219,780	0.38%
The Connor Group	Apartments	1,038,413	0.32%
Weidner Property Manager	Apartments	923,450	0.29%
BPP LLC	Industrial	888,430	0.28%
Upsher Smith	Industrial	860,524	0.27%
Doran MGRB I, LLC	Apartments	848,666	0.27%
Roers Maple Grove Apts.	Apartments	775,000	0.24%
Brooklyn Park Paper, LLC	Industrial	<u>761,876</u>	<u>0.24%</u>
Total		\$10,001,153	3.13%

District's Total 2024/25 Net Tax Capacity \$319,921,030

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Hennepin County.

DEBT

DIRECT DEBT²

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids³ (includes the Bonds)* \$397,420,000

*Preliminary, subject to change.

¹ Hennepin County has provided the largest taxpaying *parcels* which appear on the tax rolls of Hennepin County, and therefore the information stated above may not be reflective of the entire valuation of all parcels and may not include all classifications of property.

² Outstanding debt is as of the dated date of the Bonds.

³ Based upon the Long Term Facilities Maintenance Revenue formula, agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations¹ \$14,119,762

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of the Intermediate District No. 287, an intermediate school district authorized by the Minnesota law to provide participating school districts with vocational, technical, and special education services. The District has a contractual obligation to make a portion of the debt service payments along with other member districts. The allocation of the debt service payments is determined by agreement among the member districts and calculated annually by the intermediate district.

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The District anticipates issuing the remaining \$63,225,000 of its General Obligation School Building Bonds approved by District voters in 2023, and may also refinance its General Obligation Facilities Maintenance Bonds, Series 2018A within the next 12 months.

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides State aid to finance a portion of the principal and interest payments on voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for State Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the school district's debt service fund and must be used for payments on the bonds; any payment of State aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. Although the District expects to receive some Long Term Facilities Maintenance Aid in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by State aid.

¹ Non-general obligation debt has not been included in the debt ratios.

Some school districts will also receive aid for debt service payments through the State School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). The reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by State aid.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2024/25 Economic Market Value	\$28,241,132,901
Multiply by 15%	<u>0.15</u>
Statutory Debt Limit	\$4,236,169,935
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(397,420,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (applies to issues in excess of \$1,000,000 originally issued after 6/1/97 which do not have revenues pledged)	<u>(13,728,921)</u>
Unused Debt Limit*	<u><u>\$3,825,021,014</u></u>

*Preliminary, subject to change.

Independent School District No. 279 (Osseo Area Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/19/2026)

	Capital Facilities Bonds Series 2014A		Facilities Maintenance Bonds Series 2018B		Facilities Maintenance & Refunding Bonds Series 2020A		Facilities Maintenance Bonds Series 2022A		School Building & Facilities Maint Bonds Series 2024A	
Dated	11/18/2014		11/15/2018		11/12/2020		09/22/2022		02/29/2024	
Amount	\$5,770,000		\$43,340,000		\$36,465,000		\$11,505,000		\$238,350,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	440,000	40,800	1,945,000	1,597,388	0	391,569	1,060,000	449,800	4,565,000	10,473,900
2028	455,000	27,600	1,970,000	1,500,138	0	391,569	1,170,000	396,800	7,245,000	10,245,650
2029	465,000	13,950	0	1,401,638	0	391,569	1,260,000	338,300	10,875,000	9,883,400
2030			0	1,401,638	0	391,569	1,345,000	275,300	11,210,000	9,339,650
2031			0	1,401,638	2,115,000	391,569	1,405,000	208,050	9,635,000	8,779,150
2032			850,000	1,401,638	3,215,000	359,844	1,410,000	151,850	11,575,000	8,297,400
2033			5,895,000	1,367,638	3,650,000	307,600	1,535,000	95,450	14,425,000	7,718,650
2034			7,350,000	1,131,838	2,405,000	243,725	1,350,000	45,563	16,455,000	6,997,400
2035			7,820,000	837,838	2,020,000	201,638			18,235,000	6,174,650
2036			8,005,000	544,588	2,245,000	166,288			19,835,000	5,262,900
2037			6,110,000	244,400	3,205,000	124,194			21,845,000	4,271,150
2038					3,205,000	64,100			29,755,000	3,178,900
2039									19,550,000	1,988,700
2040									6,050,000	1,206,700
2041									6,150,000	964,700
2042									6,310,000	657,200
2043									6,320,000	404,800
2044									3,800,000	152,000
2045										
2046										
	1,360,000	82,350	39,945,000	12,830,375	22,060,000	3,425,231	10,535,000	1,961,113	223,835,000	95,996,900

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Independent School District No. 279 (Osseo Area Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 03/19/2026)

**School Bldg & Fac
 Maint Refunding Bonds 1)
 Series 2026A**

Dated	03/19/2026							
Amount	\$99,685,000*							
Maturity	02/01							
Fiscal Year	Principal	Estimated				Principal	% Paid	Fiscal Year
Ending		Interest	Total Principal	Total Interest	Total P & I	Outstanding		Ending
2027	11,650,000	4,045,297	19,660,000	16,998,753	36,658,753	377,760,000	4.95%	2027
2028	6,815,000	4,085,150	17,655,000	16,646,906	34,301,906	360,105,000	9.39%	2028
2029	7,350,000	3,744,400	19,950,000	15,773,256	35,723,256	340,155,000	14.41%	2029
2030	8,180,000	3,376,900	20,735,000	14,785,056	35,520,056	319,420,000	19.63%	2030
2031	9,315,000	2,967,900	22,470,000	13,748,306	36,218,306	296,950,000	25.28%	2031
2032	7,265,000	2,502,150	24,315,000	12,712,881	37,027,881	272,635,000	31.40%	2032
2033	1,125,000	2,138,900	26,630,000	11,628,238	38,258,238	246,005,000	38.10%	2033
2034	1,150,000	2,082,650	28,710,000	10,501,175	39,211,175	217,295,000	45.32%	2034
2035	1,175,000	2,025,150	29,250,000	9,239,275	38,489,275	188,045,000	52.68%	2035
2036	1,200,000	1,966,400	31,285,000	7,940,175	39,225,175	156,760,000	60.56%	2036
2037	1,225,000	1,906,400	32,385,000	6,546,144	38,931,144	124,375,000	68.70%	2037
2038	1,250,000	1,845,150	34,210,000	5,088,150	39,298,150	90,165,000	77.31%	2038
2039	1,460,000	1,795,150	21,010,000	3,783,850	24,793,850	69,155,000	82.60%	2039
2040	5,500,000	1,736,750	11,550,000	2,943,450	14,493,450	57,605,000	85.51%	2040
2041	5,750,000	1,516,750	11,900,000	2,481,450	14,381,450	45,705,000	88.50%	2041
2042	6,000,000	1,286,750	12,310,000	1,943,950	14,253,950	33,395,000	91.60%	2042
2043	6,250,000	1,031,750	12,570,000	1,436,550	14,006,550	20,825,000	94.76%	2043
2044	6,500,000	766,125	10,300,000	918,125	11,218,125	10,525,000	97.35%	2044
2045	8,285,000	473,625	8,285,000	473,625	8,758,625	2,240,000	99.44%	2045
2046	2,240,000	100,800	2,240,000	100,800	2,340,800	0	100.00%	2046
	99,685,000	41,394,147	397,420,000	155,690,115	553,110,115			

* Preliminary, subject to change.

- 1) This issue will refund the 2027 through 2032 maturities of the District's \$50,745,000 General Obligation Facilities Maintenance Bonds, Series 2016A, dated November 16, 2016.

Independent School District No. 279 (Osseo Area Schools), Minnesota
 Schedule of Bonded Indebtedness
 Non-General Obligation Debt Secured by Annual Appropriation
 (As of 03/19/2026)

	Certificates of Participation Series 2014B		Certificates of Participation Series 2021A		Lighting 2022 Lease		Lease Purchase 2023 Lease		Lease Purchase 2024 Lease							
Dated	11/18/2014		02/18/2021		12/20/2022		07/10/2023		07/15/2024							
Amount	\$14,085,000		\$8,715,000		\$2,757,591		\$945,321		\$2,340,861							
Maturity	02/01		04/01		12/20		07/10		07/15							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2026	0	0	540,000	60,831	0	0	0	0	0	0	540,000	60,831	600,831	13,579,762	3.82%	2026
2027	1,080,000	165,025	555,000	105,463	254,593	83,225	187,968	30,994	779,725	37,129	2,857,286	421,836	3,279,122	10,722,477	24.06%	2027
2028	1,120,000	121,825	575,000	88,813	266,882	70,936	202,873	16,088			2,164,756	297,662	2,462,418	8,557,721	39.39%	2028
2029	1,165,000	77,025	590,000	71,563	279,765	58,054					2,034,765	206,642	2,241,406	6,522,956	53.80%	2029
2030	1,205,000	39,163	605,000	53,863	293,269	44,550					2,103,269	137,575	2,240,844	4,419,688	68.70%	2030
2031			615,000	47,813	307,424	30,394					922,424	78,207	1,000,631	3,497,263	75.23%	2031
2032			620,000	41,355	322,263	15,555					942,263	56,910	999,174	2,555,000	81.90%	2032
2033			625,000	34,535							625,000	34,535	659,535	1,930,000	86.33%	2033
2034			635,000	27,035							635,000	27,035	662,035	1,295,000	90.83%	2034
2035			645,000	18,780							645,000	18,780	663,780	650,000	95.40%	2035
2036			650,000	9,750							650,000	9,750	659,750	0	100.00%	2036
	4,570,000	403,038	6,655,000	559,799	1,724,197	302,716	390,841	47,082	779,725	37,129	14,119,762	1,349,763	15,469,525			

OVERLAPPING DEBT¹

Taxing District	2024/25 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt²	District's Proportionate Share
County of:				
Hennepin	\$2,835,449,560	10.7530%	\$1,222,750,000 ³	\$131,482,308
Cities of:				
Brooklyn Center	44,096,409	31.6278%	14,220,000	4,497,473
Brooklyn Park	133,489,337	76.3560%	16,080,000	12,278,045
Corcoran	21,444,323	14.5590%	12,330,000	1,795,125
Dayton	24,478,156	23.4014%	14,362,000	3,360,909
Maple Grove	161,928,838	91.8340%	74,735,000	68,632,140
Osseo	4,273,999	100.0000%	6,460,000	6,460,000
Plymouth	204,653,253	12.6654%	49,610,000	6,283,305
Rogers	39,734,425	3.2043%	10,725,000	343,661
Special Districts of:				
Metropolitan Council	6,330,160,332	4.8166%	186,870,000 ⁴	9,000,780
Three Rivers Park District	2,073,090,874	14.7074%	53,165,000	<u>7,819,189</u>
District's Share of Total Overlapping Debt				<u><u>\$251,952,935</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Hennepin County also has General Obligation Sales Tax Revenue Bonds (Ballpark Project) outstanding which are payable entirely from the proceeds of a dedicated 0.15% county-wide sales tax; and General Obligation Sales Tax Revenue Bonds (Transportation Sales Tax) which are expected to be paid from a 0.50% sales and use tax and a \$20 per vehicle excise taxes. These issues have not been included in the overlapping debt or debt ratios.

⁴ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$28,241,132,901	Debt/ Per Capita 155,853 ¹
Direct G.O. Debt Paid From Taxes and State Aids*	\$397,420,000	1.41%	\$2,549.97
District's Share of Total Overlapping Debt	<u>\$251,952,935</u>	<u>0.89%</u>	<u>\$1,616.61</u>
Total*	<u><u>\$649,372,935</u></u>	<u><u>2.30%</u></u>	<u><u>\$4,166.57</u></u>

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ²	Total Collected Following Year	Collected to Date	% Collected
2020/21	\$100,381,546	\$100,056,669	\$100,322,209	99.94%
2021/22	102,199,361	101,857,833	102,199,361	100.00%
2022/23	124,403,564	123,680,032	124,215,633	99.85%
2023/24	141,107,520	140,482,784	140,482,784	99.56%
2024/25	142,293,289	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Estimated 2024 population.

² This reflects the Final Levy Certification of the District after all adjustments have been made.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2020/21	2021/22	2022/23	2023/24	2024/25
I.S.D. No. 279 (Osseo Area Schools)	22.123%	21.933%	19.640%	23.002%	23.640%
Hennepin County	38.210%	38.535%	34.542%	34.681%	37.081%
City of Brooklyn Center	66.260%	57.109%	55.969%	58.155%	62.192%
City of Brooklyn Park	47.129%	48.338%	43.148%	47.337%	53.196%
City of Corcoran	43.522%	43.192%	42.122%	42.410%	42.727%
City of Dayton	52.899%	48.444%	35.647%	35.653%	35.394%
City of Maple Grove	32.037%	31.407%	27.000%	27.280%	29.261%
City of Osseo	58.211%	57.689%	54.138%	65.205%	70.081%
City of Plymouth	26.509%	27.574%	24.643%	24.775%	26.136%
City of Rogers	33.396%	34.762%	33.557%	35.599%	38.767%
HCRRA	1.323%	1.329%	1.188%	1.153%	1.205%
Hennepin HRA	0.722%	0.771%	0.663%	0.624%	0.797%
Metropolitan Council	0.631%	0.659%	0.576%	0.614%	0.567%
Metropolitan Mosquito	0.381%	0.377%	0.331%	0.312%	0.328%
Park Museum	0.707%	0.722%	0.647%	0.694%	0.744%
Three Rivers Park District	2.793%	2.787%	2.473%	2.399%	2.471%

Referendum Market Value Rates:

I.S.D. No. 279 (Osseo Area Schools)	0.23168%	0.21478%	0.25595%	0.25276%	0.24216%
City of Brooklyn Park	0.01340%	0.02276%	0.01173%	0.01111%	0.01117%
City of Plymouth	0.00197%	0.00185%	0.00162%	N/A	N/A

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Hennepin County.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 3,275, including 1,521 non-licensed employees and 1,754 licensed employees (1,685 of whom are teachers). The District provides education for 20,617 students in grades kindergarten through twelve.

¹ After reduction for State aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356, as amended.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
School Executives	June 30, 2025
Teachers	June 30, 2025
Student Management Specialists	June 30, 2025
Confidential Support Services	June 30, 2026
Custodians	June 30, 2026
Directors and Confidential Managers	June 30, 2025
School Nutrition	June 30, 2026
Registered Nurses/Licensed Practical Nurses	June 30, 2026
Kidstop Instructors	June 30, 2026
Hourly Technical	June 30, 2026
Licensed Coordinators	June 30, 2025
Management 1-M	June 30, 2025
Educational Support Professionals	June 30, 2026
Salaried Professionals	June 30, 2025
Osseo Administrative Professionals	June 30, 2026
Principals	June 30, 2027

Status of Contracts

Contracts which expired on June 30, 2025 are currently in negotiations.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District 's most recent Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of \$20,068,833 as of June 30, 2025. In January of 2009, the District issued \$16,000,000 in OPEB Bonds to fund a revocable trust. As of June 30, 2025, the net position of the trust was \$11,794,398. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2021/22	1,495	8,832	9,731	20,058
2022/23	1,482	8,844	9,776	20,102
2023/24	1,413	8,979	9,863	20,255
2024/25	1,362	9,089	9,999	20,450
2025/26	1,396	9,080	10,141	20,617

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2026/27	1,482	9,036	10,302	20,820
2027/28	1,567	9,232	10,409	21,208
2028/29	1,490	9,358	10,720	21,568

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Arbor View Early Childhood Center	1983	2001
Basswood Elementary	1995	2002
Birch Grove Elementary School for the Arts	1966	1991, 2004
Cedar Island Elementary	1970	--
Edinbrook Elementary	1988	2002
Elm Creek Elementary	1980	--
Fair Oaks Elementary	1962	1991, 2004
Fernbrook Elementary	1988	2003
Garden City Elementary	1959	1994, 2004
Oak View Elementary	1991	--
Palmer Lake Elementary	1964	1991, 2005
Park Brook Elementary	1959	1994, 2004
Rice Lake Elementary	1980	2022
Rush Creek Elementary	1995	2002
Weaver Lake Elementary: A Science, Math and Technology School	1991	--
Woodland Elementary	2002	--
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	1967	2002
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	1963	1969, 1980, 2003
Maple Grove Middle School	1990	2003
North View Middle School	1970	1986, 2002, 2007
Osseo Middle School	1966	1969, 2002, 2004
Maple Grove Senior High	1996	2002, 2004, 2015
Osseo Senior High	1952	1957, 1960, 1962, 1964, 1966, 1975, 1988, 2015
Park Center Senior High: An International Baccalaureate World School	1964	1966, 1971, 1975, 1987, 1988, 2002, 2003, 2015
Osseo Area Learning Center	1973	2000
Osseo Education Center	1954	1957, 1987, 2005

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

FUNDS ON HAND (as of December 31, 2025)

Fund	Total Cash and Investments
General	\$140,396,553
Food Service	5,613,028
Community Service	4,336,667
Custodial	2,103,781
Debt Service	31,606,839
Building/Construction	109,153,037
Trust & Agency	25,330,729
Internal Service	<u>2,484,463</u>
Total Funds on Hand	<u><u>\$321,025,098</u></u>

BUDGET SUMMARY

Fund	June 30, 2025 Actual Fund Balance	2025-26 Projected Revenues and Transfers In	2025-26 Projected Expenditures and Transfers Out	2025-26 Revenues over (under) expenditures	June 30, 2026 Projected Fund Balance
General	\$134,496,392	\$396,647,546	(\$419,088,489)	(\$22,440,943)	\$112,055,449
Food Service	6,447,488	18,541,727	(19,114,982)	37,656,709	5,874,233
Community Service	4,130,733	17,879,407	(19,127,323)	37,006,730	2,882,817
Building/Construction	199,686,359	0	0	0	199,686,359
Debt Service	5,553,081	34,678,135	(33,701,513)	68,379,648	6,529,703
Internal Service Fund	1,179,978	0	0	0	1,179,978
OPEB Revocable Trust Fund	11,794,398	0	0	0	11,794,398
Total All Funds	<u>\$363,288,429</u>	<u>\$467,746,815</u>	<u>(\$491,032,307)</u>	<u>\$120,602,144</u>	<u>\$340,002,937</u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2025 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited
Revenues					
Local sources:					
Property taxes	\$75,583,434	\$81,485,810	\$83,224,135	\$111,015,795	\$121,135,503
Investment earnings (loss)	405,348	(42,743)	3,876,850	6,212,192	6,444,704
Other	4,080,860	5,540,516	5,508,470	5,328,891	6,443,170
State sources	216,103,073	215,281,828	227,301,882	254,770,461	269,210,098
Federal sources	19,421,504	20,855,275	27,272,479	25,003,709	11,117,969
Total Revenues	<u>\$315,594,219</u>	<u>\$323,120,686</u>	<u>\$347,183,816</u>	<u>\$402,331,048</u>	<u>\$414,351,444</u>
Expenditures					
Current:					
Administration	\$12,630,825	\$13,264,167	\$13,704,305	\$14,762,306	\$15,460,679
District support services	7,717,054	7,587,100	8,205,769	10,425,610	11,801,016
Elementary & secondary regular instruction	140,547,910	143,319,449	153,758,984	169,643,304	174,880,367
Vocational education instruction	3,509,057	4,439,304	4,075,296	5,108,458	5,369,686
Special education instruction	56,677,434	59,625,510	60,742,095	64,946,051	71,021,159
Instructional support services	34,912,873	32,329,578	37,203,731	31,791,199	35,893,932
Pupil support services	25,510,887	29,057,448	32,356,873	32,880,218	37,917,820
Sites and buildings	26,146,167	31,472,718	40,561,857	43,767,564	48,448,590
Fiscal and other fixed cost programs	612,385	665,539	770,720	873,998	1,496,844
Debt service	4,230,789	4,730,669	5,398,716	6,615,359	5,782,161
Total Expenditures	<u>\$312,495,381</u>	<u>\$326,491,482</u>	<u>\$356,778,346</u>	<u>\$380,814,067</u>	<u>\$408,072,254</u>
Excess of revenues over (under) expenditures	\$3,098,838	(\$3,370,796)	(\$9,594,530)	\$21,516,981	\$6,279,190
Other Financing Sources (Uses)					
Capital lease issued	\$5,000,010	\$2,007,134	\$5,779,121	\$0	\$0
Issuance of financed purchases	0	0	0	945,320	2,340,861
Issuance of subscription liabilities	0	0	0	90,409	1,412,114
Sale of assets	0	0	690,119	0	526,427
Transfers in (out)	0	0	0	0	1,183,221
Total Other Financing Sources (Uses)	<u>\$5,000,010</u>	<u>\$2,007,134</u>	<u>\$6,469,240</u>	<u>\$1,035,729</u>	<u>\$5,462,623</u>
Net changes in Fund Balances	\$8,098,848	(\$1,363,662)	(\$3,125,290)	\$22,552,710	\$11,741,813
General Fund Balance July 1	96,591,973	104,690,821	103,327,159	100,201,869	122,754,579
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	<u>\$104,690,821</u>	<u>\$103,327,159</u>	<u>\$100,201,869</u>	<u>\$122,754,579</u>	<u>\$134,496,392</u>
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$310,730	\$469,524	\$459,966	\$1,009,235	\$3,520,012
Restricted	11,169,237	11,183,379	10,000,357	8,351,125	11,506,859
Assigned	16,452,233	14,669,070	500,000	2,159,105	23,174,861
Unassigned	76,758,621	77,005,186	89,241,546	111,235,114	96,294,660
Total	<u>\$104,690,821</u>	<u>\$103,327,159</u>	<u>\$100,201,869</u>	<u>\$122,754,579</u>	<u>\$134,496,392</u>

Note: The District has a long and consistent history of adopting conservative budgets and of producing actual financial results that are substantially more favorable than the budget. Over the previous five years the actual year-end general fund balance has exceeded the budgeted fund balance by an average of over \$10.3 million.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 154,837 and a 2024 population estimate of 155,853, and comprising an area of 42,560 acres, is located in the northern portion of Hennepin County, Minnesota. The District is comprised of all or a portion of the following Minnesota cities: Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth and Rogers.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Target Corporation	Corporate location and retail stores	4,000
I.S.D. No. 279 (Osseo Area Schools)	Elementary and secondary education	3,275
Boston Scientific/SciMed	Manufacturer of medical devices	3,000
Teleflex	Medical technologies	1,900
United Parcel Service	Postal service - customer center	825
North Hennepin Community College	Community college	740
Caterpillar Paving Products	Commercial asphalt construction	660
City of Maple Grove	Municipal government and services	657
LSC Communications	Printing, mailing and marketing	540
Hy-Vee	Grocery store - retail store	500

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	135,140
2020 U.S. Census population	154,837
Percent of Change 2010 - 2020	14.58%
2024 State Demographer Estimate	155,853

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

Income and Age Statistics

	The District	Hennepin County	State of Minnesota	United States
2024 per capita income	\$50,994	\$59,401	\$48,237	\$44,673
2024 median household income	\$105,646	\$97,653	\$89,062	\$80,734
2024 median family income	\$131,961	\$134,878	\$113,993	\$99,999
2024 median gross rent	\$1,604	\$1,487	\$1,280	\$1,413
2024 median value owner occupied units	\$369,000	\$392,900	\$329,300	\$332,700
2024 median age	37.7 yrs.	37.6 yrs.	38.8 yrs.	38.9 yrs.
		State of Minnesota	United States	
District % of 2024 per capita income		105.72%	114.15%	
District % of 2024 median family income		115.76%	131.96%	

Source: 2010 and 2020 Census of Population and Housing, and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>) and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-place/school-district-data.jsp>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Hennepin County	Hennepin County	State of Minnesota	
2021	681,260	3.6%	3.7%	
2022	692,548	2.3%	2.5%	
2023	695,992	2.5%	2.8%	
2024	696,300	2.8%	3.0%	
2025, December	691,420	3.7%	4.3%	

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

2024-2025



**Osseo Area
Schools**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025

OUR MISSION

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

**INDEPENDENT SCHOOL DISTRICT 279
OSSEO AREA SCHOOLS
Maple Grove, Minnesota**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2025

INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North
Maple Grove, MN 55369

Prepared by:
Business Services Department

Executive Director of Finance and Operations:
John Morstad, SFO, CSRM

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

Assistant Director, Business Services:
Michael Hueller, CPA

Coordinator, Business Services:
Michelle Larson

Our Mission

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**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

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Our Mission

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



**Osseo Area
Schools**

SECTION I

INTRODUCTION

November 3, 2025

FISCAL YEAR 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2025, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statute § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

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

LB Carlson, LLP, has issued unmodified opinions on the District's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

-i-

PROFILE OF THE DISTRICT

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

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

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

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

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

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

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

With a student body representing over 100 languages and cultures, our schools reflect the global community, creating an inclusive, enriching environment that prepares students for today's world and tomorrow's opportunities.

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

The District enrolled 20,831 students in fiscal year (FY) 2025 from a population of 156,418 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 17 elementary schools (Pre-K-5), four middle schools (6–8), three senior highs (9–12), an online learning school (K–12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

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

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

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

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

Some of our special honors:

- Over 100 students named AP Scholars.
- Each year, Park Center has International Baccalaureate Diploma recipients.
- A number of students, schools and programs have been featured in CCX spotlights, including Osseo Middle School, Crest View Elementary School, Park Center Senior High School and the Nutrition Services department.
- State section and conference champions in athletics.
- Talented and award-winning staff
 - Elizabeth Xiong, a staff development teacher, served as a distinguished guest panelist at the 2024 Check & Connect Global Reach Conference
 - Maple Grove Senior High teacher Erin Boe named Art Educator of the Year
 - Osseo Senior High social studies teacher Megan Thompson invited to the National Constitution Center in Philadelphia
 - Amy Paton, counselor at Basswood Elementary, awarded the University of Minnesota College of Education and Human Development (CEHD) Distinguished Alumni Award
 - Community relations team won eight awards from the National School Public Relations Association (NSPRA)
 - Minnesota School Business Official of the Year, Association of School Business Officials (ASBO) International Pinnacle of Achievement Recipient, and more
- Partnerships that provide value
 - Four student School Board representatives
 - Industry leaders continue to participate on career panels
 - Students from Ukraine visited Maple Grove Senior High students and teachers and experienced a day in our schools. Partnership with YouLEAD, which is sponsored by Global Synergy Group.
- Recognized for excellence in financial reporting by the MDE and the ASBO International.

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

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

LOCAL ECONOMY

The District had a budgeted enrollment of 20,884 adjusted average daily membership for FY 2025 and an actual enrollment of 20,831. The District's student enrollment for FY 2026 is projected to increase with an estimated student enrollment of 21,229. The five-year enrollment projection shows a small decrease in enrollment for FY 2027, followed by increases in enrollment through FY 2030.

The District's school buildings were built between 1952 and 2002. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$265 million for deferred maintenance and health and safety facility needs.

Osseo Area Schools intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authorities, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs due to increased inflationary costs and required mandates. For example, according to data provided by the MDE, if the general education formula increased by the rate of inflation each year since 2003, the 2026 allowance per ADM would be \$8,645 rather than \$7,481, a difference of \$1,164 per ADM, which would amount to more than \$27.1 million in 2026 for Osseo Area Schools.

Minnesota's economic and budget outlook has diminished substantially after record surpluses and increased government spending. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in February of 2025, the state is projecting a \$456 million surplus, down about \$160 million from the previous forecast, with the next biennium forecast showing a deficit of \$5.99 billion.

The 2025 session is a budget year, and as of this writing, we are waiting on the Legislature to convene a special session. We have built the budget based on current known statutes rather than make assumptions in areas where changes might be made.

In alignment with the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact on local taxpayers for funding requests
- Increased competition for students from other public schools as well as charter schools
- Housing development and growth
- Enrollment trends
- Health insurance cost increases
- Pension obligations, both local and state
- Management of federal grants and other special funded state programs

BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING

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

The budget planning steps began in October 2023, using the **Long-Range Financial Model (LRFM) and Annual Budget Framework** and **the FY 2025 Budget Planning Timeline**. The District implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2026 budget adjustment process:

Outcomes for budget adjustment process –

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

Budget adjustment proposal process –

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

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

MISSION, VISION STATEMENT, CORE VALUES, AND STRATEGIC DIRECTIONS

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

MISSION

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

VISION STATEMENT

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

CORE VALUES

HONOR AND INTEGRITY

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

BELONGING

Developing meaningful relationships that build trust, understanding and community.

INCLUSION

Intentionally engaging diverse voices and perspectives equitably and respectfully.

INNOVATION AND EXCELLENCE

Cultivating creativity, ideas, confidence, and transformational growth.

TRANSPARENCY

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

INTRINSIC VALUE

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

STRATEGIC DIRECTION

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

RELEVANT FINANCIAL POLICIES

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

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding capital programs.

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

Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund Operating Account on June 30, 2025, was 33.4 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

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

AWARDS AND ACKNOWLEDGEMENTS

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2024. To receive this award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

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

Respectfully submitted,



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



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

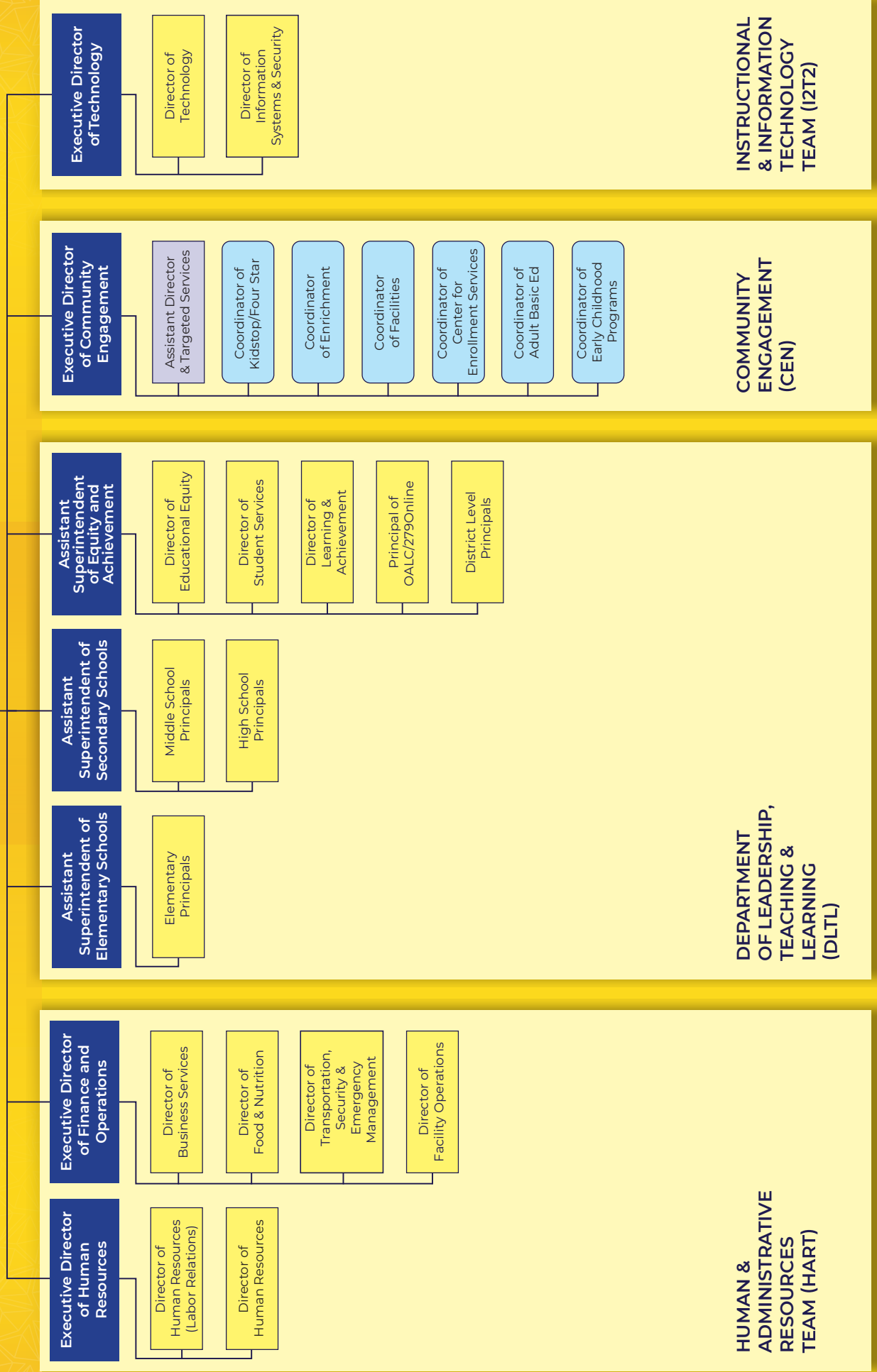
SCHOOL BOARD

**Executive Director
of School and
Community Relations**

SUPERINTENDENT

General Counsel

**Organizational
Chart 2024-25**



INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration
as of June 30, 2025

SCHOOL BOARD

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

ADMINISTRATION

Cabinet

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

Business Services

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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Osseo Area Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



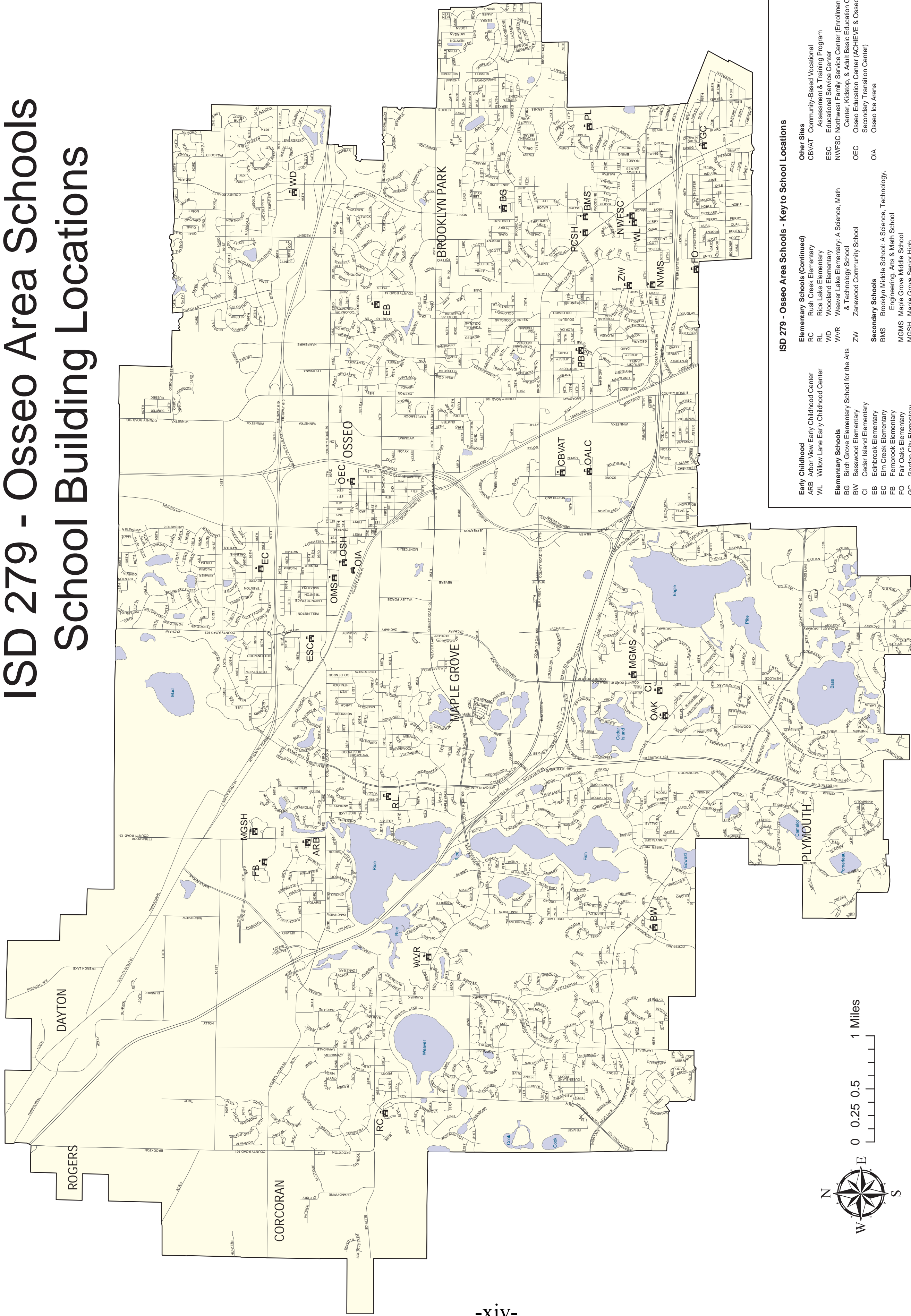
A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

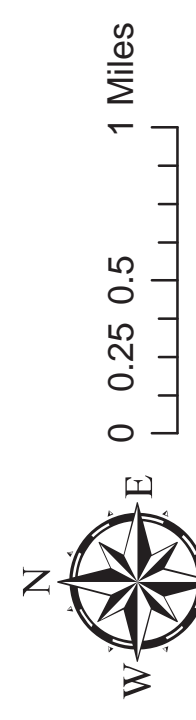
James M. Rowan, CAE, SFO
CEO/Executive Director

ISD 279 - Osseo Area Schools School Building Locations



ISD 279 - Osseo Area Schools - Key to School Locations

Early Childhood	Elementary Schools	Elementary Schools (Continued)	Other Sites
ARB Arbor View Early Childhood Center	BG Birch Grove Elementary	RC Rush Creek Elementary	CBVAT Community-Based Vocational Assessment & Training Program
BW Basswood Elementary	CI Cedar Island Elementary	RL Rice Lake Elementary	ESC Educational Service Center
EC Elm Creek Elementary	EB Elm Brook Elementary	WD Woodland Elementary	NWFSC Northwest Family Services Center (Enrollment Center, Kidstop, & Adult Basic Education Center)
FB Fernbrook Elementary	FO Fair Oaks Elementary	WWR Weaver Lake Elementary: A Science, Math & Technology School	OEC Osseo Education Center (ACHIEVE & Osseo Secondary Transition Center)
GC Garden City Elementary	OAK Oak View Elementary	ZW Zanewood Community School	OIA Osseo Ice Arena
OALC Osseo Area Learning Center	PB Park Brook Elementary		
PL Palmer Lake Elementary			
		Secondary Schools	
		BMS Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School	
		MGMS Maple Grove Middle School	
		MGSH Maple Grove Senior High	
		NVMS North View Middle School: An International Baccalaureate World School	
		OALC Osseo Area Learning Center	
		OMS Osseo Middle School	
		OSH Osseo Senior High	
		PCSH Park Center Senior High: An International Baccalaureate World School	



Updated May 20, 2025

SECTION II

FINANCIAL



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 279 – Osseo Area Schools (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements, and they expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated November 13, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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,

A handwritten signature in cursive script that reads "LB Carlson, LLP".

LB CARLSON, LLP
Minneapolis, Minnesota

November 3, 2025

INDEPENDENT SCHOOL DISTRICT NO. 279

Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2025 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$272,063,331 (net position). The District reported an increase in net position of \$40,276,524 and also reported a change in accounting principle, which decreased net position by \$5,158,714 on the Statement of Activities for the fiscal year ended June 30, 2025. This change is mostly related to investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows, outflows, and long-term liabilities in the state-wide pension plans in which the District participates. The increase in the District's General Fund balance also impacted the change positively.
- The District's General Fund experienced an increase in fund balance of \$11,741,813, which was \$12,388,727 higher than the \$646,914 deficit projected in the budget.
- As described in Note 1 of the notes to basic financial statements, in fiscal 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation decreased the beginning balance in government-wide net position by \$5,158,714, including increases in long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, which are presented as supplementary information. The basic financial statements include several kinds of statements which present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide financial statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- The *proprietary fund financial statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as *custodian* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A shows how the various parts of this ACFR are arranged and relate to one another:

Figure A
Organization of the Annual Comprehensive Financial Report

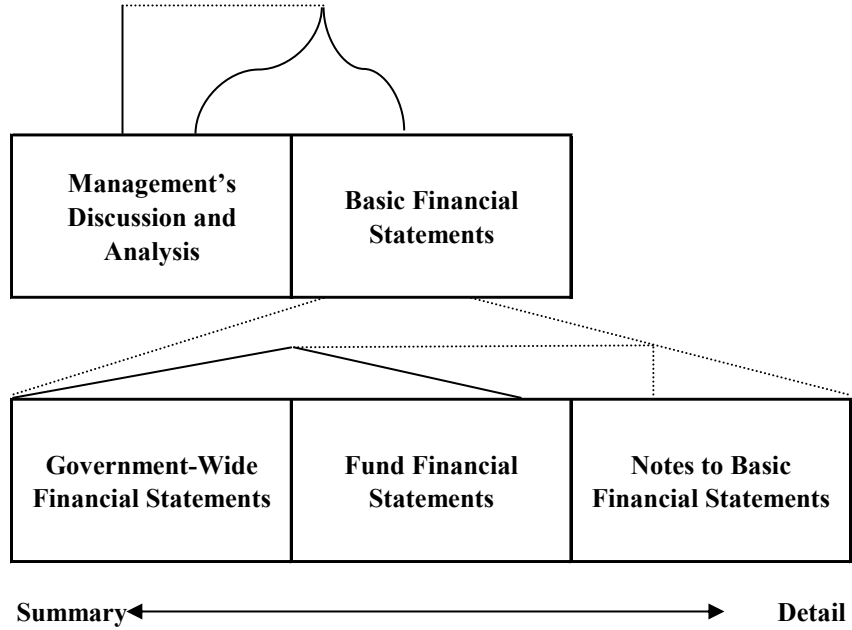


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

Figure B – Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities of the District that operate similar to businesses: Internal Service Fund	Instances in which the District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up, liabilities that come due during the year or soon thereafter, and deferred inflows of resources that become available; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for fiduciary funds. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental Activities* – All of the District's basic services are included here, such as regular and special education, transportation, administration, food service, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or major funds—rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on: (1) how *cash and other financial assets* can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Northwest Family Service Center and Local Collaborative Time Study. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – The District’s *combined* net position was \$272,063,331 on June 30, 2025. This was an increase of 14.8 percent from the prior year, which includes the change in accounting principle.

	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 545,422,774	\$ 584,202,362
Capital assets, net of accumulated depreciation/amortization	<u>523,459,499</u>	<u>459,985,265</u>
Total assets	<u>\$ 1,068,882,273</u>	<u>\$ 1,044,187,627</u>
Deferred outflows of resources		
OPEB plan deferments	\$ 7,256,881	\$ 5,089,927
Pension plan deferments – PERA and TRA	<u>59,750,292</u>	<u>67,399,942</u>
Total deferred outflows of resources	<u>\$ 67,007,173</u>	<u>\$ 72,489,869</u>
Liabilities		
Long-term liabilities	\$ 625,944,338	\$ 691,933,126
Other liabilities	<u>33,276,328</u>	<u>26,527,873</u>
Total liabilities	<u>\$ 659,220,666</u>	<u>\$ 718,460,999</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 137,616,701	\$ 137,257,426
OPEB plan deferments	1,453,956	2,242,606
Pension plan deferments – PERA and TRA	<u>65,534,792</u>	<u>21,770,944</u>
Total deferred inflows of resources	<u>\$ 204,605,449</u>	<u>\$ 161,270,976</u>
Net position		
Net investment in capital assets	\$ 311,758,545	\$ 284,604,635
Restricted	33,846,238	36,498,735
Unrestricted	<u>(73,541,452)</u>	<u>(84,157,849)</u>
Total net position	<u>\$ 272,063,331</u>	<u>\$ 236,945,521</u>

The District’s financial position is the product of many factors. For example, the determination of the District’s net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

Total net position increased by \$35,117,810, which primarily is related to investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows and liabilities in the state-wide pension plans the District participates in, including the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA). This change also includes the change in accounting principle previously discussed. The increase in the District's General Fund balance also impacted the change positively.

The decline in current and other assets was mainly the result of spending on capital assets in the District's Capital Projects – Building Construction Fund. This increase in capital assets is also the result of this activity. The decrease in long-term liabilities and increase in pension plan deferments was mainly from changes in activities within state-wide pension plans as previously mentioned.

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2025 and 2024

	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 14,460,961	\$ 11,453,171
Operating grants and contributions	136,914,475	142,310,164
Capital grants and contributions	2,299,644	2,863,548
General revenues		
Property taxes	142,864,941	125,969,450
General grants and aids	172,353,648	162,252,215
Other	22,377,994	14,774,936
Total revenues	491,271,663	459,623,484
Expenses		
Administration	15,461,959	14,763,586
District support services	14,092,921	12,613,970
Elementary and secondary regular instruction	174,487,712	159,054,375
Vocational education instruction	5,320,293	5,112,060
Special education instruction	70,712,137	61,730,953
Instructional support services	34,555,417	31,409,570
Pupil support services	38,002,119	32,534,952
Sites and buildings	30,757,389	22,271,774
Fiscal and other fixed cost programs	1,496,844	873,998
Food service	17,145,853	16,753,806
Community service	21,065,208	18,289,620
Unallocated depreciation and amortization expense	13,721,998	12,460,321
Interest and fiscal charges	14,175,289	15,924,423
Total expenses	450,995,139	403,793,408
Change in net position	40,276,524	55,830,076
Net position – beginning, as previously reported	236,945,521	181,115,445
Change in accounting principle	(5,158,714)	–
Net position – beginning, as restated	231,786,807	181,115,445
Net position – ending	\$ 272,063,331	\$ 236,945,521

Change in Net Position – The District’s total revenues were \$491,271,663 for the year ended June 30, 2025. Property taxes and general grants and aids accounted for 64.1 percent (see Figure C) of total revenue for the year. Operating grants and contributions decreased \$5,395,689 due to the prior year spend down of federal grants from COVID-19. General grants and aids increased \$10,101,433 from an increase in state aid revenues, including increases in general education, compensatory, and special education categories. Property taxes increased \$16,895,491, due to an increase in the voter-approved operating referendum, local optional, voter-approved capital project referendum, long-term facilities maintenance, reemployment insurance, lease, operating capital, and abatement categories. Other general revenues increased \$7,603,058 for the current fiscal year, from improved investment earnings.

The total cost of all programs and services was \$450,995,139. The District's expenses are predominantly related to educating and caring for students (74.8 percent) (see Figure D). The administrative activities of the District accounted for 3.4 percent of total costs. Expenses for fiscal year 2025 increased \$47,201,731, mainly in elementary and secondary regular instruction and special education instruction, mainly due to increased salary and benefit costs and changes in net pension-related obligations as previously mentioned. Sites and buildings also increased, mainly related to facility repair and maintenance activity in the current year.

Figure C – Sources of Revenues for Fiscal Year 2025

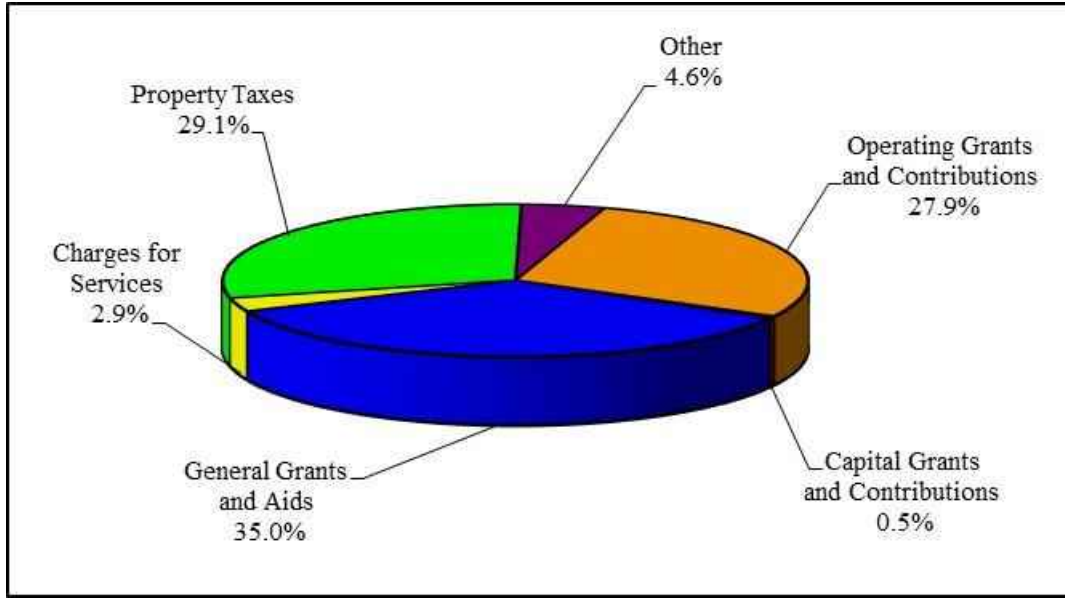
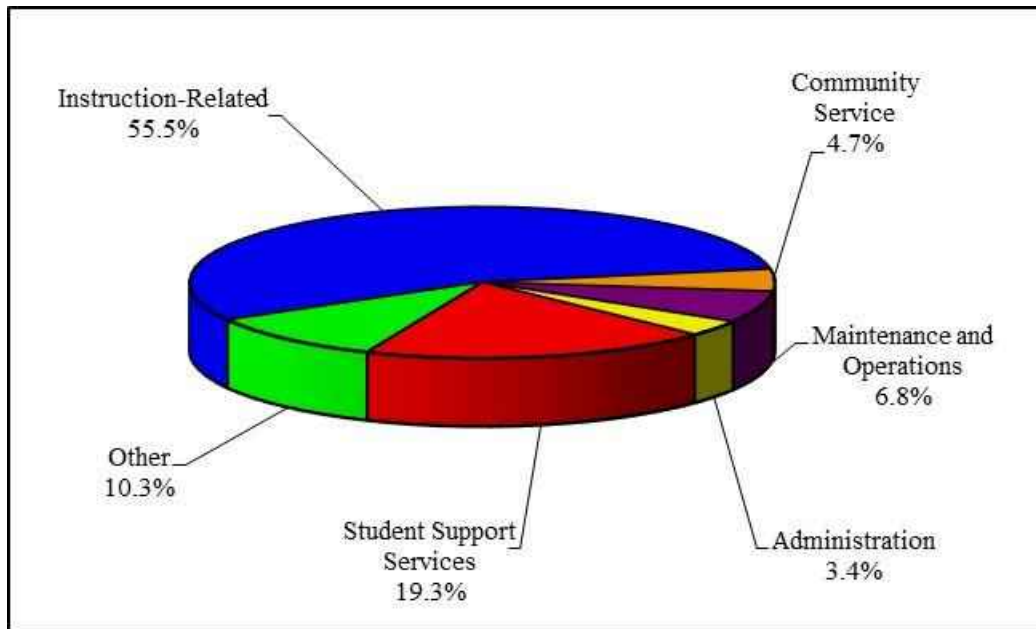


Figure D – Expenses for Fiscal Year 2025



- The cost of all *governmental* activities for fiscal year 2025 was \$450,995,139.
- Most of the District’s costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$337,596,583. This portion of governmental activities was paid for with \$142,864,941 in property taxes and \$172,353,648 of primarily state aid based on the state-wide education aid formula.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$136,914,475 and \$2,299,644 of capital grants and contributions.
- Some of the cost, \$14,460,961, was paid by the users of the District’s programs.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percent Change 2025-2024	Net Cost of Services		Total Percent Change 2025-2024
	2025	2024		2025	2024	
Administration	\$ 15,461,959	\$ 14,763,586	4.7%	\$ 15,289,956	\$ 14,577,433	4.9%
District support services	14,092,921	12,613,970	11.7%	13,633,252	12,401,631	9.9%
Elementary and secondary regular instruction	174,487,712	159,054,375	9.7%	125,156,511	102,992,237	21.5%
Vocational education instruction	5,320,293	5,112,060	4.1%	4,931,249	4,937,235	(0.1%)
Special education instruction	70,712,137	61,730,953	14.5%	12,331,518	9,460,779	30.3%
Instructional support services	34,555,417	31,409,570	10.0%	30,354,541	24,069,077	26.1%
Pupil support services	38,002,119	32,534,952	16.8%	34,087,939	27,941,048	22.0%
Sites and buildings	30,757,389	22,271,774	38.1%	28,161,702	19,059,998	47.8%
Fiscal and other fixed cost programs	1,496,844	873,998	71.3%	1,496,844	873,998	71.3%
Food service	17,145,853	16,753,806	2.3%	(662,225)	(1,022,799)	(35.3%)
Community service	21,065,208	18,289,620	15.2%	4,641,485	3,491,144	33.0%
Unallocated depreciation and amortization expense	13,721,998	12,460,321	10.1%	13,721,998	12,460,321	10.1%
Interest and fiscal charges	14,175,289	15,924,423	(11.0%)	14,175,289	15,924,423	(11.0%)
Total	<u>\$ 450,995,139</u>	<u>\$ 403,793,408</u>	11.7%	<u>\$ 297,320,059</u>	<u>\$ 247,166,525</u>	20.3%

The change in the total cost of services within elementary and secondary regular instruction and special education instruction relates to increased salary and benefit costs and changes in net pension-related obligations from one year to the next, as previously mentioned.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

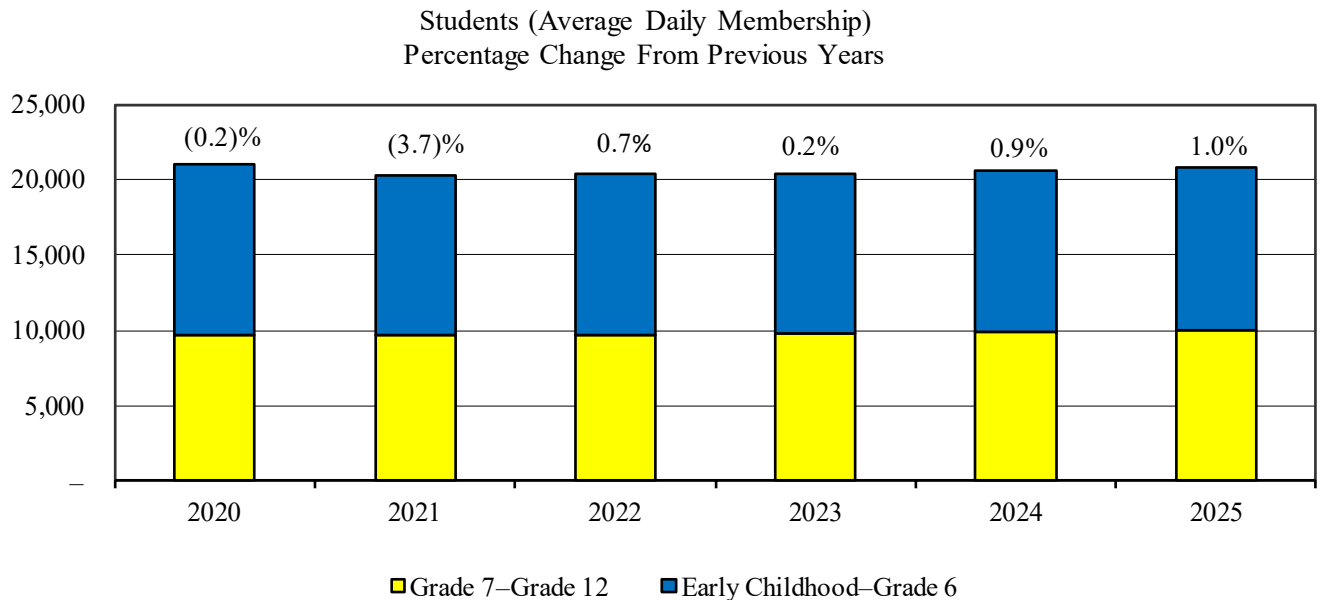
As the District completed the year, its governmental funds reported a *combined* fund balance of \$350,314,053, a decrease from last year's ending fund balance of \$45,698,291.

Revenues for the District's governmental funds were \$483,069,125, while total expenditures were \$533,103,263. Total net other financing sources and uses were \$4,335,847, due to transfers in and out, financed purchases, subscription liabilities, insurance recoveries, and sale of capital assets.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through Grade 12, including pupil transportation activities and certain capital outlay projects.

The following graph shows the percentage change in the number of students over the last several years:



Over the last six years, the District has seen a 0.9 percent decrease in the number of students. Enrollment projections predict an increase in enrollment of 1.8 percent for fiscal year 2026 through fiscal year 2030. In the fall of 2020, student enrollment decreased from projections, due to the impact of COVID-19. This occurred in most Minnesota school districts and is being considered in future projections.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Local sources				
Property taxes	\$ 121,135,503	\$ 111,015,795	\$ 10,119,708	9.1%
Investment earnings	6,444,704	6,212,192	232,512	3.7%
Other	6,443,170	5,328,891	1,114,279	20.9%
State sources	269,210,098	254,770,461	14,439,637	5.7%
Federal sources	11,117,969	25,003,709	(13,885,740)	(55.5%)
Total General Fund revenue	<u>\$ 414,351,444</u>	<u>\$ 402,331,048</u>	<u>\$ 12,020,396</u>	3.0%

Total General Fund revenue increased by \$12,020,396, or 3.0 percent, in fiscal year 2025, compared with fiscal year 2024. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year, without any net change in revenue.

Property taxes revenue increased, in numerous areas, including the voter-approved operating referendum, local optional, voter-approved capital project referendum, long-term facilities maintenance, reemployment insurance, lease, operating capital, and abatements.

State sources increased in four areas. These increases were \$6.6 million in the general education basic formula allowance, due to a 2.0 percent funding increase, \$6.1 million for special education aid, \$830,000 in new literacy aid, and \$749,000 in new teacher compensation for READ Act from legislation for fiscal year 2025.

Total federal sources decreased, due to less funding for COVID-19 being available in fiscal year 2025, due to spending down one-time grants in the previous year.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Salaries	\$ 227,939,910	\$ 215,154,145	\$ 12,785,765	5.9%
Employee benefits	82,920,118	76,808,687	6,111,431	8.0%
Purchased services	44,425,898	42,010,564	2,415,334	5.7%
Supplies, materials, and equipment	45,218,635	38,489,021	6,729,614	17.5%
Other expenditures	7,567,693	8,351,650	(783,957)	(9.4%)
Total expenditures	<u>\$ 408,072,254</u>	<u>\$ 380,814,067</u>	<u>\$ 27,258,187</u>	7.2%

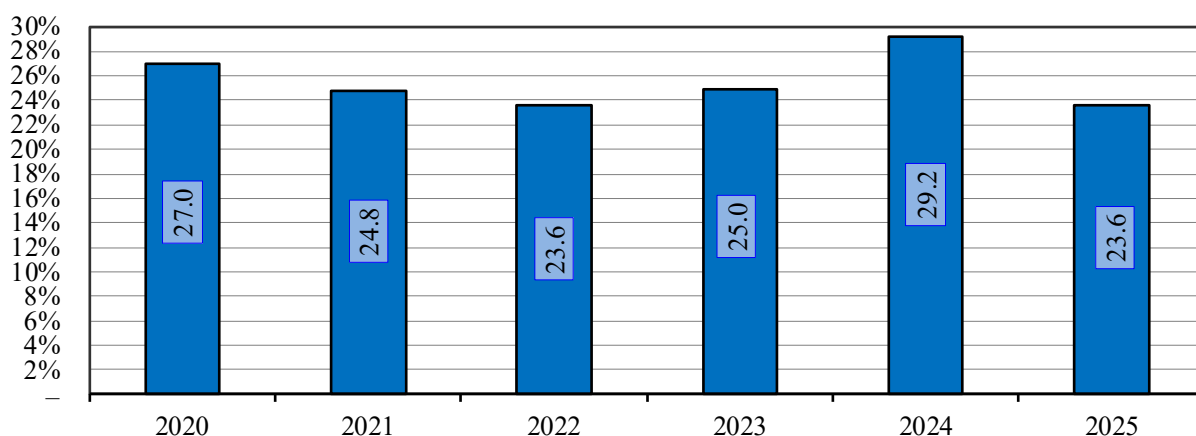
Total General Fund expenditures increased \$27,258,187, or 7.2 percent, from the previous year.

In fiscal year 2025, salaries and benefits increased \$18,897,196, or 6.5 percent, from the prior year. The increases in salaries and benefits are attributed to employee contract improvements and higher staffing levels.

Purchased services increased by \$2,415,334, or 5.7 percent, from the prior year. The increase can be attributed to \$1.4 million in transportations costs and \$779,000 for contracted services for open staff positions.

Supplies, materials, and equipment increased by \$6,729,614, or 17.5 percent, from the prior year. The increase can be attributed to financed purchases of technology and security equipment, additional long-term facilities maintenance projects, capital technology levy supplies, and equipment, which are partially offset by decreased purchases of curriculum materials in the fiscal year 2025.

The following graph shows the General Fund unassigned fund balance (without including any restricted account deficits) as a percentage of expenditures over the last several years:



In fiscal year 2025, General Fund revenue and other financing sources were more than expenditures by \$11,741,813. Therefore, total fund balance increased to \$134,496,392 at June 30, 2025. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance decreased from \$111,235,114 on June 30, 2024 to \$96,350,089 at June 30, 2025.

The graph on the previous page is the single best measure of overall financial health. The unassigned fund balance of \$96,350,089 on June 30, 2025 represents 23.6 percent of annual expenditures, or 12.3 weeks of operations. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants; reinstating prior year purchase orders carried over; and budgeting for clearing, resale, and gifts. Updating allocations of revenue by aid and levy categories.
2. Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by \$646,914, decreasing fund balance, the actual results for the year show an increase of \$11,741,813.

- Actual revenues were \$1,600,837 over budget.
- Actual expenditures were \$5,825,267 under budget. Although the variance is comprised of numerous items, the primary areas of savings were due to open staff positions and unused budget capacity, transportation, snow removal, curriculum materials, and cost containment measures by management and staff. The District also spent less than budgeted within grant programs funded by federal and state sources. These savings were offset by higher than budgeted expenditures for capital expenditures related to issuances of financed purchases and subscription liabilities.
- Other financing sources were \$4,962,623 over budget, due to three areas. These areas are the issuance of financed purchases, issuance of subscription liabilities, and transfers in for the current year.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects – Building Construction Fund expenditures and other financing uses exceeded revenue and other financing sources by \$50,569,606, resulting in a fund balance of \$199,686,359 on June 30, 2025. The decrease is due to the planned spenddown of fund balance in accordance with the building construction plans which are funded by certificates of participation, long-term facilities maintenance plans, and capital project levies. This fund also had a transfer out in the current year.

The Debt Service Fund expenditures were \$5,729,219 more than revenue in fiscal year 2025. The remaining fund balance of \$5,553,081 on June 30, 2025 is available for meeting future debt service obligations.

NONMAJOR FUNDS

Expenditures exceeded revenue and other financing sources in the nonmajor funds by \$1,141,279. The Food Service Special Revenue Fund had an increase in fund balance of \$683,599. This was more than budgeted due to less expenditures than anticipated in food and supplies, along with decreased participation, and state and federal revenues being less than anticipated. The Community Service Special Revenue Fund had a decrease in fund balance of \$1,824,878. This fund anticipated a decline in fund balance of \$1,831,888, which is a combined variance of \$7,010 from actual results for fiscal year 2025. From the standpoint of maintaining current operating expenditures within the range of annual revenue, these funds continue to operate on a sound financial basis and are monitored throughout the year.

INTERNAL SERVICE FUNDS

During fiscal year 2025, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental program. Net position in this fund increased \$58,510, resulting in a net position of \$470,316 at June 30, 2025.

During fiscal year 2025, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical program. Net position in this fund decreased \$241,246, resulting in a net position deficit of \$124,446 at June 30, 2025.

Over the next several years, the District's annual obligation to pay post-employment benefits will gradually decrease from its current level because the number of eligible employees reaching retirement age will also decrease. Accordingly, the District established a Retirement Incentive Pay Internal Service Fund and adopted a plan to fund its early retirement incentive (severance) as the benefits are earned in accordance with governmental accounting standards. The Retirement Incentive Pay Internal Service Fund is used to finance the early retirement incentive benefits provided by all the departments and funds of the District on a cost-reimbursement basis.

The Retirement Incentive Pay Internal Service Fund net position increased \$15,434, resulting in a net position of \$834,108 at June 30, 2025. This increase is attributed to investment earnings exceeding payments made for severance expenses.

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund OPEB. This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2025, this fund had a net position of \$11,794,398. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study with a measurement date of June 30, 2024, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations, based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2025, the District had invested \$791.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various building construction and long-term facilities maintenance projects occurring in fiscal year 2025. Total depreciation and amortization expense for the year was \$19.1 million, as compared to a prior year depreciation and amortization expense of \$17.6 million.

	2025	2024	Total Percent Change 2025–2024
Land	\$ 8,973,417	\$ 8,973,417	–
Land improvements	40,148,716	36,790,944	9.1%
Buildings	654,454,765	613,835,652	6.6%
Furniture and equipment	38,515,417	33,932,985	13.5%
Technology subscriptions	2,766,677	2,533,294	9.2%
Construction in progress	46,822,724	15,096,499	210.2%
Less accumulated depreciation and amortization	<u>(268,222,217)</u>	<u>(251,177,526)</u>	6.8%
Total	<u>\$ 523,459,499</u>	<u>\$ 459,985,265</u>	13.8%

Debt Administration

At June 30, 2025, the District had general obligation bonds, notes payable, and certificates of participation outstanding of \$370,945,000. Under current state statutes, the District’s general obligation bonded debt issuances are subject to a legal limitation equal to 15.0 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

Long-Term Liabilities

Table 5
Outstanding Long-Term Liabilities

	2025	2024	Total Percent Change
General obligation bonds and notes payable	\$ 358,685,000	\$ 369,710,000	(3.0%)
Certificates of participation	12,260,000	13,780,000	(11.0%)
Financed purchases	5,076,944	5,591,316	(9.2%)
Subscription liabilities	828,497	160,760	415.4%
Arbitrage liabilities	7,735,604	7,635,682	1.3%
Unamortized premiums (discounts) on debt issued	26,801,268	28,758,837	(6.8%)
Compensated absences	6,023,789	-	100.0%
Net pension liability	186,091,449	246,068,393	(24.4%)
Post-employment severance benefits payable	2,372,954	3,117,683	(23.9%)
Total OPEB obligation	<u>20,068,833</u>	<u>17,110,456</u>	17.3%
Total	<u>\$ 625,944,338</u>	<u>\$ 691,933,127</u>	(9.5%)

More detailed information about the District's long-term liabilities is presented in Note 4 of the notes to basic financial statements.

Bond Ratings

The District's general obligation bonds carry a rating of Aa1.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently \$3,919,185,795

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. For example, according to data provided by the Minnesota Department of Education, had the general education formula increased by the rate of inflation each year since 2003, the 2026 allowance per ADM would be \$8,645 rather than \$7,481, a difference of \$1,164 per ADM, which would amount to more than \$27.1 million in 2026 for the District.

Minnesota's economic and budget outlook has tightened after record surpluses. According to the state budget and economic forecast released from the Minnesota Management and Budget in February 2025, the state is projecting a \$456 million surplus, down about \$160 million from the previous forecast, with the next biennium forecast projecting a deficit of \$5.99 billion.

The 2025 legislative session preserved core K–12 funding by maintaining the inflation-indexed per pupil formula, allocating \$25.7 billion for the 2026–2027 biennium. However, to meet budget targets, lawmakers enacted significant cuts to equity-focused programs. These included an \$8.0 million annual reduction to teacher pipeline initiatives, a 5.0 percent reduction in special education transportation reimbursements, and elimination of \$19.6 million in school library aid. A new task force was established to identify \$250.0 million in additional special education cuts for the 2028–2029 cycle.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit their financial support for public education.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
as of June 30, 2025
(With Partial Comparative Information as of June 30, 2024)

	Governmental Activities	
	2025	2024
Assets		
Cash and temporary investments	\$ 401,827,714	\$ 447,752,640
Receivables		
Current taxes	69,695,908	69,979,724
Delinquent taxes	939,169	950,004
Accounts and interest	9,160,689	5,585,353
Due from other governmental units	33,055,726	32,759,158
Inventory	607,922	649,919
Prepaid items	3,225,086	690,130
Restricted assets – temporarily restricted		
Cash and investments for OPEB	26,692,430	25,629,339
Interest receivable for OPEB	218,130	206,095
Total restricted assets – temporarily restricted	<u>26,910,560</u>	<u>25,835,434</u>
Capital assets		
Not depreciated/amortized	55,796,141	24,069,916
Depreciated/amortized, net	467,663,358	435,915,349
Total capital assets, net of accumulated depreciation/amortization	<u>523,459,499</u>	<u>459,985,265</u>
Total assets	1,068,882,273	1,044,187,627
Deferred outflows of resources		
OPEB plan deferments	7,256,881	5,089,927
Pension plan deferments – PERA and TRA	59,750,292	67,399,942
Total deferred outflows of resources	<u>67,007,173</u>	<u>72,489,869</u>
Total assets and deferred outflows of resources	<u>\$ 1,135,889,446</u>	<u>\$ 1,116,677,496</u>
Liabilities		
Salaries payable	\$ 2,707,980	\$ 1,908,515
Accounts and contracts payable	21,947,422	17,251,784
Due to other governmental units	1,681,724	1,665,821
Unearned revenue	536,729	–
Accrued interest payable	6,402,473	5,701,753
Long-term liabilities		
Due within one year	26,590,313	17,056,388
Due in more than one year	599,354,025	674,876,738
Total long-term liabilities	<u>625,944,338</u>	<u>691,933,126</u>
Total liabilities	659,220,666	718,460,999
Deferred inflows of resources		
Property taxes levied for subsequent year	137,616,701	137,257,426
OPEB plan deferments	1,453,956	2,242,606
Pension plan deferments – PERA and TRA	65,534,792	21,770,944
Total deferred inflows of resources	<u>204,605,449</u>	<u>161,270,976</u>
Net position		
Net investment in capital assets	311,758,545	284,604,635
Restricted for		
Capital asset acquisition	6,347,244	4,746,872
Debt service	–	5,660,471
Food service	6,447,488	5,763,889
Community service	4,152,922	5,972,603
Employee benefits	11,794,398	10,750,647
Other purposes (state funding restrictions)	5,104,186	3,604,253
Unrestricted	(73,541,452)	(84,157,849)
Total net position	<u>272,063,331</u>	<u>236,945,521</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,135,889,446</u>	<u>\$ 1,116,677,496</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Activities
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

Functions/Programs	2025				2024	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
				Governmental Activities	Governmental Activities	
Governmental activities						
Administration	\$ 15,461,959	\$ 146,348	\$ 25,655	\$ -	\$ (15,289,956)	\$ (14,577,433)
District support services	14,092,921	26,261	433,408	-	(13,633,252)	(12,401,631)
Elementary and secondary regular instruction	174,487,712	1,406,605	47,920,935	3,661	(125,156,511)	(102,992,237)
Vocational education instruction	5,320,293	-	389,044	-	(4,931,249)	(4,937,235)
Special education instruction	70,712,137	7,410	58,373,209	-	(12,331,518)	(9,460,779)
Instructional support services	34,555,417	497,743	3,703,133	-	(30,354,541)	(24,069,077)
Pupil support services	38,002,119	-	3,914,180	-	(34,087,939)	(27,941,048)
Sites and buildings	30,757,389	27,561	272,143	2,295,983	(28,161,702)	(19,059,998)
Fiscal and other fixed cost programs	1,496,844	-	-	-	(1,496,844)	(873,998)
Food service	17,145,853	1,325,714	16,482,364	-	662,225	1,022,799
Community service	21,065,208	11,023,319	5,400,404	-	(4,641,485)	(3,491,144)
Unallocated depreciation and amortization expense (excludes amounts directly allocated)	13,721,998	-	-	-	(13,721,998)	(12,460,321)
Interest and fiscal charges	14,175,289	-	-	-	(14,175,289)	(15,924,423)
Total governmental activities	\$ 450,995,139	\$ 14,460,961	\$ 136,914,475	\$ 2,299,644	(297,320,059)	(247,166,525)
General revenues						
Taxes						
Property taxes, levied for general purposes					121,454,672	110,965,789
Property taxes, levied for community service					2,859,625	3,182,011
Property taxes, levied for debt service					18,550,644	11,821,650
General grants and aids					172,353,648	162,252,215
Other general revenues					1,070,172	546,475
Investment earnings					20,790,822	14,228,461
Gain on sale of assets					517,000	-
Total general revenues					337,596,583	302,996,601
Change in net position					40,276,524	55,830,076
Net position – beginning, as previously reported					236,945,521	181,115,445
Change in accounting principle					(5,158,714)	-
Net position – beginning, as restated					231,786,807	181,115,445
Net position – ending					\$ 272,063,331	\$ 236,945,521

INDEPENDENT SCHOOL DISTRICT NO. 279

Balance Sheet
 Governmental Funds
 as of June 30, 2025
 (With Partial Comparative Information as of June 30, 2024)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 157,642,157	\$ 205,515,214	\$ 22,470,857
Receivables			
Current taxes	51,904,314	–	16,315,544
Delinquent taxes	794,172	–	124,103
Accounts and interest	2,187,756	6,729,587	–
Due from other governmental units	31,853,233	–	79,278
Inventory	412,326	–	–
Prepaid items	3,107,686	–	–
	<u>3,107,686</u>	<u>–</u>	<u>–</u>
Total assets	<u>\$ 247,901,644</u>	<u>\$ 212,244,801</u>	<u>\$ 38,989,782</u>
Liabilities			
Salaries payable	\$ 1,795,276	\$ 4,679	\$ –
Accounts and contracts payable	8,117,178	12,553,763	–
Due to other governmental units	831,470	–	–
Unearned revenue	506,500	–	–
Total liabilities	<u>11,250,424</u>	<u>12,558,442</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	101,304,847	–	33,303,944
Unavailable revenue – delinquent taxes	849,981	–	132,757
Total deferred inflows of resources	<u>102,154,828</u>	<u>–</u>	<u>33,436,701</u>
Fund balances			
Nonspendable	3,520,012	–	–
Restricted	11,506,859	199,686,359	5,553,081
Assigned	23,174,861	–	–
Unassigned	96,294,660	–	–
Total fund balances	<u>134,496,392</u>	<u>199,686,359</u>	<u>5,553,081</u>
	<u>\$ 247,901,644</u>	<u>\$ 212,244,801</u>	<u>\$ 38,989,782</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 247,901,644</u>	<u>\$ 212,244,801</u>	<u>\$ 38,989,782</u>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 11,942,747	\$ 397,570,975	\$ 442,724,379
1,476,050	69,695,908	69,979,724
20,894	939,169	950,004
234,163	9,151,506	5,576,981
1,123,215	33,055,726	32,759,158
195,596	607,922	649,919
–	3,107,686	572,730
<u>\$ 14,992,665</u>	<u>\$ 514,128,892</u>	<u>\$ 553,212,895</u>
\$ 908,025	\$ 2,707,980	\$ 1,908,515
446,091	21,117,032	16,562,713
–	831,470	844,169
30,229	536,729	–
<u>1,384,345</u>	<u>25,193,211</u>	<u>19,315,397</u>
3,007,910	137,616,701	137,257,426
22,189	1,004,927	627,728
<u>3,030,099</u>	<u>138,621,628</u>	<u>137,885,154</u>
195,596	3,715,608	1,222,649
10,382,625	227,128,924	281,395,476
–	23,174,861	2,159,105
–	96,294,660	111,235,114
<u>10,578,221</u>	<u>350,314,053</u>	<u>396,012,344</u>
<u>\$ 14,992,665</u>	<u>\$ 514,128,892</u>	<u>\$ 553,212,895</u>

Our Mission

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



**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2025
(With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Total fund balances – governmental funds	\$ 350,314,053	\$ 396,012,344
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	791,681,716	711,162,791
Accumulated depreciation and amortization	(268,222,217)	(251,177,526)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(358,685,000)	(369,710,000)
Certificates of participation	(12,260,000)	(13,780,000)
Financed purchases	(5,076,944)	(5,591,316)
Subscription liabilities	(828,497)	(160,760)
Arbitrage liabilities	(7,735,604)	(7,635,682)
Premiums (discounts) on debt issued	(26,801,268)	(28,758,837)
Compensated absences	(6,023,789)	–
Net pension liability – PERA	(26,280,276)	(37,879,449)
Net pension liability – TRA	(159,811,173)	(208,188,944)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(6,402,473)	(5,701,753)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities, and deferred outflows/inflows of the internal service funds are included in the governmental activities in the Statement of Net Position.	12,974,376	12,097,927
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	59,750,292	67,399,942
Deferred inflows of resources – pension plans	(65,534,792)	(21,770,944)
Deferred inflows of resources – delinquent property taxes	<u>1,004,927</u>	<u>627,728</u>
Total net position – governmental activities	<u>\$ 272,063,331</u>	<u>\$ 236,945,521</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 121,135,503	\$ –	\$ 18,497,811
Investment earnings	6,444,704	11,069,990	683,649
Other	6,443,170	–	–
State sources	269,210,098	–	783,986
Federal sources	11,117,969	–	–
Total revenue	<u>414,351,444</u>	<u>11,069,990</u>	<u>19,965,446</u>
Expenditures			
Current			
Administration	15,460,679	–	–
District support services	11,801,016	–	–
Elementary and secondary regular instruction	174,880,367	–	–
Vocational education instruction	5,369,686	–	–
Special education instruction	71,021,159	–	–
Instructional support services	35,893,932	–	–
Pupil support services	37,917,820	–	–
Sites and buildings	48,448,590	–	–
Fiscal and other fixed cost programs	1,496,844	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	60,456,375	–
Debt service			
Principal	5,119,610	–	11,025,000
Interest and fiscal charges	662,551	–	14,669,665
Total expenditures	<u>408,072,254</u>	<u>60,456,375</u>	<u>25,694,665</u>
Excess (deficiency) of revenue over expenditures	6,279,190	(49,386,385)	(5,729,219)
Other financing sources (uses)			
Transfers in	1,183,221	–	–
Transfers (out)	–	(1,183,221)	–
Bonds issued	–	–	–
Issuance of financed purchases	2,340,861	–	–
Issuance of subscription liabilities	1,412,114	–	–
Premium on bonds issued	–	–	–
Insurance recoveries	–	–	–
Sale of capital assets	526,427	–	–
Total other financing sources (uses)	<u>5,462,623</u>	<u>(1,183,221)</u>	<u>–</u>
Net change in fund balances	11,741,813	(50,569,606)	(5,729,219)
Fund balances			
Beginning of year	<u>122,754,579</u>	<u>250,255,965</u>	<u>11,282,300</u>
End of year	<u>\$ 134,496,392</u>	<u>\$ 199,686,359</u>	<u>\$ 5,553,081</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 2,854,428	\$ 142,487,742	\$ 126,076,798
512,280	18,710,623	11,957,031
12,466,601	18,909,771	16,476,190
11,523,071	281,517,155	266,331,965
10,325,865	21,443,834	35,640,187
<u>37,682,245</u>	<u>483,069,125</u>	<u>456,482,171</u>
–	15,460,679	14,762,306
–	11,801,016	10,425,610
–	174,880,367	169,643,304
–	5,369,686	5,108,458
–	71,021,159	64,946,051
–	35,893,932	31,791,199
–	37,917,820	32,880,218
–	48,448,590	43,767,564
–	1,496,844	873,998
16,979,735	16,979,735	16,256,837
21,306,639	21,306,639	18,423,092
593,595	61,049,970	21,461,923
–	16,144,610	13,307,239
–	15,332,216	6,071,577
<u>38,879,969</u>	<u>533,103,263</u>	<u>449,719,376</u>
(1,197,724)	(50,034,138)	6,762,795
–	1,183,221	–
–	(1,183,221)	–
–	–	238,350,000
–	2,340,861	945,320
–	1,412,114	90,409
–	–	24,906,942
56,445	56,445	–
–	526,427	–
<u>56,445</u>	<u>4,335,847</u>	<u>264,292,671</u>
(1,141,279)	(45,698,291)	271,055,466
<u>11,719,500</u>	<u>396,012,344</u>	<u>124,956,878</u>
<u>\$ 10,578,221</u>	<u>\$ 350,314,053</u>	<u>\$ 396,012,344</u>

Our Mission

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**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2025
(With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Total net change in fund balances – governmental funds	\$ (45,698,291)	\$ 271,055,466
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlay	82,720,338	45,937,103
Depreciation and amortization expense	(19,063,716)	(17,618,874)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(182,388)	(54,250)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations, including arbitrage liabilities, are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	–	(238,350,000)
Financed purchases	(2,340,861)	(945,320)
Subscription liabilities	(1,412,114)	(90,409)
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.		
	876,449	1,362,018
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds, notes, and certificates of participation	12,545,000	8,830,000
Financed purchases	2,855,233	3,798,491
Subscription liabilities	744,377	678,748
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.		
	(700,720)	(3,466,706)
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.		
	1,957,569	(23,922,737)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liabilities	(99,922)	(7,370,345)
Compensated absences	(865,075)	–
Net pension liability – PERA	11,599,173	18,645,826
Net pension liability – TRA	48,377,771	(25,410,411)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	(7,649,650)	(2,384,912)
Deferred inflows of resources – pension plans	(43,763,848)	25,243,736
Deferred inflows of resources – delinquent property taxes	377,199	(107,348)
Change in net position – governmental activities	<u>\$ 40,276,524</u>	<u>\$ 55,830,076</u>

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**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 89,593,152	\$ 120,578,768	\$ 121,135,503	\$ 556,735
Investment earnings	4,700,000	5,475,000	6,444,704	969,704
Other	2,188,476	5,680,559	6,443,170	762,611
State sources	238,650,775	269,621,329	269,210,098	(411,231)
Federal sources	—	11,394,951	11,117,969	(276,982)
Total revenue	<u>335,132,403</u>	<u>412,750,607</u>	<u>414,351,444</u>	<u>1,600,837</u>
Expenditures				
Current				
Administration	11,760,573	15,569,623	15,460,679	(108,944)
District support services	9,829,282	12,060,930	11,801,016	(259,914)
Elementary and secondary regular instruction	116,743,208	177,739,720	174,880,367	(2,859,353)
Vocational education instruction	3,825,256	5,471,654	5,369,686	(101,968)
Special education instruction	49,162,917	71,177,506	71,021,159	(156,347)
Instructional support services	23,328,574	36,392,121	35,893,932	(498,189)
Pupil support services	31,847,074	39,818,803	37,917,820	(1,900,983)
Sites and buildings	20,270,761	48,478,026	48,448,590	(29,436)
Fiscal and other fixed cost programs	65,554,852	1,406,708	1,496,844	90,136
Debt service				
Principal	4,364,566	5,167,581	5,119,610	(47,971)
Interest and fiscal charges	668,247	614,849	662,551	47,702
Total expenditures	<u>337,355,310</u>	<u>413,897,521</u>	<u>408,072,254</u>	<u>(5,825,267)</u>
Excess (deficiency) of revenue over expenditures	(2,222,907)	(1,146,914)	6,279,190	7,426,104
Other financing sources				
Transfer in	—	—	1,183,221	1,183,221
Issuance of financed purchases	—	—	2,340,861	2,340,861
Issuance of subscription liabilities	—	—	1,412,114	1,412,114
Sale of capital assets	—	500,000	526,427	26,427
Total other financing sources	<u>—</u>	<u>500,000</u>	<u>5,462,623</u>	<u>4,962,623</u>
Net change in fund balances	<u>\$ (2,222,907)</u>	<u>\$ (646,914)</u>	11,741,813	<u>\$ 12,388,727</u>
Fund balances				
Beginning of year			<u>122,754,579</u>	
End of year			<u>\$ 134,496,392</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2025

(With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,256,739	\$ 5,028,261
Accounts and interest receivable	9,183	8,372
Prepaid items	<u>117,400</u>	<u>117,400</u>
Total current assets	4,383,322	5,154,033
Noncurrent assets – temporarily restricted		
Cash and investments held by trustee	26,692,430	25,629,339
Interest receivable	<u>218,130</u>	<u>206,095</u>
Total noncurrent assets	<u>26,910,560</u>	<u>25,835,434</u>
Total assets	31,293,882	30,989,467
Deferred outflows of resources		
OPEB plan deferments	7,256,881	5,089,927
Liabilities		
Current liabilities		
Accounts and contracts payable	830,390	689,071
Due to other governmental units	850,254	821,652
Post-employment severance benefits payable	424,315	691,340
OPEB obligation	2,174,819	1,620,909
Long-term liabilities		
Post-employment severance benefits payable	1,948,639	2,426,342
OPEB obligation	<u>17,894,014</u>	<u>15,489,547</u>
Total liabilities	24,122,431	21,738,861
Deferred inflows of resources		
OPEB plan deferments	<u>1,453,956</u>	<u>2,242,606</u>
Net position		
Restricted for employee benefits	11,794,398	10,750,647
Unrestricted	<u>1,179,978</u>	<u>1,347,280</u>
Total net position	<u>\$ 12,974,376</u>	<u>\$ 12,097,927</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2025
 (With Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 10,082,160	\$ 9,430,064
Operating expenses		
Dental benefit claims	2,174,173	2,151,312
Medical benefit claims	6,566,866	6,146,357
Administrative costs	1,561,546	1,421,465
Post-employment severance benefits	130,298	157,185
OPEB	<u>853,027</u>	<u>463,157</u>
Total operating expenses	<u>11,285,910</u>	<u>10,339,476</u>
Operating (loss)	(1,203,750)	(909,412)
Nonoperating revenue		
Investment earnings	<u>2,080,199</u>	<u>2,271,430</u>
Change in net position	876,449	1,362,018
Net position		
Beginning of year	<u>12,097,927</u>	<u>10,735,909</u>
End of year	<u>\$ 12,974,376</u>	<u>\$ 12,097,927</u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2025

(With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 10,081,349	\$ 9,645,552
Payments for dental claims	(2,175,300)	(2,139,600)
Payments for medical claims	(6,424,420)	(6,232,317)
Payments for administrative costs	(1,561,546)	(1,421,465)
Post-employment severance and OPEB benefit payments	<u>(1,696,678)</u>	<u>(1,792,024)</u>
Net cash flows from operating activities	(1,776,595)	(1,939,854)
Cash flows from investing activities		
Investment income received	<u>2,068,164</u>	<u>2,258,685</u>
Net change in cash and cash equivalents	291,569	318,831
Cash and cash equivalents		
Beginning of year	<u>30,657,600</u>	<u>30,338,769</u>
End of year	<u><u>\$ 30,949,169</u></u>	<u><u>\$ 30,657,600</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating (loss)	\$ (1,203,750)	\$ (909,412)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(811)	215,488
Deferred outflows of resources	(2,166,954)	1,126,072
Accounts and contracts payable	141,319	(74,248)
Due to other governmental units	28,602	(162,580)
Post-employment severance benefits payable	(744,728)	(650,607)
Total OPEB obligation	2,958,377	(811,782)
Deferred inflows of resources	<u>(788,650)</u>	<u>(672,785)</u>
Net cash flows from operating activities	<u><u>\$ (1,776,595)</u></u>	<u><u>\$ (1,939,854)</u></u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 4,256,739	\$ 5,028,261
Cash and investments held by trustee	<u>26,692,430</u>	<u>25,629,339</u>
Total cash and cash equivalents	<u><u>\$ 30,949,169</u></u>	<u><u>\$ 30,657,600</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Fiduciary Net Position
as of June 30, 2025

Assets	
Cash and temporary investments	\$ 2,055,896
Receivables	
Accounts and interest	91,650
Total assets	<u>2,147,546</u>
Liabilities	
Salaries payable	523
Accounts and contracts payable	32,716
Total liabilities	<u>33,239</u>
Net position	
Restricted for Local Collaborative Time Study	1,308,857
Restricted for Northwest Family Service Center	805,450
Total net position	<u>\$ 2,114,307</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
 Custodial Funds
 Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2025

Additions	
Investment earnings	\$ 64,824
Rents	576,355
Grants	483,004
Total additions	<u>1,124,183</u>
Deductions	
Elementary and secondary regular instruction	
Salaries	133,246
Employee benefits	50,251
Purchased services	413,333
Supplies and materials	1,929
Total elementary and secondary regular instruction	<u>598,759</u>
Sites and buildings	
Purchased services	<u>344,846</u>
Total deductions	<u>943,605</u>
Net change in fiduciary net position	180,578
Net position	
Beginning of year	<u>1,933,729</u>
End of year	<u><u>\$ 2,114,307</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

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

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

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

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

Major Governmental Funds

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

- 1. Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.
- 2. Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, and safety and accessibility projects.

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Debt Service Fund. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund – Capital Expenditure Account by \$2,916,066. The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

F. Cash and Investments

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

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

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

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

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

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

G. Receivables

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

Amounts reported in due from other governmental units include amounts due from other Minnesota school districts of \$23,492, due from the state of Minnesota \$26,670,550, due from the federal government \$4,210,414, and due from other governments totaling \$2,151,270.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,679,207 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. Leases and technology subscription capital assets are recorded based on the measurement of payments applicable to the lease or subscription term. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold are also capitalized if costs of the assets are considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

L. Accounts and Contracts Payable

At year-end, accounts and contracts payable are \$20,281,127 and \$1,666,295, respectively, within the Statement of Net Position.

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Arbitrage liabilities are reported as expenditures when paid.

N. Subscription-Based Information Technology Arrangements (SBITAs)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

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

P. Vacation, Personal Leave, and Paid Time Off

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

Q. Sick Leave

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

R. Post-Employment Severance Benefits

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

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 48 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

S. State-Wide Pension Plans

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

T. Risk Management

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

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

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

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

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2024	\$ 163,319	\$ 2,151,312	\$ 2,139,600	\$ 175,031
2025	\$ 175,031	\$ 2,298,145	\$ 2,299,272	\$ 173,904

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2024	\$ 600,000	\$ 6,146,357	\$ 6,232,317	\$ 514,040
2025	\$ 514,040	\$ 6,566,866	\$ 6,424,420	\$ 656,486

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Deferred Outflows/Inflows of Resources

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

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

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

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

V. Statement of Cash Flows

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

W. Restricted Assets

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

X. Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Y. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

Z. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District’s General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2025, the unassigned fund balance (excluding restricted account deficits) of the General Fund – Operating Account was 26.9 percent of the fiscal 2025 General Fund – Operating Account expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AA. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, 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.

BB. Use of Estimates

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

CC. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and financial reporting for compensated absences. Certain amounts necessary to fully restate 2024 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance resulted in the District reporting a compensated absences liability, which decreased the beginning net position in the government-wide financial statements by \$5,158,714 in the current year, representing the cumulative effect of this change. See Note 4 of the notes to basic financial statements for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 144,707,138
Investments	285,866,527
Cash on hand	<u>2,375</u>
Total	<u>\$ 430,576,040</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 401,827,714
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	26,692,430
Statement of Fiduciary Net Position – Custodial Funds	
Cash and temporary investments	<u>2,055,896</u>
Total	<u>\$ 430,576,040</u>

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 and the bank balance of the District’s deposits was \$144,707,138. At June 30, 2025, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
U.S. treasury securities	AA	S&P	Level 1	\$ 11,871,318	\$ 7,836,808	\$ 1,288,234	\$ 2,390,476	\$ 23,386,836
U.S. government agencies	AA	S&P	Level 2	\$ –	\$ 54,906	\$ 226,909	\$ 354,464	636,279
Municipal bonds	AAA	S&P	Level 2	\$ 2,967,480	\$ 2,347,639	\$ 658,765	\$ 354,838	6,328,722
Municipal bonds	AA	S&P	Level 2	\$ 97,809	\$ 384,700	\$ 1,019,008	\$ 227,129	1,728,646
Municipal bonds	Aa	Moody's	Level 2	\$ –	\$ 193,663	\$ –	\$ 485,722	679,385
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 197,334	\$ –	\$ 431,825	629,159
Corporate obligations	Aa	Moody's	Level 1	\$ –	\$ –	\$ 897,223	\$ 679,666	1,576,889
Corporate obligations	A	S&P	Level 1	\$ –	\$ 867,280	\$ 1,836,449	\$ 1,452,402	4,156,131
Corporate obligations	BBB	S&P	Level 1	\$ 49,257	\$ 1,274,235	\$ 1,158,606	\$ 693,688	3,175,786
Equities	N/A	N/A	Level 1	N/A	N/A	N/A	N/A	8,131,028
Negotiable certificates of deposit	N/R	N/R	Level 2	\$ 487,302	\$ –	\$ –	\$ –	487,302
Investment pools/mutual funds								
Minnesota School District								
Liquid Asset Fund (MSDLAF)								
Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	18,179,021
MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	3,433,943
First American Government								
Obligation Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	229,831
Goldman Sachs Financial Square								
Prime Obligations Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	146,962
MNTrust								
Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	104,433,369
Term Series II	AAA	Fitch	Amortized Cost	\$ 17,000,000	\$ –	\$ –	\$ –	17,000,000
Limited Term Duration	N/R	N/R	Amortized Cost	N/A	N/A	N/A	N/A	21,777,238
Term Series	N/R	N/R	Amortized Cost	\$ 56,750,000	\$ 13,000,000	\$ –	\$ –	69,750,000
Total investments								<u>\$ 285,866,527</u>

N/A – Not Applicable

N/R – Not Rated

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 8,973,417	\$ –	\$ –	\$ –	\$ 8,973,417
Construction in progress	15,096,499	56,883,160	–	(25,156,935)	46,822,724
Total capital assets, not depreciated/amortized	24,069,916	56,883,160	–	(25,156,935)	55,796,141
Capital assets, depreciated and amortized					
Land improvements	36,790,944	1,026,018	(482,464)	2,814,218	40,148,716
Buildings	613,835,652	18,282,896	(6,500)	22,342,717	654,454,765
Furniture and equipment	33,932,985	5,116,150	(533,718)	–	38,515,417
Technology subscriptions	2,533,294	1,412,114	(1,178,731)	–	2,766,677
Total capital assets, depreciated and amortized	687,092,875	25,837,178	(2,201,413)	25,156,935	735,885,575
Less accumulated depreciation and amortization for					
Land improvements	(13,565,148)	(1,814,924)	396,439	–	(14,983,633)
Buildings	(221,821,528)	(12,462,733)	4,030	–	(234,280,231)
Furniture and equipment	(14,398,318)	(3,845,984)	439,825	–	(17,804,477)
Technology subscriptions	(1,392,532)	(940,075)	1,178,731	–	(1,153,876)
Total accumulated depreciation and amortization	(251,177,526)	(19,063,716)	2,019,025	–	(268,222,217)
Net capital assets, depreciated and amortized	435,915,349	6,773,462	(182,388)	25,156,935	467,663,358
Total capital assets, net	\$ 459,985,265	\$ 63,656,622	\$ (182,388)	\$ –	\$ 523,459,499

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

Administration	\$ 1,280
District support services	2,410,630
Elementary and secondary regular instruction	210,446
Vocational education instruction	19,138
Special education instruction	60,688
Community service	47,611
Instructional support services	2,208,923
Pupil support services	101,506
Food service	281,496
Unallocated depreciation and amortization expense	13,721,998
Total depreciation and amortization expense	\$ 19,063,716

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds, including refunding bonds					
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	\$ 5,770,000	02/01/2029	\$ 1,785,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	\$ 50,745,000	02/01/2032	46,180,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	\$ 43,340,000	02/01/2037	43,340,000
2020A G.O. Facilities Maintenance and Refunding Bonds	11/12/2020	1.50%–2.00%	\$ 36,465,000	02/01/2038	22,060,000
2022A G.O Facilities Maintenance Bonds	09/22/2022	3.25%–5.00%	\$ 11,505,000	02/01/2034	11,505,000
2024A Building Bonds	02/29/2024	4.00%–5.00%	\$ 100,000,000	02/01/2044	95,465,000
2024A Facilities Maintenance Bonds	02/29/2024	4.00%–5.00%	\$ 138,350,000	02/01/2039	138,350,000
Total general obligation bonds					<u>\$ 358,685,000</u>

B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	\$ 14,085,000	02/01/2030	\$ 5,605,000
2021A Certificates of Participation	02/18/2021	1.00%–3.00%	\$ 8,715,000	04/01/2036	6,655,000
Total certificates of participation					<u>\$ 12,260,000</u>

C. Financed Purchases Payable

The District currently has the following financed purchases payable outstanding:

Description	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Lighting equipment	12/01/2022	4.83%	\$ 2,757,591	12/20/2031	\$ 1,967,067
Technology equipment	03/30/2023	4.93%	\$ 3,021,530	07/15/2025	1,020,873
Copier/printers	07/10/2023	7.93%	\$ 945,321	07/10/2027	564,998
Technology equipment	07/15/2024	4.76%	\$ 2,340,861	07/15/2028	1,524,006
Total financed purchases payable					<u>\$ 5,076,944</u>

D. Subscription Liabilities

The District currently has the following subscription liabilities outstanding:

Description	Interest Rate	Issue Date	Original Issue	Final Maturity	Principal Outstanding
Software	4.38%	07/01/2024	\$ 642,377	06/30/2026	\$ 318,752
Software	4.38%	07/01/2024	\$ 769,737	06/30/2027	509,745
Total software subscriptions					<u>\$ 828,497</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Description of Long-Term Liabilities

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

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

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

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

Subscription Liabilities – The District entered into agreements to finance the use of software, which calls for monthly principal and interest payments through June 2027. The subscription liabilities are paid by the General Fund. The total amount of the underlying technology subscriptions capital assets and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements.

Arbitrage Liabilities – The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund. Arbitrage liabilities relate to the 2022 and 2024 bonds.

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

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

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2025:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 26,280,276	\$ 9,142,217	\$ 18,283,719	\$ 1,941,938
State-wide, multiple-employer – TRA	159,811,173	50,608,075	47,251,073	16,046,950
Total	<u>\$ 186,091,449</u>	<u>\$ 59,750,292</u>	<u>\$ 65,534,792</u>	<u>\$ 17,988,888</u>

F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Financed Purchases		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 18,465,000	\$ 15,086,513	\$ 1,575,000	\$ 328,088	\$ 2,182,183	\$ 262,661	\$ 564,238	\$ 36,267
2027	13,945,000	14,208,713	1,635,000	270,488	1,222,286	151,348	264,259	11,561
2028	17,740,000	13,638,963	1,695,000	210,637	469,756	87,024	–	–
2029	19,740,000	12,899,063	1,755,000	148,587	279,764	58,054	–	–
2030	20,085,000	12,082,013	1,810,000	93,025	293,268	44,550	–	–
2031–2035	126,325,000	46,769,713	3,140,000	169,518	629,687	45,950	–	–
2036–2040	119,805,000	17,051,919	650,000	9,750	–	–	–	–
2041–2044	22,580,000	2,178,700	–	–	–	–	–	–
	<u>\$ 358,685,000</u>	<u>\$ 133,915,597</u>	<u>\$ 12,260,000</u>	<u>\$ 1,230,093</u>	<u>\$ 5,076,944</u>	<u>\$ 649,587</u>	<u>\$ 828,497</u>	<u>\$ 47,828</u>

G. Changes in Long-Term Liabilities

	Beginning Balance as Previously Reported	Change in Accounting Principle*	Beginning Balance as Restated	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities							
General obligation bonds	\$ 369,710,000	\$ –	\$ 369,710,000	\$ –	\$ 11,025,000	\$ 358,685,000	\$ 18,465,000
Certificates of participation	13,780,000	–	13,780,000	–	1,520,000	12,260,000	1,575,000
Financed purchases	5,591,316	–	5,591,316	2,340,861	2,855,233	5,076,944	2,182,183
Subscription liabilities	160,760	–	160,760	1,412,114	744,377	828,497	564,238
Arbitrage liabilities	7,635,682	–	7,635,682	99,922	–	7,735,604	–
Unamortized premiums (discounts) on debt issued	28,758,837	–	28,758,837	–	1,957,569	26,801,268	–
Compensated absences	–	5,158,714	5,158,714	865,075	–	6,023,789	1,204,758
Net pension liability	246,068,393	–	246,068,393	26,116,220	86,093,164	186,091,449	–
Post-employment severance benefits payable	3,117,683	–	3,117,683	–	744,729	2,372,954	424,315
Total OPEB obligation	17,110,456	–	17,110,456	2,958,377	–	20,068,833	2,174,819
	<u>\$ 691,933,127</u>	<u>\$ 5,158,714</u>	<u>\$ 697,091,841</u>	<u>\$ 33,792,569</u>	<u>\$ 104,940,072</u>	<u>\$ 625,944,338</u>	<u>\$ 26,590,313</u>

* The change in accounting principle relates to the implementation of GASB Statement No. 101, *Compensated Absences*, in the current year. See Note 1 of the notes to basic financial statements for more information.

NOTE 5 – FUND BALANCES

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

Classifications

At June 30, 2025, 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	\$ 412,326	\$ –	\$ –	\$ 195,596	\$ 607,922
Prepaid items	3,107,686	–	–	–	3,107,686
Total nonspendable	3,520,012	–	–	195,596	3,715,608
Restricted					
Student activities	232,117	–	–	–	232,117
Capital projects levy	566,078	–	–	–	566,078
Operating capital	6,347,244	–	–	–	6,347,244
Gifted and talented	229,271	–	–	–	229,271
Basic skills programs	1,827,941	–	–	–	1,827,941
Safe schools revenue	278,850	–	–	–	278,850
Literacy aid	829,793	–	–	–	829,793
Teacher compensation READ Act	556,323	–	–	–	556,323
Long-term facilities maintenance	–	115,104,849	–	–	115,104,849
Medical Assistance	639,242	–	–	–	639,242
Projects funded by					
certificates of participation	–	229,831	–	–	229,831
Food service	–	–	–	6,251,892	6,251,892
Community education	–	–	–	3,201,752	3,201,752
Early childhood family education programs	–	–	–	685,748	685,748
School readiness	–	–	–	238,612	238,612
Adult basic education	–	–	–	4,621	4,621
Debt service	–	–	5,553,081	–	5,553,081
Capital projects	–	84,351,679	–	–	84,351,679
Total restricted	11,506,859	199,686,359	5,553,081	10,382,625	227,128,924
Assigned					
Assigned for subsequent year budget	22,674,861	–	–	–	22,674,861
Strategic priorities	500,000	–	–	–	500,000
Total assigned	23,174,861	–	–	–	23,174,861
Unassigned					
Long-term facilities maintenance restricted account deficit	(55,429)	–	–	–	(55,429)
Unassigned	96,350,089	–	–	–	96,350,089
Total unassigned	96,294,660	–	–	–	96,294,660
Total	\$ 134,496,392	\$ 199,686,359	\$ 5,553,081	\$ 10,578,221	\$ 350,314,053

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

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

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

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

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

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

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District’s contributions in the current year totaled \$850,254 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

C. Membership

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

Retirees and beneficiaries receiving benefits	167
Active plan members	<u>2,826</u>
Total members	<u><u>2,993</u></u>

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

D. Total OPEB Liability of the District

The District's total OPEB liability of \$20,068,833 at year-end was measured as of June 30, 2024, and was determined by an actuarial valuation date of June 30, 2024.

E. Actuarial Assumptions

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

Discount rate	3.97%
20-year municipal bond yield	3.97%
Inflation rate	2.50%
Healthcare cost trend rate	8.60% grading to 3.90% over 51 years

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

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

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 17,110,456
Changes for the year	
Service cost	838,960
Interest	652,726
Differences between expected and actual experience	2,165,843
Changes in assumptions	1,379,683
Benefit payments	<u>(2,078,835)</u>
Total net changes	<u>2,958,377</u>
Ending balance	<u>\$ 20,068,833</u>

Assumption changes and changes in benefit terms since the prior measurement date include the following:

Changes in Assumptions

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

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

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.97%	3.97%	4.97%
Total OPEB liability	\$ 21,053,247	\$ 20,068,833	\$ 19,107,001

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	7.60% decreasing to 2.90% over 51 years	8.60% decreasing to 3.90% over 51 years	9.60% decreasing to 4.90% over 51 years
Total OPEB liability	\$ 18,699,778	\$ 20,068,833	\$ 21,621,343

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

For the current year ended, the District recognized OPEB expense of \$853,027. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ 4,572,792	\$ 152,962
Change of assumptions	1,833,835	1,300,994
District’s contributions to the OPEB subsequent to the measurement date	<u>850,254</u>	<u>–</u>
Total	<u>\$ 7,256,881</u>	<u>\$ 1,453,956</u>

A total of \$850,254 reported as deferred outflows of resources related to district contributions for OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026.

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

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

Year Ending June 30,	OPEB Expense Amount
2026	\$ 855,070
2027	1,157,544
2028	1,011,077
2029	517,256
2030	473,389
Thereafter	938,335
	<u>\$ 4,952,671</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

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

B. Benefits Provided

1. GERP 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 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 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 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 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 reduced 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 allowable service, age, and a formula multiplier based on years of credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

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

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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.

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 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, 2025, were \$4,898,091. 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 2025 Coordinated Plan were 7.75 percent for the employee and 8.75 percent for the employer. Basic Plan rates were 11.25 percent for the employee and 12.75 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2025, were \$15,400,154. 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, 2025, the District reported a liability of \$26,280,276 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$679,554.

District's proportionate share of the net pension liability	\$ 26,280,276
State's proportionate share of the net pension liability associated with the District	<u>679,554</u>
Total	<u>\$ 26,959,830</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.7109 percent at the end of the measurement period and 0.6774 percent for the beginning of the period.

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,923,720 for its proportionate share of the GERF’s pension expense. The District also recognized an additional \$18,218 as pension expense and grant revenue for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,209,136 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,440,524	\$ –
Changes in actuarial assumptions	128,819	9,604,680
Net difference between projected and actual investment earnings on pension plan investments	–	7,241,553
Changes in proportion	1,674,783	1,437,486
District’s contributions to the GERF subsequent to the measurement date	4,898,091	–
Total	\$ 9,142,217	\$ 18,283,719

The \$4,898,091 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (7,849,870)
2027	\$ (1,464,056)
2028	\$ (2,711,441)
2029	\$ (2,014,226)

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

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of \$159,811,173 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 2.5150 percent at the end of the measurement period and 2.5216 percent for the beginning of the period.

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	\$ 159,811,173
State’s proportionate share of the net pension liability associated with the District	<u>10,452,339</u>
Total	<u><u>\$ 170,263,512</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$15,472,380. It also recognized \$574,570 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$176.0 million to the Fund. The state of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$4,430,589 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,530,533	\$ 2,034,103
Changes in actuarial assumptions	14,918,818	19,057,916
Net difference between projected and actual investment earnings on pension plan investments	–	24,163,033
Changes in proportion	12,758,570	1,996,021
District’s contributions to the TRA subsequent to the measurement date	<u>15,400,154</u>	<u>–</u>
Total	<u><u>\$ 50,608,075</u></u>	<u><u>\$ 47,251,073</u></u>

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

The \$15,400,154 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, 2026. 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
2026	\$ (8,155,255)
2027	\$ 14,488,099
2028	\$ (9,138,785)
2029	\$ (6,624,316)
2030	\$ (2,612,895)

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	<u>100.00 %</u>	

F. Actuarial Methods and Assumptions

1. GERP

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 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 GERP Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERP Plan.

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

Salary growth assumptions in the GERP Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

2. TRA

The total pension liability in the July 1, 2024 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 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent 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.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

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.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2024 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.

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

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 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	\$ 57,400,353	\$ 26,280,276	\$ 681,175
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 281,436,825	\$ 159,811,173	\$ 59,710,376

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Contingencies

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

C. Construction Contracts

At June 30, 2025, the District had commitments totaling \$183,112,916 under various construction contracts for which the work was not yet completed.

D. Guaranteed Energy Savings Commitment

The District has entered into guaranteed energy savings agreements under Minnesota Statutes, Section 471.345, Subd. 13. These agreements are for the purpose of utility cost-saving measures to improve energy efficiency of district facilities. As of June 30, 2025, the District has recorded \$8,693,700 of capital assets related to these energy savings contracts. The District is also required to purchase energy generated by the solar panels that are installed on various buildings of the District.

NOTE 9 – SUBSEQUENT EVENT

In July 2025, the District entered into a financed purchase agreement for technology equipment totaling \$301,774. This financed purchase requires principal and interest payments annually with an interest rate of 4.375 percent and matures on July 15, 2027.

NOTE 10 – NET POSITION

The District's net investments in capital assets in the government-wide Statement of Net Position at June 30, 2025, are calculated as follows:

Capital assets, net of accumulated depreciation/amortization	\$ 523,459,499
General obligation bonds and notes	(358,685,000)
Certificates of participation	(12,260,000)
Financed purchases	(5,076,944)
Subscription liabilities	(828,497)
Arbitrage liabilities	(7,735,604)
Unamortized premiums (discounts) on debt issued	(26,801,268)
Unused bond proceeds	199,686,359
	<hr/>
Total net investment in capital assets	<u>\$ 311,758,545</u>

NOTE 11 – DISTRICT NET POSITION

At June 30, 2025, the District’s Medical Self-Insurance Internal Service Fund had a deficit net position of \$124,446. This deficit will be financed by future contributions from governmental funds.

NOTE 12 – INTERFUND TRANSFERS

During the year ended June 30, 2025, the District transferred \$1,183,221 from the Capital Projects – Building Construction Fund to the General Fund – Capital Expenditure Account to finance debt service paid by the General Fund. Transfers reported in the fund financial statements are eliminated in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2025

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 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
06/30/2016	06/30/2015	0.7414%	\$ 38,423,195	\$ -	\$ 38,423,195	\$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	\$ 60,587,736	\$ 791,251	\$ 61,378,987	\$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	\$ 48,505,128	\$ 609,916	\$ 49,115,044	\$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	\$ 42,067,376	\$ 1,379,755	\$ 43,447,131	\$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	\$ 40,647,562	\$ 1,263,278	\$ 41,910,840	\$ 52,027,292	78.13%	80.20%
06/30/2021	06/30/2020	0.7357%	\$ 44,108,575	\$ 1,360,176	\$ 45,468,753	\$ 52,432,906	84.12%	79.10%
06/30/2022	06/30/2021	0.6883%	\$ 29,393,493	\$ 897,592	\$ 30,291,085	\$ 49,455,038	59.43%	87.00%
06/30/2023	06/30/2022	0.7137%	\$ 56,525,275	\$ 1,657,099	\$ 58,182,374	\$ 53,450,989	105.75%	76.70%
06/30/2024	06/30/2023	0.6774%	\$ 37,879,449	\$ 1,044,095	\$ 38,923,544	\$ 53,823,539	70.38%	83.10%
06/30/2025	06/30/2024	0.7109%	\$ 26,280,276	\$ 679,554	\$ 26,959,830	\$ 60,162,583	43.68%	89.08%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2025

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
06/30/2016	\$ 3,460,530	\$ 3,460,530	\$ -	\$ 46,140,396	7.50%
06/30/2017	\$ 3,667,745	\$ 3,667,745	\$ -	\$ 48,899,109	7.50%
06/30/2018	\$ 3,813,782	\$ 3,813,782	\$ -	\$ 50,835,205	7.50%
06/30/2019	\$ 3,902,412	\$ 3,902,412	\$ -	\$ 52,027,292	7.50%
06/30/2020	\$ 3,932,259	\$ 3,932,259	\$ -	\$ 52,432,906	7.50%
06/30/2021	\$ 3,709,133	\$ 3,709,133	\$ -	\$ 49,455,038	7.50%
06/30/2022	\$ 4,009,173	\$ 4,009,173	\$ -	\$ 53,450,989	7.50%
06/30/2023	\$ 4,036,859	\$ 4,036,859	\$ -	\$ 53,823,539	7.50%
06/30/2024	\$ 4,512,234	\$ 4,512,234	\$ -	\$ 60,162,583	7.50%
06/30/2025	\$ 4,898,091	\$ 4,898,091	\$ -	\$ 65,304,507	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 279

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2025

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
06/30/2016	06/30/2015	2.2895%	\$ 141,628,218	\$ 17,371,855	\$ 159,000,073	\$ 116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	\$ 546,171,934	\$ 54,820,624	\$ 600,992,558	\$ 119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	\$ 472,256,596	\$ 45,651,630	\$ 517,908,226	\$ 127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	\$ 147,514,063	\$ 13,859,624	\$ 161,373,687	\$ 129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	\$ 149,821,364	\$ 13,258,675	\$ 163,080,039	\$ 133,428,902	112.29%	78.21%
06/30/2021	06/30/2020	2.3501%	\$ 173,628,538	\$ 14,550,315	\$ 188,178,853	\$ 136,565,103	127.14%	75.48%
06/30/2022	06/30/2021	2.3280%	\$ 101,880,241	\$ 8,592,317	\$ 110,472,558	\$ 139,314,570	73.13%	86.63%
06/30/2023	06/30/2022	2.2826%	\$ 182,778,533	\$ 13,554,785	\$ 196,333,318	\$ 141,095,721	129.54%	76.17%
06/30/2024	06/30/2023	2.5216%	\$ 208,188,944	\$ 14,583,156	\$ 222,772,100	\$ 160,340,902	129.84%	76.42%
06/30/2025	06/30/2024	2.5150%	\$ 159,811,173	\$ 10,452,339	\$ 170,263,512	\$ 166,571,753	95.94%	82.07%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2025

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
06/30/2016	\$ 8,933,896	\$ 8,933,896	\$ -	\$ 119,107,808	7.50%
06/30/2017	\$ 9,552,598	\$ 9,552,598	\$ -	\$ 127,198,277	7.51%
06/30/2018	\$ 9,734,349	\$ 9,734,349	\$ -	\$ 129,737,193	7.50%
06/30/2019	\$ 10,294,789	\$ 10,294,789	\$ -	\$ 133,428,902	7.72%
06/30/2020	\$ 10,815,614	\$ 10,815,614	\$ -	\$ 136,565,103	7.92%
06/30/2021	\$ 11,324,179	\$ 11,324,179	\$ -	\$ 139,314,570	8.13%
06/30/2022	\$ 11,764,475	\$ 11,764,475	\$ -	\$ 141,095,721	8.34%
06/30/2023	\$ 13,706,535	\$ 13,706,535	\$ -	\$ 160,340,902	8.55%
06/30/2024	\$ 14,577,722	\$ 14,577,722	\$ -	\$ 166,571,753	8.75%
06/30/2025	\$ 15,400,154	\$ 15,400,154	\$ -	\$ 175,994,292	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2025

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information
June 30, 2025

PERA – GENERAL EMPLOYEES RETIREMENT FUND

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.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS (CONTINUED)

- 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 Combined Service Annuity (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.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN BENEFIT TERMS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

SUPPLEMENTARY INFORMATION

Our Mission

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



**Osseo Area
Schools**

NONMAJOR GOVERNMENTAL FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2025

(With Partial Comparative Information as of June 30, 2024)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2025	2024
Assets				
Cash and temporary investments	\$ 5,949,488	\$ 5,993,259	\$ 11,942,747	\$ 12,639,546
Receivables				
Current taxes	–	1,476,050	1,476,050	1,381,647
Delinquent taxes	–	20,894	20,894	25,146
Accounts and interest	59,243	174,920	234,163	245,994
Due from other governmental units	479,257	643,958	1,123,215	1,061,581
Inventory	195,596	–	195,596	213,414
Total assets	<u>\$ 6,683,584</u>	<u>\$ 8,309,081</u>	<u>\$ 14,992,665</u>	<u>\$ 15,567,328</u>
Liabilities				
Salaries payable	\$ 28,007	\$ 880,018	\$ 908,025	\$ 619,766
Accounts and contracts payable	177,860	268,231	446,091	415,577
Unearned revenue	30,229	–	30,229	–
Total liabilities	<u>236,096</u>	<u>1,148,249</u>	<u>1,384,345</u>	<u>1,035,343</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	–	3,007,910	3,007,910	2,795,493
Unavailable revenue – delinquent taxes	–	22,189	22,189	16,992
Total deferred inflows of resources	<u>–</u>	<u>3,030,099</u>	<u>3,030,099</u>	<u>2,812,485</u>
Fund balances				
Nonspendable for inventory	195,596	–	195,596	213,414
Restricted	6,251,892	4,130,733	10,382,625	11,506,086
Total fund balances	<u>6,447,488</u>	<u>4,130,733</u>	<u>10,578,221</u>	<u>11,719,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,683,584</u>	<u>\$ 8,309,081</u>	<u>\$ 14,992,665</u>	<u>\$ 15,567,328</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2025
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2025	2024
Revenue				
Local sources				
Property taxes	\$ -	\$ 2,854,428	\$ 2,854,428	\$ 3,187,148
Investment earnings	227,229	285,051	512,280	551,178
Other	1,379,419	11,087,182	12,466,601	11,147,299
State sources	6,249,592	5,273,479	11,523,071	10,737,724
Federal sources	10,178,217	147,648	10,325,865	10,636,478
Total revenue	<u>18,034,457</u>	<u>19,647,788</u>	<u>37,682,245</u>	<u>36,259,827</u>
Expenditures				
Current				
Food service	16,979,735	-	16,979,735	16,256,837
Community service	-	21,306,639	21,306,639	18,423,092
Capital outlay	427,568	166,027	593,595	932,742
Total expenditures	<u>17,407,303</u>	<u>21,472,666</u>	<u>38,879,969</u>	<u>35,612,671</u>
Excess (deficiency) of revenue over expenditures	627,154	(1,824,878)	(1,197,724)	647,156
Other financing sources				
Insurance recoveries	56,445	-	56,445	-
Net change in fund balances	683,599	(1,824,878)	(1,141,279)	647,156
Fund balances				
Beginning of year	<u>5,763,889</u>	<u>5,955,611</u>	<u>11,719,500</u>	<u>11,072,344</u>
End of year	<u>\$ 6,447,488</u>	<u>\$ 4,130,733</u>	<u>\$ 10,578,221</u>	<u>\$ 11,719,500</u>

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**Osseo Area
Schools**

GOVERNMENTAL FUNDS
INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 5,949,488	\$ 5,165,967
Receivables		
Accounts and interest	59,243	50,667
Due from other governmental units	479,257	579,459
Inventory	<u>195,596</u>	<u>213,414</u>
Total assets	<u>\$ 6,683,584</u>	<u>\$ 6,009,507</u>
Liabilities		
Salaries payable	\$ 28,007	\$ 68,102
Accounts and contracts payable	177,860	177,516
Unearned revenue	<u>30,229</u>	<u>—</u>
Total liabilities	236,096	245,618
Fund balances		
Nonspendable for inventory	195,596	213,414
Restricted	<u>6,251,892</u>	<u>5,550,475</u>
Total fund balances	<u>6,447,488</u>	<u>5,763,889</u>
Total liabilities and fund balances	<u>\$ 6,683,584</u>	<u>\$ 6,009,507</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024	
	Budget	Actual		Actual	Actual
Revenue					
Local sources					
Investment earnings	\$ 175,000	\$ 227,229	\$ 52,229	\$ 189,542	
Other – primarily meal sales	1,436,788	1,379,419	(57,369)	1,349,381	
State sources	6,354,392	6,249,592	(104,800)	5,906,530	
Federal sources	10,301,240	10,178,217	(123,023)	10,520,694	
Total revenue	<u>18,267,420</u>	<u>18,034,457</u>	<u>(232,963)</u>	<u>17,966,147</u>	
Expenditures					
Current					
Salaries	5,393,028	5,518,043	125,015	4,889,945	
Employee benefits	1,750,162	1,732,396	(17,766)	1,579,985	
Purchased services	764,057	717,579	(46,478)	626,732	
Supplies and materials	9,497,162	8,860,026	(637,136)	9,044,998	
Other expenditures	147,500	151,691	4,191	115,177	
Capital outlay	497,356	427,568	(69,788)	759,380	
Total expenditures	<u>18,049,265</u>	<u>17,407,303</u>	<u>(641,962)</u>	<u>17,016,217</u>	
Excess of revenue over expenditures	218,155	627,154	408,999	949,930	
Other financing sources					
Insurance recoveries	–	56,445	56,445	–	
Net change in fund balances	<u>\$ 218,155</u>	<u>\$ 683,599</u>	<u>\$ 465,444</u>	<u>\$ 949,930</u>	
Fund balances					
Beginning of year		<u>5,763,889</u>		<u>4,813,959</u>	
End of year		<u>\$ 6,447,488</u>		<u>\$ 5,763,889</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 5,993,259	\$ 7,473,579
Receivables		
Current taxes	1,476,050	1,381,647
Delinquent taxes	20,894	25,146
Accounts and interest	174,920	195,327
Due from other governmental units	<u>643,958</u>	<u>482,122</u>
Total assets	<u>\$ 8,309,081</u>	<u>\$ 9,557,821</u>
Liabilities		
Salaries payable	\$ 880,018	\$ 551,664
Accounts and contracts payable	<u>268,231</u>	<u>238,061</u>
Total liabilities	1,148,249	789,725
Deferred inflows of resources		
Property taxes levied for subsequent year	3,007,910	2,795,493
Unavailable revenue – delinquent taxes	<u>22,189</u>	<u>16,992</u>
Total deferred inflows of resources	3,030,099	2,812,485
Fund balances		
Restricted for community education	3,201,752	4,265,019
Restricted for early childhood family education programs	685,748	1,235,246
Restricted for school readiness	238,612	450,725
Restricted for adult basic education	<u>4,621</u>	<u>4,621</u>
Total fund balances	<u>4,130,733</u>	<u>5,955,611</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 8,309,081</u>	 <u>\$ 9,557,821</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 2,848,725	\$ 2,854,428	\$ 5,703	\$ 3,187,148
Investment earnings	325,000	285,051	(39,949)	361,636
Other – primarily tuition and fees	11,171,650	11,087,182	(84,468)	9,797,918
State sources	5,252,666	5,273,479	20,813	4,831,194
Federal sources	147,939	147,648	(291)	115,784
Total revenue	<u>19,745,980</u>	<u>19,647,788</u>	<u>(98,192)</u>	<u>18,293,680</u>
Expenditures				
Current				
Salaries	13,302,148	13,542,079	239,931	11,505,152
Employee benefits	4,047,113	3,917,003	(130,110)	3,340,575
Purchased services	3,007,996	2,945,649	(62,347)	2,752,975
Supplies and materials	873,145	869,109	(4,036)	795,739
Other expenditures	57,307	32,799	(24,508)	28,651
Capital outlay	290,159	166,027	(124,132)	173,362
Total expenditures	<u>21,577,868</u>	<u>21,472,666</u>	<u>(105,202)</u>	<u>18,596,454</u>
Net change in fund balances	<u>\$ (1,831,888)</u>	<u>(1,824,878)</u>	<u>\$ 7,010</u>	<u>(302,774)</u>
Fund balances				
Beginning of year		<u>5,955,611</u>		<u>6,258,385</u>
End of year		<u>\$ 4,130,733</u>		<u>\$ 5,955,611</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 157,642,157	\$ 154,222,228
Receivables		
Current taxes	51,904,314	59,386,033
Delinquent taxes	794,172	813,931
Accounts and interest	2,187,756	2,496,642
Due from other governmental units	31,853,233	31,614,874
Inventory	412,326	436,505
Prepaid items	3,107,686	572,730
	<u>3,107,686</u>	<u>572,730</u>
Total assets	<u>\$ 247,901,644</u>	<u>\$ 249,542,943</u>
Liabilities		
Salaries payable	\$ 1,795,276	\$ 1,288,749
Accounts and contracts payable	8,117,178	8,300,384
Due to other governmental units	831,470	844,169
Unearned revenue	506,500	-
Total liabilities	<u>11,250,424</u>	<u>10,433,302</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	101,304,847	115,824,250
Unavailable revenue – delinquent taxes	849,981	530,812
Total deferred inflows of resources	<u>102,154,828</u>	<u>116,355,062</u>
Fund balances (deficits)		
Nonspendable for inventory	412,326	436,505
Nonspendable for prepaid items	3,107,686	572,730
Restricted for student activities	232,117	256,692
Restricted for capital projects levy	566,078	471,536
Restricted for operating capital	6,347,244	4,746,872
Restricted for gifted and talented	229,271	236,275
Restricted for English learner	-	889,171
Restricted for basic skills programs	1,827,941	924,540
Restricted for safe schools revenue	278,850	207,284
Restricted for literacy aid	829,793	-
Restricted for teacher compensation READ Act	556,323	-
Restricted for long-term facilities maintenance	-	364,790
Restricted for Medical Assistance	639,242	253,965
Assigned for subsequent year budget	22,674,861	1,659,105
Assigned for strategic priorities	500,000	500,000
Unassigned - long-term facilities maintenance restricted account deficit	(55,429)	-
Unassigned	96,350,089	111,235,114
Total fund balances	<u>134,496,392</u>	<u>122,754,579</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 247,901,644</u>	<u>\$ 249,542,943</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		2024	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 120,578,768	\$ 121,135,503	\$ 556,735	\$ 111,015,795
Investment earnings	5,475,000	6,444,704	969,704	6,212,192
Other	5,680,559	6,443,170	762,611	5,328,891
State sources	269,621,329	269,210,098	(411,231)	254,770,461
Federal sources	11,394,951	11,117,969	(276,982)	25,003,709
Total revenue	412,750,607	414,351,444	1,600,837	402,331,048
Expenditures				
Current				
Administration				
Salaries	11,367,203	11,379,255	12,052	10,835,758
Employee benefits	3,673,329	3,633,977	(39,352)	3,417,166
Purchased services	298,692	243,597	(55,095)	296,929
Supplies and materials	95,149	111,863	16,714	116,778
Capital expenditures	—	—	—	758
Other expenditures	135,250	91,987	(43,263)	94,917
Total administration	15,569,623	15,460,679	(108,944)	14,762,306
District support services				
Salaries	7,758,586	7,490,534	(268,052)	6,651,377
Employee benefits	2,597,546	2,558,918	(38,628)	2,292,303
Purchased services	(210,646)	(316,898)	(106,252)	242,816
Supplies and materials	1,726,728	1,510,921	(215,807)	1,533,670
Capital expenditures	403,953	797,337	393,384	51,352
Other expenditures	(215,237)	(239,796)	(24,559)	(345,908)
Total district support services	12,060,930	11,801,016	(259,914)	10,425,610
Elementary and secondary regular instruction				
Salaries	120,483,551	119,608,813	(874,738)	115,232,202
Employee benefits	44,201,290	43,682,725	(518,565)	41,093,211
Purchased services	6,076,974	5,785,600	(291,374)	5,497,228
Supplies and materials	4,553,605	3,756,680	(796,925)	6,068,219
Capital expenditures	1,467,136	1,053,370	(413,766)	692,246
Other expenditures	957,164	993,179	36,015	1,060,198
Total elementary and secondary regular instruction	177,739,720	174,880,367	(2,859,353)	169,643,304

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	3,305,377	3,302,268	(3,109)	3,296,105
Employee benefits	1,344,299	1,332,160	(12,139)	1,247,069
Purchased services	339,144	364,404	25,260	318,852
Supplies and materials	344,280	189,366	(154,914)	183,855
Capital expenditures	126,091	181,488	55,397	56,337
Other expenditures	12,463	—	(12,463)	6,240
Total vocational education instruction	5,471,654	5,369,686	(101,968)	5,108,458
Special education instruction				
Salaries	45,895,913	45,806,310	(89,603)	42,121,349
Employee benefits	16,940,000	16,697,730	(242,270)	15,195,261
Purchased services	7,440,979	7,574,893	133,914	6,679,813
Supplies and materials	437,513	416,275	(21,238)	416,205
Capital expenditures	122,999	197,663	74,664	212,750
Other expenditures	340,102	328,288	(11,814)	320,673
Total special education instruction	71,177,506	71,021,159	(156,347)	64,946,051
Instructional support services				
Salaries	19,256,375	18,596,325	(660,050)	18,645,463
Employee benefits	6,547,319	6,585,088	37,769	6,389,916
Purchased services	2,316,071	1,849,475	(466,596)	1,861,756
Supplies and materials	7,517,005	5,164,211	(2,352,794)	3,610,706
Capital expenditures	746,734	3,691,954	2,945,220	1,217,041
Other expenditures	8,617	6,879	(1,738)	66,317
Total instructional support services	36,392,121	35,893,932	(498,189)	31,791,199
Pupil support services				
Salaries	11,576,660	11,486,974	(89,686)	8,829,008
Employee benefits	4,262,345	4,157,627	(104,718)	3,196,278
Purchased services	23,659,190	21,930,496	(1,728,694)	20,090,288
Supplies and materials	276,875	127,234	(149,641)	268,231
Capital expenditures	41,133	156,736	115,603	418,328
Other expenditures	2,600	58,753	56,153	78,085
Total pupil support services	39,818,803	37,917,820	(1,900,983)	32,880,218

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	9,338,070	10,269,431	931,361	9,542,883
Employee benefits	3,996,661	4,271,893	275,232	3,977,483
Purchased services	5,731,730	6,008,394	276,664	6,160,386
Supplies and materials	1,486,309	1,780,943	294,634	1,578,338
Capital expenditures	27,863,256	26,082,594	(1,780,662)	22,064,207
Other expenditures	62,000	35,335	(26,665)	444,267
Total sites and buildings	48,478,026	48,448,590	(29,436)	43,767,564
Fiscal and other fixed cost programs				
Purchased services	895,801	985,937	90,136	862,496
Other expenditures	510,907	510,907	—	11,502
Total fiscal and other fixed cost programs	1,406,708	1,496,844	90,136	873,998
Debt service				
Principal	5,167,581	5,119,610	(47,971)	5,947,239
Interest and fiscal charges	614,849	662,551	47,702	668,120
Total debt service	5,782,430	5,782,161	(269)	6,615,359
Total expenditures	413,897,521	408,072,254	(5,825,267)	380,814,067
Excess (deficiency) of revenue over expenditures	(1,146,914)	6,279,190	7,426,104	21,516,981
Other financing sources				
Transfers in	—	1,183,221	1,183,221	—
Issuance of financed purchases	—	2,340,861	2,340,861	945,320
Issuance of subscription liabilities	—	1,412,114	1,412,114	90,409
Sale of capital assets	500,000	526,427	26,427	—
Total other financing sources	500,000	5,462,623	4,962,623	1,035,729
Net change in fund balances	\$ (646,914)	11,741,813	\$ 12,388,727	22,552,710
Fund balances				
Beginning of year		122,754,579		100,201,869
End of year		\$ 134,496,392		\$ 122,754,579

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
 Comparative Balance Sheet
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 144,297,055	\$ 145,494,133
Receivables		
Current taxes	51,904,314	59,386,033
Delinquent taxes	794,172	813,931
Accounts and interest	2,152,197	2,400,555
Due from other governmental units	31,853,233	31,425,464
Inventory	216,220	297,042
Prepaid items	<u>3,107,686</u>	<u>572,730</u>
Total assets	<u>\$ 234,324,877</u>	<u>\$ 240,389,888</u>
Liabilities		
Salaries payable	\$ 1,711,816	\$ 1,266,872
Accounts and contracts payable	3,073,939	4,962,014
Due to other governmental units	765,194	774,022
Unearned revenue	<u>6,500</u>	<u>–</u>
Total liabilities	<u>5,557,449</u>	<u>7,002,908</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	101,304,847	115,824,250
Unavailable revenue – delinquent taxes	<u>849,981</u>	<u>530,812</u>
Total deferred inflows of resources	<u>102,154,828</u>	<u>116,355,062</u>
Fund balances		
Nonspendable for inventory	216,220	297,042
Nonspendable for prepaid items	3,107,686	572,730
Restricted for student activities	232,117	256,692
Restricted for gifted and talented	229,271	236,275
Restricted for English learner	–	889,171
Restricted for basic skills programs	1,827,941	924,540
Restricted for safe schools revenue	278,850	207,284
Restricted for teacher compensation READ Act	556,323	–
Restricted for Medical Assistance	639,242	253,965
Assigned for subsequent year budget	22,674,861	1,659,105
Assigned for strategic priorities	500,000	500,000
Unassigned	<u>96,350,089</u>	<u>111,235,114</u>
Total fund balances	<u>126,612,600</u>	<u>117,031,918</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 234,324,877</u>	<u>\$ 240,389,888</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024	
	Budget	Actual		Budget	Actual
Revenue					
Local sources					
Property taxes	\$ 77,928,049	\$ 78,310,707	\$ 382,658	\$ 74,205,040	
Investment earnings	5,425,000	6,379,389	954,389	6,154,576	
Other	4,939,846	5,588,637	648,791	4,647,855	
State sources	266,488,511	266,136,176	(352,335)	252,128,747	
Federal sources	11,394,951	11,117,969	(276,982)	25,003,709	
Total revenue	<u>366,176,357</u>	<u>367,532,878</u>	<u>1,356,521</u>	<u>362,139,927</u>	
Expenditures					
Current					
Administration					
Salaries	11,367,203	11,379,255	12,052	10,835,758	
Employee benefits	3,673,329	3,633,977	(39,352)	3,417,166	
Purchased services	298,692	243,597	(55,095)	296,929	
Supplies and materials	95,149	111,863	16,714	116,778	
Capital expenditures	–	–	–	629	
Other expenditures	135,250	91,987	(43,263)	94,917	
Total administration	<u>15,569,623</u>	<u>15,460,679</u>	<u>(108,944)</u>	<u>14,762,177</u>	
District support services					
Salaries	7,217,419	6,946,571	(270,848)	6,651,377	
Employee benefits	2,426,113	2,388,820	(37,293)	2,292,303	
Purchased services	(236,646)	(342,018)	(105,372)	218,952	
Supplies and materials	618,306	439,955	(178,351)	560,715	
Capital expenditures	28,051	–	(28,051)	–	
Other expenditures	(215,237)	(239,796)	(24,559)	(345,908)	
Total district support services	<u>9,838,006</u>	<u>9,193,532</u>	<u>(644,474)</u>	<u>9,377,439</u>	
Elementary and secondary regular instruction					
Salaries	120,483,551	119,608,813	(874,738)	115,232,202	
Employee benefits	44,201,290	43,682,725	(518,565)	41,093,211	
Purchased services	6,076,974	5,785,600	(291,374)	5,497,228	
Supplies and materials	3,762,601	2,854,659	(907,942)	3,075,590	
Capital expenditures	160,500	45,139	(115,361)	179,922	
Other expenditures	957,164	993,179	36,015	1,060,198	
Total elementary and secondary regular instruction	<u>175,642,080</u>	<u>172,970,115</u>	<u>(2,671,965)</u>	<u>166,138,351</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

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

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	3,305,377	3,302,268	(3,109)	3,296,105
Employee benefits	1,344,299	1,332,160	(12,139)	1,247,069
Purchased services	339,144	364,404	25,260	318,852
Supplies and materials	142,280	130,793	(11,487)	123,544
Capital expenditures	101,091	145,166	44,075	12,873
Other expenditures	12,463	–	(12,463)	6,240
Total vocational education instruction	5,244,654	5,274,791	30,137	5,004,683
Special education instruction				
Salaries	45,895,913	45,806,310	(89,603)	42,121,349
Employee benefits	16,940,000	16,697,730	(242,270)	15,195,261
Purchased services	7,440,979	7,574,893	133,914	6,679,813
Supplies and materials	436,947	416,275	(20,672)	415,639
Capital expenditures	104,367	180,729	76,362	209,187
Other expenditures	340,102	328,288	(11,814)	320,673
Total special education instruction	71,158,308	71,004,225	(154,083)	64,941,922
Instructional support services				
Salaries	17,076,979	16,426,474	(650,505)	16,127,406
Employee benefits	5,695,687	5,741,610	45,923	5,451,566
Purchased services	2,316,071	1,844,725	(471,346)	1,848,950
Supplies and materials	2,868,503	633,883	(2,234,620)	1,737,204
Capital expenditures	4,488	–	(4,488)	24,007
Other expenditures	8,617	6,879	(1,738)	66,317
Total instructional support services	27,970,345	24,653,571	(3,316,774)	25,255,450
Pupil support services				
Salaries	11,576,660	11,486,974	(89,686)	8,829,008
Employee benefits	4,262,345	4,157,627	(104,718)	3,196,278
Purchased services	23,659,190	21,930,496	(1,728,694)	20,090,288
Supplies and materials	241,875	121,570	(120,305)	168,975
Capital expenditures	31,133	148,782	117,649	388,138
Other expenditures	2,600	58,753	56,153	78,085
Total pupil support services	39,773,803	37,904,202	(1,869,601)	32,750,772

INDEPENDENT SCHOOL DISTRICT NO. 279

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

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	9,338,070	9,274,139	(63,931)	8,649,254
Employee benefits	3,996,661	3,927,436	(69,225)	3,656,424
Purchased services	5,069,687	5,046,248	(23,439)	4,211,493
Supplies and materials	1,486,309	1,551,596	65,287	1,466,179
Capital expenditures	6,600	3,396	(3,204)	13,310
Other expenditures	3,000	1,747	(1,253)	495
Total sites and buildings	<u>19,900,327</u>	<u>19,804,562</u>	<u>(95,765)</u>	<u>17,997,155</u>
Fiscal and other fixed cost programs				
Purchased services	895,801	985,937	90,136	862,496
Other expenditures	510,907	510,907	–	11,502
Total fiscal and other fixed cost programs	<u>1,406,708</u>	<u>1,496,844</u>	<u>90,136</u>	<u>873,998</u>
Debt service				
Principal	307,247	307,247	–	302,166
Interest and fiscal charges	106,132	106,132	–	121,005
Total debt service	<u>413,379</u>	<u>413,379</u>	<u>–</u>	<u>423,171</u>
Total expenditures	<u>366,917,233</u>	<u>358,175,900</u>	<u>(8,741,333)</u>	<u>337,525,118</u>
Excess (deficiency) of revenue over expenditures	(740,876)	9,356,978	10,097,854	24,614,809
Other financing sources				
Issuance of subscription liabilities	<u>–</u>	<u>223,704</u>	<u>223,704</u>	<u>–</u>
Net change in fund balances	<u>\$ (740,876)</u>	<u>9,580,682</u>	<u>\$ 10,321,558</u>	<u>24,614,809</u>
Fund balances				
Beginning of year		<u>117,031,918</u>		<u>92,417,109</u>
End of year		<u>\$ 126,612,600</u>		<u>\$ 117,031,918</u>

Our Mission

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



**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
 Comparative Balance Sheet
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 13,345,102	\$ 8,728,095
Receivables		
Accounts and interest	35,559	96,087
Due from other governmental units	–	189,410
Inventory	<u>196,106</u>	<u>139,463</u>
Total assets	<u><u>\$ 13,576,767</u></u>	<u><u>\$ 9,153,055</u></u>
Liabilities		
Salaries payable	\$ 83,460	\$ 21,877
Accounts and contracts payable	5,043,239	3,338,370
Due to other governmental units	66,276	70,147
Unearned revenue	<u>500,000</u>	<u>–</u>
Total liabilities	5,692,975	3,430,394
Fund balances (deficit)		
Nonspendable for inventory	196,106	139,463
Restricted for capital projects levy	566,078	471,536
Restricted for operating capital	6,347,244	4,746,872
Restricted for literacy aid	829,793	–
Restricted for long-term facilities maintenance	–	364,790
Unassigned – long-term facilities maintenance restricted account deficit	<u>(55,429)</u>	<u>–</u>
Total fund balances	<u><u>7,883,792</u></u>	<u><u>5,722,661</u></u>
Total liabilities and fund balances	<u><u>\$ 13,576,767</u></u>	<u><u>\$ 9,153,055</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 42,650,719	\$ 42,824,796	\$ 174,077	\$ 36,810,755
Investment earnings	50,000	65,315	15,315	57,616
Other	740,713	854,533	113,820	681,036
State sources	3,132,818	3,073,922	(58,896)	2,641,714
Total revenue	<u>46,574,250</u>	<u>46,818,566</u>	<u>244,316</u>	<u>40,191,121</u>
Expenditures				
Current				
Administration				
Capital expenditures	–	–	–	129
District support services				
Salaries	541,167	543,963	2,796	–
Employee benefits	171,433	170,098	(1,335)	–
Purchased services	26,000	25,120	(880)	23,864
Supplies and materials	1,108,422	1,070,966	(37,456)	972,955
Capital expenditures	375,902	797,337	421,435	51,352
Total district support services	<u>2,222,924</u>	<u>2,607,484</u>	<u>384,560</u>	<u>1,048,171</u>
Elementary and secondary regular instruction				
Supplies and materials	791,004	902,021	111,017	2,992,629
Capital expenditures	1,306,636	1,008,231	(298,405)	512,324
Total elementary and secondary regular instruction	<u>2,097,640</u>	<u>1,910,252</u>	<u>(187,388)</u>	<u>3,504,953</u>
Vocational education instruction				
Supplies and materials	202,000	58,573	(143,427)	60,311
Capital expenditures	25,000	36,322	11,322	43,464
Total vocational education services	<u>227,000</u>	<u>94,895</u>	<u>(132,105)</u>	<u>103,775</u>
Special education instruction				
Supplies and materials	566	–	(566)	566
Capital expenditures	18,632	16,934	(1,698)	3,563
Total special education instruction	<u>19,198</u>	<u>16,934</u>	<u>(2,264)</u>	<u>4,129</u>
Instructional support services				
Salaries	2,179,396	2,169,851	(9,545)	2,518,057
Employee benefits	851,632	843,478	(8,154)	938,350
Purchased services	–	4,750	4,750	12,806
Supplies and materials	4,648,502	4,530,328	(118,174)	1,873,502
Capital expenditures	742,246	3,691,954	2,949,708	1,193,034
Total instructional support services	<u>8,421,776</u>	<u>11,240,361</u>	<u>2,818,585</u>	<u>6,535,749</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Pupil support services				
Supplies and materials	35,000	5,664	(29,336)	99,256
Capital expenditures	10,000	7,954	(2,046)	30,190
Total pupil support services	<u>45,000</u>	<u>13,618</u>	<u>(31,382)</u>	<u>129,446</u>
Sites and buildings				
Salaries	–	995,292	995,292	893,629
Employee benefits	–	344,457	344,457	321,059
Purchased services	662,043	962,146	300,103	1,948,893
Supplies and materials	–	229,347	229,347	112,159
Capital expenditures	27,856,656	26,079,198	(1,777,458)	22,050,897
Other expenditures	59,000	33,588	(25,412)	443,772
Total sites and buildings	<u>28,577,699</u>	<u>28,644,028</u>	<u>66,329</u>	<u>25,770,409</u>
Debt service				
Principal	4,860,334	4,812,363	(47,971)	5,645,073
Interest and fiscal charges	508,717	556,419	47,702	547,115
Total debt service	<u>5,369,051</u>	<u>5,368,782</u>	<u>(269)</u>	<u>6,192,188</u>
Total expenditures	<u>46,980,288</u>	<u>49,896,354</u>	<u>2,916,066</u>	<u>43,288,949</u>
Excess (deficiency) of revenue over expenditures	(406,038)	(3,077,788)	(2,671,750)	(3,097,828)
Other financing sources				
Transfers in	–	1,183,221	1,183,221	–
Issuance of financed purchases	–	2,340,861	2,340,861	945,320
Issuance of subscription liabilities	–	1,188,410	1,188,410	90,409
Sale of capital assets	500,000	526,427	26,427	–
Total other financing sources	<u>500,000</u>	<u>5,238,919</u>	<u>4,738,919</u>	<u>1,035,729</u>
Net change in fund balances	<u>\$ 93,962</u>	<u>2,161,131</u>	<u>\$ 2,067,169</u>	<u>(2,062,099)</u>
Fund balances				
Beginning of year		<u>5,722,661</u>		<u>7,784,760</u>
End of year		<u>\$ 7,883,792</u>		<u>\$ 5,722,661</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 205,515,214	\$ 255,268,372
Receivables		
Accounts and interest	<u>6,729,587</u>	<u>2,834,345</u>
Total assets	<u>\$ 212,244,801</u>	<u>\$ 258,102,717</u>
Liabilities		
Salaries payable	\$ 4,679	\$ –
Accounts and contracts payable	<u>12,553,763</u>	<u>7,846,752</u>
Total liabilities	<u>12,558,442</u>	<u>7,846,752</u>
Fund balances		
Restricted for long-term facilities maintenance	115,104,849	141,406,102
Restricted for projects funded by certificates of participation	229,831	1,378,266
Restricted for capital projects	<u>84,351,679</u>	<u>107,471,597</u>
Total fund balances	<u>199,686,359</u>	<u>250,255,965</u>
Total liabilities and fund balances	<u>\$ 212,244,801</u>	<u>\$ 258,102,717</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
 Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Local sources		
Investment earnings	\$ 11,069,990	\$ 4,600,091
Expenditures		
Capital outlay		
Salaries	111,149	19,483
Employee benefits	27,068	2,705
Purchased services	44,250	–
Supplies and materials	25,051	–
Capital expenditures	<u>60,248,857</u>	<u>20,506,993</u>
Total capital outlay	60,456,375	20,529,181
Debt service		
Interest and fiscal charges	<u>–</u>	<u>628,725</u>
Total expenditures	<u>60,456,375</u>	<u>21,157,906</u>
Excess (deficiency) of revenue over expenditures	(49,386,385)	(16,557,815)
Other financing sources (uses)		
Transfers (out)	(1,183,221)	–
Bonds issued	–	238,350,000
Premium on bonds issued	<u>–</u>	<u>18,809,485</u>
Total other financing sources (uses)	<u>(1,183,221)</u>	<u>257,159,485</u>
Net change in fund balances	(50,569,606)	240,601,670
Fund balances		
Beginning of year	<u>250,255,965</u>	<u>9,654,295</u>
End of year	<u>\$ 199,686,359</u>	<u>\$ 250,255,965</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 22,470,857	\$ 20,594,233
Receivables		
Current taxes	16,315,544	9,212,044
Delinquent taxes	124,103	110,927
Due from other governmental units	<u>79,278</u>	<u>82,703</u>
Total assets	<u>\$ 38,989,782</u>	<u>\$ 29,999,907</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 33,303,944	\$ 18,637,683
Unavailable revenue – delinquent taxes	<u>132,757</u>	<u>79,924</u>
Total deferred inflows of resources	<u>33,436,701</u>	<u>18,717,607</u>
Fund balances		
Restricted for debt service	<u>5,553,081</u>	<u>11,282,300</u>
Total deferred inflows of resources and fund balances	<u>\$ 38,989,782</u>	<u>\$ 29,999,907</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2025
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 18,498,735	\$ 18,497,811	\$ (924)	\$ 11,873,855
Investment earnings	525,000	683,649	158,649	593,570
State sources	792,787	783,986	(8,801)	823,780
Total revenue	<u>19,816,522</u>	<u>19,965,446</u>	<u>148,924</u>	<u>13,291,205</u>
Expenditures				
Debt service				
Principal	11,025,000	11,025,000	—	7,360,000
Interest and fiscal charges	<u>14,820,079</u>	<u>14,669,665</u>	<u>(150,414)</u>	<u>4,774,732</u>
Total expenditures	<u>25,845,079</u>	<u>25,694,665</u>	<u>(150,414)</u>	<u>12,134,732</u>
Excess (deficiency) of revenue over expenditures	(6,028,557)	(5,729,219)	299,338	1,156,473
Other financing sources				
Premium on bonds issued	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,097,457</u>
Net change in fund balances	<u>\$ (6,028,557)</u>	<u>(5,729,219)</u>	<u>\$ 299,338</u>	<u>7,253,930</u>
Fund balances				
Beginning of year		<u>11,282,300</u>		<u>4,028,370</u>
End of year		<u>\$ 5,553,081</u>		<u>\$ 11,282,300</u>

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PROPRIETARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
Internal Service Funds
Combining Statement of Net Position
as of June 30, 2025

(With Comparative Totals as of June 30, 2024)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Assets			
Current assets			
Cash and temporary investments	\$ 637,906	\$ 411,771	\$ 3,207,062
Accounts and interest receivable	6,314	2,869	-
Prepaid items	-	117,400	-
Total current assets	<u>644,220</u>	<u>532,040</u>	<u>3,207,062</u>
Noncurrent assets – temporarily restricted			
Cash and investments held by trustee	-	-	-
Interest receivable	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	644,220	532,040	3,207,062
Deferred outflow of resources			
OPEB plan deferments	-	-	-
Liabilities			
Current liabilities			
Accounts and contracts payable	173,904	656,486	-
Due to other governmental units	-	-	-
Post-employment severance benefits payable	-	-	424,315
OPEB obligation	-	-	-
Long-term liabilities			
Post-employment severance benefits payable	-	-	1,948,639
OPEB obligation	-	-	-
Total liabilities	<u>173,904</u>	<u>656,486</u>	<u>2,372,954</u>
Deferred inflows of resources			
OPEB plan deferments	-	-	-
Net position			
Restricted for employee benefits	-	-	-
Unrestricted	<u>470,316</u>	<u>(124,446)</u>	<u>834,108</u>
Total net position	<u>\$ 470,316</u>	<u>\$ (124,446)</u>	<u>\$ 834,108</u>

Post-Employment Benefits Revocable Trust	Totals	
	2025	2024
\$ —	\$ 4,256,739	\$ 5,028,261
—	9,183	8,372
—	117,400	117,400
—	4,383,322	5,154,033
26,692,430	26,692,430	25,629,339
218,130	218,130	206,095
26,910,560	26,910,560	25,835,434
26,910,560	31,293,882	30,989,467
7,256,881	7,256,881	5,089,927
—	830,390	689,071
850,254	850,254	821,652
—	424,315	691,340
2,174,819	2,174,819	1,620,909
—	1,948,639	2,426,342
17,894,014	17,894,014	15,489,547
20,919,087	24,122,431	21,738,861
1,453,956	1,453,956	2,242,606
11,794,398	11,794,398	10,750,647
—	1,179,978	1,347,280
\$ 11,794,398	\$ 12,974,376	\$ 12,097,927

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
 Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2025
 (With Comparative Totals for the Year Ended June 30, 2024)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Operating revenue			
Contributions from governmental funds	\$ 2,341,467	\$ 7,740,693	\$ –
Operating expenses			
Dental benefit claims	2,174,173	–	–
Medical benefit claims	–	6,566,866	–
Administrative costs	123,972	1,437,574	–
Post-employment severance benefits	–	–	130,298
OPEB	–	–	–
Total operating expenses	<u>2,298,145</u>	<u>8,004,440</u>	<u>130,298</u>
Operating income (loss)	43,322	(263,747)	(130,298)
Nonoperating revenue			
Investment earnings	<u>15,188</u>	<u>22,501</u>	<u>145,732</u>
Change in net position	58,510	(241,246)	15,434
Net position			
Beginning of year	<u>411,806</u>	<u>116,800</u>	<u>818,674</u>
End of year	<u>\$ 470,316</u>	<u>\$ (124,446)</u>	<u>\$ 834,108</u>

Post-Employment Benefits Revocable Trust	Totals	
	2025	2024
\$ —	\$ 10,082,160	\$ 9,430,064
—	2,174,173	2,151,312
—	6,566,866	6,146,357
—	1,561,546	1,421,465
—	130,298	157,185
853,027	853,027	463,157
<u>853,027</u>	<u>11,285,910</u>	<u>10,339,476</u>
(853,027)	(1,203,750)	(909,412)
<u>1,896,778</u>	<u>2,080,199</u>	<u>2,271,430</u>
1,043,751	876,449	1,362,018
<u>10,750,647</u>	<u>12,097,927</u>	<u>10,735,909</u>
<u>\$ 11,794,398</u>	<u>\$ 12,974,376</u>	<u>\$ 12,097,927</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Proprietary Funds
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	\$ 2,341,367	\$ 7,739,982	\$ -
Payments for dental claims	(2,175,300)	-	-
Payments for medical claims	-	(6,424,420)	-
Payments for administrative costs	(123,972)	(1,437,574)	-
Post-employment severance and OPEB benefit payments	-	-	(875,026)
Net cash flows from operating activities	<u>42,095</u>	<u>(122,012)</u>	<u>(875,026)</u>
Cash flows from investing activities			
Investment earnings	<u>15,188</u>	<u>22,501</u>	<u>145,732</u>
Net change in cash and cash equivalents	57,283	(99,511)	(729,294)
Cash and cash equivalents			
Beginning of year	<u>580,623</u>	<u>511,282</u>	<u>3,936,356</u>
End of year	<u>\$ 637,906</u>	<u>\$ 411,771</u>	<u>\$ 3,207,062</u>
Reconciliation of operating (loss) to net cash flows from operating activities			
Operating (loss)	\$ 43,322	\$ (263,747)	\$ (130,298)
Adjustments to reconcile operating (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	(100)	(711)	-
Deferred outflow of resources	-	-	-
Accounts and contracts payable	(1,127)	142,446	-
Due to other governmental units	-	-	-
Post-employment severance benefits payable	-	-	(744,728)
Total OPEB obligation	-	-	-
Deferred inflows of resources	-	-	-
Net cash flows from operating activities	<u>\$ 42,095</u>	<u>\$ (122,012)</u>	<u>\$ (875,026)</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 637,906	\$ 411,771	\$ 3,207,062
Cash and investments held by trustee	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 637,906</u>	<u>\$ 411,771</u>	<u>\$ 3,207,062</u>

Post-Employment Benefits Revocable Trust	Totals	
	2025	2024
\$ -	\$ 10,081,349	\$ 9,645,552
-	(2,175,300)	(2,139,600)
-	(6,424,420)	(6,232,317)
-	(1,561,546)	(1,421,465)
(821,652)	(1,696,678)	(1,792,024)
<u>(821,652)</u>	<u>(1,776,595)</u>	<u>(1,939,854)</u>
1,884,743	2,068,164	2,258,685
1,063,091	291,569	318,831
25,629,339	30,657,600	30,338,769
<u>\$ 26,692,430</u>	<u>\$ 30,949,169</u>	<u>\$ 30,657,600</u>
\$ (853,027)	\$ (1,203,750)	\$ (909,412)
-	(811)	215,488
(2,166,954)	(2,166,954)	1,126,072
-	141,319	(74,248)
28,602	28,602	(162,580)
-	(744,728)	(650,607)
2,958,377	2,958,377	(811,782)
(788,650)	(788,650)	(672,785)
<u>\$ (821,652)</u>	<u>\$ (1,776,595)</u>	<u>\$ (1,939,854)</u>
\$ -	\$ 4,256,739	\$ 5,028,261
<u>26,692,430</u>	<u>26,692,430</u>	<u>25,629,339</u>
<u>\$ 26,692,430</u>	<u>\$ 30,949,169</u>	<u>\$ 30,657,600</u>

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**Osseo Area
Schools**

FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
 Custodial Funds
 Combining Statement of Fiduciary Net Position
 as of June 30, 2025

	Northwest Family Service Center	Local Collaborative Time Study	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 713,800	\$ 1,342,096	\$ 2,055,896
Receivables			
Accounts and interest	91,650	-	91,650
Total assets	<u>805,450</u>	<u>1,342,096</u>	<u>2,147,546</u>
Liabilities			
Salaries payable	-	523	523
Accounts and contracts payable	<u>-</u>	<u>32,716</u>	<u>32,716</u>
Total liabilities	<u>-</u>	<u>33,239</u>	<u>33,239</u>
Net position			
Restricted for Local Collaborative Time Study	-	1,308,857	1,308,857
Restricted for Northwest Family Service Center	<u>805,450</u>	<u>-</u>	<u>805,450</u>
Total net position	<u>\$ 805,450</u>	<u>\$ 1,308,857</u>	<u>\$ 2,114,307</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
 Custodial Funds
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2025

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	\$ —	\$ 64,824	\$ 64,824
Rents	576,355	—	576,355
Grants	—	483,004	483,004
Total additions	<u>576,355</u>	<u>547,828</u>	<u>1,124,183</u>
Deductions			
Elementary and secondary regular instruction			
Salaries	—	133,246	133,246
Employee benefits	—	50,251	50,251
Purchased services	—	413,333	413,333
Supplies and materials	—	1,929	1,929
Total elementary and secondary regular instruction	<u>—</u>	<u>598,759</u>	<u>598,759</u>
Sites and buildings			
Purchased services	<u>344,846</u>	<u>—</u>	<u>344,846</u>
Total deductions	<u>344,846</u>	<u>598,759</u>	<u>943,605</u>
Net change in fiduciary net position	231,509	(50,931)	180,578
Net position			
Beginning of year	<u>573,941</u>	<u>1,359,788</u>	<u>1,933,729</u>
End of year	<u>\$ 805,450</u>	<u>\$ 1,308,857</u>	<u>\$ 2,114,307</u>

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**Osseo Area
Schools**

SECTION III

STATISTICAL

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 193,342,167	\$ 201,669,570	\$ 209,642,657	\$ 217,683,814
Restricted	15,552,674	19,153,181	19,443,331	21,207,005
Unrestricted	(99,033,629)	(169,293,406)	(246,677,152)	(172,104,081)
Total governmental activities net position	<u>\$ 109,861,212</u>	<u>\$ 51,529,345</u>	<u>\$ (17,591,164)</u>	<u>\$ 66,786,738</u>

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

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

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

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

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

2020	2021	2022	2023	2024	2025
\$ 233,739,330	\$ 240,761,946	\$ 251,841,254	\$ 268,802,808	\$ 284,604,635	\$ 311,758,545
17,275,589	32,967,515	33,722,595	32,179,593	36,498,735	33,846,238
(175,063,914)	(185,958,423)	(171,898,524)	(124,174,706)	(84,157,849)	(73,541,452)
<u>\$ 75,951,005</u>	<u>\$ 87,771,038</u>	<u>\$ 113,665,325</u>	<u>\$ 176,807,695</u>	<u>\$ 236,945,521</u>	<u>\$ 272,063,331</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities				
Administration	\$ 10,818,228	\$ 11,001,338	\$ 11,514,189	\$ 11,579,014
District support services	8,179,156	8,567,156	9,685,524	9,161,865
Elementary and secondary regular instruction	132,739,729	199,497,344	201,729,524	96,467,422
Vocational education instruction	3,382,640	3,512,275	3,877,502	3,896,875
Special education instruction	47,918,552	63,245,199	63,405,079	37,278,468
Instructional support services	19,542,885	19,301,766	19,776,626	20,153,137
Pupil support services	20,057,132	21,774,370	23,150,650	24,378,844
Sites and buildings	18,587,008	20,886,238	24,049,266	26,923,739
Fiscal and other fixed cost programs	529,352	501,639	437,569	478,592
Food service	12,207,490	12,579,723	12,641,891	11,725,300
Community service	16,419,921	19,965,214	20,570,178	17,988,019
Unallocated depreciation/amortization expense (excluding amounts directly allocated)	7,814,428	8,015,144	8,217,000	8,572,041
Interest and fiscal charges on debt	4,063,175	4,456,962	4,678,075	4,273,134
Total governmental activities expenses	<u>302,259,696</u>	<u>393,304,368</u>	<u>403,733,073</u>	<u>272,876,450</u>
Program revenues				
Governmental activities				
Charges for services				
Food service	5,018,871	5,324,443	5,426,342	5,311,834
Community service	9,518,778	9,954,275	10,433,494	10,655,483
All other	2,101,396	2,240,416	2,173,310	1,885,473
Operating grants and contributions	69,859,744	70,475,866	71,983,248	94,288,399
Capital grants and contributions	8,831,507	8,419,910	8,401,701	9,709,050
Total governmental activities program revenues	<u>95,330,296</u>	<u>96,414,910</u>	<u>98,418,095</u>	<u>121,850,239</u>
Net (expense) revenue	(206,929,400)	(296,889,458)	(305,314,978)	(151,026,211)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	61,342,344	64,372,997	69,614,963	70,139,704
Property taxes, levied for community service	1,998,320	2,435,152	2,584,830	2,751,535
Property taxes, levied for debt service	17,810,240	17,843,905	18,036,264	19,383,439
Property taxes, levied for capital projects	2,622,943	-	-	-
General grants and aids	138,867,011	150,549,947	150,314,612	135,755,407
Other general revenues	1,302,473	1,212,290	1,837,047	1,097,917
Investment earnings	1,304,791	2,143,300	2,669,993	6,076,426
Gain on sale of capital assets	-	-	-	199,685
Total governmental activities	<u>225,248,122</u>	<u>238,557,591</u>	<u>245,057,709</u>	<u>235,404,113</u>
Change in net position	<u>\$ 18,318,722</u>	<u>\$ (58,331,867)</u>	<u>\$ (60,257,269)</u>	<u>\$ 84,377,902</u>

2020	2021	2022	2023	2024	2025
\$ 12,045,309	\$ 12,618,772	\$ 13,265,447	\$ 13,705,585	\$ 14,763,586	\$ 15,461,959
9,664,778	9,774,932	9,665,973	10,612,245	12,613,970	14,092,921
156,972,364	150,649,757	132,679,526	115,585,085	159,054,375	174,487,712
3,816,686	3,506,547	4,431,862	4,036,605	5,112,060	5,320,293
58,331,647	59,143,900	56,663,872	50,189,664	61,730,953	70,712,137
21,783,939	34,930,503	32,168,972	36,209,514	31,409,570	34,555,417
25,046,915	25,441,090	29,065,764	32,245,839	32,534,952	38,002,119
21,518,505	24,052,035	21,801,400	22,698,059	22,271,774	30,757,389
578,794	612,385	665,539	770,720	873,998	1,496,844
11,787,601	10,579,695	13,787,275	15,578,299	16,753,806	17,145,853
18,797,900	12,283,972	13,561,234	15,570,524	18,289,620	21,065,208
9,336,423	10,014,580	10,781,321	11,678,097	12,460,321	13,721,998
3,931,328	3,781,858	4,869,711	5,131,297	15,924,423	14,175,289
<u>353,612,189</u>	<u>357,390,026</u>	<u>343,407,896</u>	<u>334,011,533</u>	<u>403,793,408</u>	<u>450,995,139</u>
3,778,743	246,038	782,730	4,014,642	1,189,767	1,325,714
8,177,105	4,227,651	8,157,627	8,136,580	8,504,744	11,023,319
1,522,171	1,427,488	4,037,675	2,020,544	1,758,660	2,111,928
89,989,964	105,334,938	107,415,958	118,091,828	142,310,164	136,914,475
<u>9,463,840</u>	<u>7,183,646</u>	<u>7,778,430</u>	<u>7,807,982</u>	<u>2,863,548</u>	<u>2,299,644</u>
<u>112,931,823</u>	<u>118,419,761</u>	<u>128,172,420</u>	<u>140,071,576</u>	<u>156,626,883</u>	<u>153,675,080</u>
(240,680,366)	(238,970,265)	(215,235,476)	(193,939,957)	(247,166,525)	(297,320,059)
77,069,829	75,604,475	81,661,917	83,093,050	110,965,789	121,454,672
2,964,636	3,059,339	3,086,670	3,166,148	3,182,011	2,859,625
20,009,035	22,837,182	15,583,464	14,818,612	11,821,650	18,550,644
-	-	-	-	-	-
143,538,316	144,806,099	142,401,547	148,877,949	162,251,730	172,353,648
694,465	730,287	1,496,502	808,313	546,960	1,070,172
5,144,231	3,752,916	(4,167,512)	6,318,255	14,228,461	20,790,822
-	-	-	-	-	517,000
<u>249,420,512</u>	<u>250,790,298</u>	<u>240,062,588</u>	<u>257,082,327</u>	<u>302,996,601</u>	<u>337,596,583</u>
<u>\$ 8,740,146</u>	<u>\$ 11,820,033</u>	<u>\$ 24,827,112</u>	<u>\$ 63,142,370</u>	<u>\$ 55,830,076</u>	<u>\$ 40,276,524</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable				
Operating Account	\$ 347,972	\$ 257,014	\$ 292,548	\$ 295,095
Capital Expenditure Account	41,908	40,940	84,682	131,966
Restricted				
Operating Account	141,786	1,587,675	1,177,620	1,379,098
Capital Expenditure Account	8,890,846	9,051,446	10,237,338	9,521,802
Assigned				
Operating Account	3,628,175	4,258,291	3,634,947	825,755
Unassigned				
Operating Account	63,161,707	63,266,128	67,945,278	75,714,545
Capital Expenditure Account	(433,430)	(35,548)	(137,035)	(695,873)
Total General Fund	<u>\$ 75,778,964</u>	<u>\$ 78,425,946</u>	<u>\$ 83,235,378</u>	<u>\$ 87,172,388</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 8,553	\$ 2,575	\$ 1,934	\$ 131,065
Restricted				
Special revenue funds	5,594,482	6,745,866	7,320,744	7,943,920
Capital Projects – Building Construction Fund	4,952,256	43,249,779	12,985,125	38,626,107
Debt Service Fund	2,951,458	4,105,000	16,589,246	5,842,002
Total all other governmental funds	<u>\$ 13,506,749</u>	<u>\$ 54,103,220</u>	<u>\$ 36,897,049</u>	<u>\$ 52,543,094</u>
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	<u>25.8%</u>	<u>24.7%</u>	<u>25.7%</u>	<u>27.8%</u>

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

2020	2021	2022	2023	2024	2025
\$ 413,056	\$ 217,512	\$ 440,231	\$ 434,679	\$ 869,772	\$ 3,323,906
110,522	93,218	29,293	25,287	139,463	196,106
2,582,371	2,635,666	1,664,876	2,240,884	2,767,927	3,763,744
8,157,746	8,533,571	9,518,503	7,759,473	5,583,198	7,743,115
3,926,582	16,452,233	14,669,070	500,000	2,159,105	23,174,861
81,696,260	77,400,156	77,005,186	89,241,546	111,235,114	96,350,089
(294,564)	(641,535)	—	—	—	(55,429)
<u>\$ 96,591,973</u>	<u>\$ 104,690,821</u>	<u>\$ 103,327,159</u>	<u>\$ 100,201,869</u>	<u>\$ 122,754,579</u>	<u>\$ 134,496,392</u>
\$ 184,505	\$ 134,382	\$ 111,869	\$ 123,217	\$ 213,414	\$ 195,596
5,347,134	7,271,216	11,601,580	10,949,127	11,506,086	10,382,625
14,209,126	25,068,151	9,273,212	9,654,295	250,255,965	199,686,359
3,509,367	4,729,348	4,304,441	4,028,370	11,282,300	5,553,081
<u>\$ 23,250,132</u>	<u>\$ 37,203,097</u>	<u>\$ 25,291,102</u>	<u>\$ 24,755,009</u>	<u>\$ 273,257,765</u>	<u>\$ 215,817,661</u>
<u>29.3%</u>	<u>26.8%</u>	<u>25.9%</u>	<u>27.9%</u>	<u>33.0%</u>	<u>26.9%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Local sources				
Taxes	\$ 83,812,427	\$ 84,767,898	\$ 90,260,977	\$ 91,750,858
Investment earnings (losses)	348,164	974,405	1,604,857	3,652,156
Other	21,359,596	22,410,973	22,858,261	23,739,973
State sources	198,912,577	202,174,527	209,621,427	218,164,915
Federal sources	15,210,620	16,625,266	17,198,842	16,798,675
Total revenues	<u>319,643,384</u>	<u>326,953,069</u>	<u>341,544,364</u>	<u>354,106,577</u>
Expenditures				
Current				
Administration	10,818,228	11,001,338	11,514,189	11,579,014
District support services	6,172,803	6,460,730	6,903,161	7,122,254
Elementary and secondary regular instruction	133,079,885	136,536,746	141,017,874	144,692,508
Vocational education instruction	3,380,229	3,509,419	3,874,646	3,907,331
Special education instruction	48,125,942	48,194,816	49,252,014	51,507,841
Instructional support services	19,590,144	19,265,127	19,713,175	26,200,345
Pupil support services	20,059,076	21,774,370	23,150,650	24,378,844
Sites and buildings	19,359,537	23,465,235	26,295,190	30,083,755
Fiscal and other fixed cost programs	529,352	501,639	437,569	478,592
Food service	12,021,733	12,142,784	12,369,060	11,900,447
Community service	16,420,852	17,937,598	18,835,328	19,669,050
Capital outlay	13,341,882	14,429,416	30,922,886	18,468,568
Debt service				
Principal	16,895,743	16,908,235	17,825,824	17,802,872
Interest and fiscal charges	6,478,143	5,519,548	6,692,091	5,942,637
Total expenditures	<u>326,273,549</u>	<u>337,647,001</u>	<u>368,803,657</u>	<u>373,734,058</u>
Excess (deficiency) of revenues over expenditures	(6,630,165)	(10,693,932)	(27,259,293)	(19,627,481)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Refunding bonds issued	-	-	-	16,070,000
Bonds issued	-	50,745,000	12,900,000	43,340,000
Issuance of financed purchases	-	-	-	-
Issuance of subscription liabilities	-	-	-	-
Premiums (discounts) on debt issued	-	2,232,510	687,685	2,300,316
Proceeds from sale of assets	-	-	473,993	199,685
Debt retirement from refunding bonds	(46,930,000)	-	-	(30,165,000)
Insurance recovery	-	-	-	-
Capital leases issued	6,281,320	959,875	800,876	7,465,535
Total other financing sources (uses)	<u>(40,648,680)</u>	<u>53,937,385</u>	<u>14,862,554</u>	<u>39,210,536</u>
Net change in fund balances	<u>\$ (47,278,845)</u>	<u>\$ 43,243,453</u>	<u>\$ (12,396,739)</u>	<u>\$ 19,583,055</u>
Debt service as a percentage of noncapital expenditures	<u>7.5%</u>	<u>6.9%</u>	<u>7.3%</u>	<u>6.7%</u>

2020	2021	2022	2023	2024	2025
\$ 100,328,694	\$ 101,462,806	\$ 100,135,307	\$ 101,250,718	\$ 126,076,798	\$ 142,487,742
2,833,396	533,341	(36,679)	5,047,574	11,957,031	18,710,623
17,114,579	9,469,507	14,576,005	18,642,184	16,476,190	18,909,771
224,158,572	221,574,472	221,197,193	233,254,275	266,331,965	281,517,155
15,891,453	32,488,639	37,491,213	36,757,685	35,640,187	21,443,834
<u>360,326,694</u>	<u>365,528,765</u>	<u>373,363,039</u>	<u>394,952,436</u>	<u>456,482,171</u>	<u>483,069,125</u>
12,045,309	12,630,825	13,264,167	13,704,305	14,762,306	15,460,679
7,631,179	7,717,054	7,587,100	8,205,769	10,425,610	11,801,016
143,989,921	140,547,910	143,319,449	153,758,984	169,643,304	174,880,367
3,888,466	3,509,057	4,439,304	4,075,296	5,108,458	5,369,686
55,159,242	56,677,434	59,625,510	60,742,095	64,946,051	71,021,159
23,051,707	34,912,873	32,329,578	37,203,731	31,791,199	35,893,932
25,060,178	25,510,887	29,057,448	32,356,873	32,880,218	37,917,820
27,088,116	26,146,167	31,472,718	40,561,857	43,767,564	48,448,590
578,794	612,385	665,539	770,720	873,998	1,496,844
11,756,680	11,023,452	14,414,867	14,899,044	16,256,837	16,979,735
18,413,160	12,342,444	14,202,554	16,209,298	18,423,092	21,306,639
25,628,871	20,858,804	16,525,312	13,347,725	21,461,923	61,049,970
20,491,339	21,103,066	15,984,006	16,663,459	13,307,239	16,144,610
7,140,795	5,941,062	5,758,278	5,140,507	6,071,577	15,332,216
<u>381,923,757</u>	<u>379,533,420</u>	<u>388,645,830</u>	<u>417,639,663</u>	<u>449,719,376</u>	<u>533,103,263</u>
(21,597,063)	(14,004,655)	(15,282,791)	(22,687,227)	6,762,795	(50,034,138)
1,050,000	–	–	614,052	–	1,183,221
(1,050,000)	–	–	(614,052)	–	(1,183,221)
–	14,405,000	–	–	–	–
–	30,775,000	–	11,505,000	238,350,000	–
–	–	2,007,134	5,779,121	945,320	2,340,861
–	–	–	690,119	90,409	1,412,114
–	1,086,458	–	940,104	24,906,942	–
–	–	–	111,500	–	–
–	(15,210,000)	–	–	–	–
–	–	–	–	–	56,445
1,299,565	5,000,010	–	–	–	526,427
<u>1,299,565</u>	<u>36,056,468</u>	<u>2,007,134</u>	<u>19,025,844</u>	<u>264,292,671</u>	<u>4,335,847</u>
<u>\$ (20,297,498)</u>	<u>\$ 22,051,813</u>	<u>\$ (13,275,657)</u>	<u>\$ (3,661,383)</u>	<u>\$ 271,055,466</u>	<u>\$ (45,698,291)</u>
<u>7.8%</u>	<u>7.5%</u>	<u>5.8%</u>	<u>5.4%</u>	<u>4.8%</u>	<u>7.2%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2016	\$ 10,815,433 4.4%	\$ 5,521,493 2.3%	\$ 129,193,844 52.8%	\$ 3,124,154 1.3%	\$ 48,120,113 19.6%
2017	10,999,162 4.3%	5,703,811 2.2%	134,282,353 52.4%	3,426,012 1.3%	48,191,475 18.9%
2018	11,498,367 4.4%	5,971,996 2.3%	139,495,530 52.7%	3,762,033 1.4%	49,249,189 18.6%
2019	11,579,014 4.2%	6,026,917 2.2%	142,641,191 52.3%	3,798,501 1.4%	51,504,863 18.9%
2020	12,045,309 4.3%	6,383,173 2.3%	142,608,851 51.2%	3,775,218 1.4%	55,149,141 19.8%
2021	12,630,825 4.4%	6,702,691 2.3%	138,440,927 47.9%	3,448,113 1.2%	56,675,430 19.6%
2022	13,264,167 4.5%	6,563,064 2.2%	141,053,529 47.5%	4,320,832 1.4%	59,587,097 20.1%
2023	13,704,305 4.3%	7,246,812 2.3%	150,350,941 47.0%	3,837,298 1.2%	60,738,868 19.0%
2024	14,762,177 4.4%	9,377,439 2.8%	166,138,351 49.2%	5,004,683 1.5%	64,941,922 19.2%
2025	15,460,679 4.3%	9,193,532 2.6%	172,970,115 48.3%	5,274,791 1.5%	71,004,225 19.8%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Total</u>	<u>Percent Increase (Decrease) From Prior Year</u>
\$ 13,472,009 5.5%	\$ 20,033,798 8.2%	\$ 14,018,585 5.7%	\$ 529,352 0.2%	\$ 244,828,781 100.0%	3.4%
16,108,984 6.3%	21,749,139 8.5%	15,245,250 5.9%	501,639 0.2%	256,207,825 100.0%	4.7%
15,474,392 5.9%	23,141,045 8.8%	15,536,238 5.8%	437,569 0.1%	264,566,359 100.0%	3.3%
16,338,832 6.0%	24,364,201 8.9%	16,119,074 5.9%	478,592 0.2%	272,851,185 100.0%	3.1%
17,114,996 6.1%	25,030,855 9.0%	15,760,903 5.7%	578,794 0.2%	278,447,240 100.0%	2.1%
26,030,318 9.0%	25,510,887 8.8%	18,959,945 6.6%	612,385 0.2%	289,011,521 100.0%	3.8%
25,304,122 8.5%	29,026,924 9.8%	17,246,821 5.8%	665,539 0.2%	297,032,095 100.0%	2.8%
28,587,960 8.9%	32,325,338 10.1%	21,823,137 6.8%	1,143,067 0.4%	319,757,726 100.0%	7.7%
25,255,450 7.5%	32,750,772 9.7%	17,997,155 5.3%	1,297,169 0.4%	337,525,118 100.0%	5.6%
24,653,571 6.9%	37,904,202 10.6%	19,804,562 5.5%	1,910,223 0.5%	358,175,900 100.0%	6.1%

Our Mission

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



**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2016	\$ 56,353,162 22%	\$ 185,858,768 73%	\$ 8,184,157 3%	\$ 5,440,123 2%	\$ 255,836,210 100%
2017	54,872,791 21%	188,741,825 73%	9,076,514 4%	5,950,070 2%	258,641,200 100%
2018	56,258,480 21%	196,073,146 73%	9,800,950 4%	6,115,068 2%	268,247,644 100%
2019	57,035,680 21%	204,292,523 73%	9,408,631 3%	7,278,451 3%	278,015,285 100%
2020	64,852,735 22%	209,126,204 72%	9,630,449 3%	5,867,507 2%	289,476,895 100%
2021	64,689,741 22%	208,973,905 70%	19,421,504 7%	4,013,669 1%	297,098,819 100%
2022	61,454,434 21%	207,533,303 71%	20,855,275 7%	4,262,879 1%	294,105,891 100%
2023	59,971,671 19%	219,532,158 70%	27,272,479 9%	8,861,573 3%	315,637,881 100%
2024	74,205,040 20%	252,128,747 70%	25,003,709 7%	10,802,431 3%	362,139,927 100%
2025	78,310,707 21%	266,136,176 73%	11,117,969 3%	11,968,026 3%	367,532,878 100%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

				Fiscal Year
	2016	2017	2018	2019
Revenue				
General Fund				
Operating Account	\$ 255,836,210	\$ 258,641,200	\$ 268,247,644	\$ 278,015,285
Capital Expenditure Account	14,294,742	18,373,136	22,321,138	22,504,811
Special revenue funds				
Food Service	12,189,464	12,949,410	13,106,250	12,875,401
Community Service	16,828,669	18,535,705	18,977,219	19,779,910
Debt Service Fund				
General Obligation				
Bonds Account	15,564,377	15,955,955	15,555,583	17,208,540
Other Post-Employment Benefits Bonds Account	2,284,434	2,278,253	2,983,142	2,907,629
Total revenue	\$ 316,997,896	\$ 326,733,659	\$ 341,190,976	\$ 353,291,576
Expenditures				
General Fund				
Operating Account	\$ 244,828,781	\$ 256,207,825	\$ 264,566,359	\$ 272,851,185
Capital Expenditure Account	20,659,479	19,119,404	22,467,860	31,397,121
Special revenue funds				
Food Service	12,140,458	12,243,200	12,510,312	12,165,405
Community Service	16,557,157	18,096,509	18,998,920	19,737,599
Debt Service Fund				
General Obligation				
Bonds Account	16,813,272	15,471,116	16,756,014	16,403,794
Other Post-Employment Benefits Bonds Account	2,187,550	2,199,550	2,886,150	2,909,601
Total expenditures	\$ 313,186,697	\$ 323,337,604	\$ 338,185,615	\$ 355,464,705

2020	2021	2022	2023	2024	2025
\$ 289,476,895	\$ 297,098,819	\$ 294,105,891	\$ 315,637,881	\$ 362,139,927	\$ 367,532,878
22,088,625	18,495,400	29,014,795	31,545,935	40,191,121	46,818,566
10,441,940	12,954,711	16,830,516	13,646,970	17,966,147	18,034,457
16,685,896	13,038,710	16,811,824	17,572,414	18,293,680	19,647,788
18,097,433	21,261,211	13,857,737	16,039,047	13,291,205	19,965,446
2,875,357	2,620,468	2,728,971	—	—	—
<u>\$ 359,666,146</u>	<u>\$ 365,469,319</u>	<u>\$ 373,349,734</u>	<u>\$ 394,442,247</u>	<u>\$ 451,882,080</u>	<u>\$ 471,999,135</u>
\$ 278,447,240	\$ 289,011,521	\$ 297,032,095	\$ 319,757,726	\$ 337,525,118	\$ 358,175,900
24,372,381	23,483,860	29,459,387	37,020,620	43,288,949	49,896,354
12,116,579	11,655,858	14,960,691	15,512,486	17,016,217	17,407,303
18,604,603	12,463,604	14,373,798	16,459,503	18,596,454	21,472,666
20,460,477	20,094,456	14,290,620	16,315,118	12,134,732	25,694,665
2,844,948	2,623,860	2,720,995	—	—	—
<u>\$ 356,846,228</u>	<u>\$ 359,333,159</u>	<u>\$ 372,837,586</u>	<u>\$ 405,065,453</u>	<u>\$ 428,561,470</u>	<u>\$ 472,646,888</u>

Our Mission

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**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student
 Year Ended June 30, 2025
 (Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
	<u> </u>	<u> </u>
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 7,281	\$ 7,281
Local optional	724	724
Referendum	2,038	2,181
Gifted and talented, extended, and basic skills	1,009	1,332
Operating capital	235	233
Equity, transition, pension, and other	<u>206</u>	<u>188</u>
General education formula revenue per pupil unit (property tax and state aid)	<u>\$ 11,493</u>	<u>\$ 11,939</u>
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 15,445
Less Capital Expenditure Account		<u>(2,203)</u>
General education formula revenue per student – General Fund – Operating Account		13,242
State categorical revenue (special education, secondary vocational, cooperation, and other)		<u>3,293</u>
Total property tax and state aid revenue		16,535
Federal revenue (special education, Title I, and other)		534
Other local revenue – interest, participation fees, and other		<u>575</u>
Total General Fund – Operating Account revenue per student		<u>\$ 17,644</u>

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>
2016	\$ 13,072,587,948	\$ 131,212,400	\$ 13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221
2021	18,865,866,104	167,949,700	19,033,815,804
2022	20,144,504,101	92,566,900	20,237,071,001
2023	24,204,288,396	104,356,700	24,308,645,096
2024	25,710,528,971	96,445,600	25,806,974,571
2025	25,814,138,876	107,685,900	25,921,824,776

Source: Hennepin County Department of Property Tax and Public Records

<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 13,913,604,700	94.9 %
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9
19,577,944,400	97.2
20,739,057,200	97.6
24,678,431,900	98.5
26,174,633,600	98.6
26,600,671,000	97.4

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**Osseo Area
Schools**

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	
2016	\$ 61,356,156	\$ 1,999,515	\$ 2,622,943	\$ 17,833,813	\$ 83,812,427
2017	64,453,408	2,437,044	–	17,877,446	84,767,898
2018	69,621,125	2,585,454	–	18,054,398	90,260,977
2019	69,741,962	2,735,653	–	19,273,243	91,750,858
2020	77,283,444	2,972,809	–	20,072,441	100,328,694
2021	75,583,434	3,057,662	–	22,821,710	101,462,806
2022	81,485,810	3,080,402	–	15,569,095	100,135,307
2023	83,224,135	3,171,181	–	14,855,402	101,250,718
2024	111,015,795	3,187,148	–	11,873,855	126,076,798
2025	121,135,503	2,854,428	–	18,497,811	142,487,742

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Property Classification	City	2025			
			Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,385,764	1	0.5 %	\$ 69,325,700
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,299,250	2	0.4	65,000,000
	Industrial/					
Boston Scientific SciMed, Inc.	Commercial	Maple Grove	1,219,780	3	0.4	61,026,500
The Connor Group	Apartment	Plymouth	1,038,413	4	0.3	83,073,000
Weidner Property Management	Apartment	Plymouth	892,488	5	0.3	71,399,000
BPP, LLC	Industrial	Brooklyn Park	888,430	6	0.3	44,459,000
Upsher Smith Laboratories, Inc.	Industrial	Maple Grove	860,524	7	0.3	43,063,700
Doran MGRB I, LLC	Apartment	Maple Grove	848,666	8	0.3	67,893,300
Roers Companies	Apartment	Plymouth	775,000	9	0.3	62,000,000
KIMCO Realty Corporation	Commercial	Maple Grove	752,306	10	0.2	37,652,800
KIR Maple Grove, LP	Commercial	Maple Grove	—	—	—	—
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	—	—	—	—
Fairview Hospital	Commercial	Maple Grove	—	—	—	—
Mept Plymouth, LLC	Apartment	Plymouth	—	—	—	—
Total for 10 largest principal taxpayers			<u>\$ 9,960,621</u>		<u>3.3 %</u>	<u>\$ 604,893,000</u>

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

Source: Hennepin County Department of Property Tax and Public Records

2016

Property Valuation			
Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
\$ 1,646,020	1	1.2 %	\$ 82,301,000
1,290,704	3	0.9	64,572,700
795,280	4	0.6	39,801,500
-	-	-	-
624,633	6	0.5	49,970,600
507,666	9	0.4	25,420,800
-	-	-	-
-	-	-	-
-	-	-	-
701,158	5	0.5	35,095,400
1,389,484	2	1.0	69,511,700
601,620	7	0.4	30,118,500
525,150	8	0.4	26,295,000
478,500	10	0.3	38,280,000
<u>\$ 8,560,215</u>		<u>6.2 %</u>	<u>\$ 461,367,200</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Levy All Funds</u>
Levies					
	2016	\$ 64,021,060	\$ 2,375,031	\$ 17,945,293	\$ 84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
	2021	81,756,449	3,068,201	15,735,260	100,559,910
	2022	84,115,150	3,125,856	14,901,056	102,142,062
	2023	109,718,453	3,162,392	12,017,045	124,897,890
	2024	120,146,548	2,795,493	18,637,683	141,579,724
	2025	105,984,054	3,007,910	33,303,944	142,295,908
Net tax rates					
Tax capacity rate					
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
	2021	13.807	1.357	6.959	22.123
	2022	14.396	1.307	6.230	21.933
	2023	14.341	1.104	4.195	19.640
	2024	15.964	0.918	6.120	23.002
	2025	11.725	0.987	10.928	23.640
Market value rate					
	2016	0.278	-	-	0.278
	2017	0.275	-	-	0.275
	2018	0.266	-	-	0.266
	2019	0.275	-	-	0.275
	2020	0.256	-	-	0.256
	2021	0.232	-	-	0.232
	2022	0.215	-	-	0.215
	2023	0.256	-	-	0.256
	2024	0.253	-	-	0.253
	2025	0.242	-	-	0.242

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

Source: Hennepin County Department of Property Tax and Public Records

Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value
\$ (9,941,590)	\$ 74,399,794	\$ (37,953,980)	\$ 36,445,814
(10,497,320)	79,518,851	(39,956,973)	39,561,878
(11,070,502)	81,712,423	(41,651,739)	40,060,684
(11,010,109)	88,560,738	(46,196,821)	42,363,917
(11,984,393)	88,150,048	(46,577,113)	41,572,935
(11,456,838)	89,103,072	(44,778,983)	44,324,089
(11,825,135)	90,316,927	(43,930,863)	46,386,064
(11,620,754)	113,277,136	(62,250,808)	51,026,328
(12,398,514)	129,181,210	(65,264,957)	63,916,253
(14,137,681)	128,158,227	(63,271,335)	64,886,892

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	Municipalities				
		Brooklyn Center	Brooklyn Park	Corcoran	Dayton	Maple Grove
Tax capacity rate	2016	71.775%	55.251%	45.691%	57.150%	39.196%
Market value rate	2016	–	0.02399%	–	–	–
Tax capacity rate	2017	70.498%	54.365%	45.994%	55.467%	38.245%
Market value rate	2017	–	0.02464%	–	–	–
Tax capacity rate	2018	67.067%	51.159%	45.357%	55.664%	36.709%
Market value rate	2018	–	0.01584%	–	–	–
Tax capacity rate	2019	70.400%	51.869%	45.160%	55.212%	34.746%
Market value rate	2019	–	0.01110%	–	–	–
Tax capacity rate	2020	65.233%	48.862%	45.013%	54.139%	32.756%
Market value rate	2020	–	0.01427%	–	–	–
Tax capacity rate	2021	64.740%	46.396%	43.522%	51.378%	31.911%
Market value rate	2021	–	0.01340%	–	–	–
Tax capacity rate	2022	55.864%	47.523%	43.192%	47.733%	31.287%
Market value rate	2022	–	0.02760%	–	–	–
Tax capacity rate	2023	54.747%	42.380%	42.122%	35.109%	26.902%
Market value rate	2023	–	0.01173%	–	–	–
Tax capacity rate	2024	56.766%	46.520%	42.410%	35.653%	27.187%
Market value rate	2024	–	0.01111%	–	–	–
Tax capacity rate	2025	60.820%	52.282%	42.727%	35.394%	29.168%
Market value rate	2025	–	0.01117%	–	–	–

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

Source: Hennepin County Department of Property Tax and Public Records

Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
-	0.00531%	-	0.27820%	-	-	0.278%
69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
-	0.00499%	-	0.27516%	-	-	0.275%
63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
-	0.00475%	-	0.26582%	-	-	0.266%
60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
-	0.00219%	-	0.27486%	-	-	0.275%
57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
-	0.00209%	-	0.25606%	-	-	0.256%
58.211%	26.119%	33.396%	22.123%	38.210%	7.878%	100.122%
-	0.00197%	-	0.23168%	-	-	0.232%
57.689%	27.187%	34.762%	21.933%	38.535%	7.807%	99.562%
-	0.00185%	-	0.21478%	-	-	0.215%
54.138%	24.307%	33.557%	19.640%	34.542%	6.915%	87.999%
-	0.00162%	-	0.25595%	-	-	0.256%
65.205%	24.453%	35.599%	23.002%	34.681%	6.703%	91.573%
-	-	-	0.25276%	-	-	0.253%
70.081%	25.803%	38.767%	23.640%	37.081%	7.160%	97.049%
-	-	-	0.24216%	-	-	0.242%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2016	\$ 84,341,384	\$ 83,868,531	99.4 %	\$ 427,910
2017	90,016,171	89,891,336	99.9	46,865
2018	92,782,925	92,467,545	99.7	(96,144)
2019	99,570,847	99,253,734	99.7	178,692
2020	100,134,441	99,756,651	99.6	37,388
2021	100,559,910	100,235,033	99.7	34,059
2022	102,142,062	101,800,534	99.7	292,417
2023	124,897,890	124,174,358	99.4	535,602
2024	141,579,724	140,954,988	99.6	N/A
2025 (1)	142,295,908	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2024	\$ 140,954,988
Less tax shift allocation of the levy collectible in 2024 to fiscal year 2024 (2)	(4,322,298)
Add tax shift allocation of the referendum levy collectible in 2025 to fiscal year 2025 (2)	4,679,207
Property tax delinquencies, abatements, and county apportionment	<u>1,175,845</u>
Total local property tax revenue – fiscal year 2025	<u><u>\$ 142,487,742</u></u>

N/A – Not Available

(1) Only a portion of calendar year 2025 taxes are collectible by June 30, 2025. A total of \$72,600,000 of 2025 taxes were collected by June 30, 2025. The resulting \$69,695,408 is reported as current taxes receivable as of June 30, 2025.

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

Source: Hennepin County Department of Property Tax and Public Records

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>June 30, 2025 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$ 84,296,441	99.9 %	\$ -	- %
89,938,201	99.9	-	-
92,371,401	99.6	-	-
99,432,426	99.9	-	-
99,794,039	99.7	57,182	0.1
100,269,092	99.7	59,336	0.1
102,092,951	100.0	9,985	-
124,174,358	99.4	187,930	0.2
140,954,988	99.6	624,736	0.4
N/A	N/A	-	N/A
		<u>\$ 939,169</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds and Notes	Certificates of Participation	Financed Purchases	Subscription Liabilities
2016	\$ 111,020,000	\$ 13,425,000	\$ 6,731,949	\$ —
2017	148,925,000	12,655,000	4,393,589	—
2018	148,370,000	11,870,000	1,608,641	—
2019	163,665,000	11,060,000	6,031,304	—
2020	146,965,000	10,225,000	4,374,530	—
2021	150,885,000	18,080,000	6,466,474	—
2022	139,030,000	16,665,000	5,759,602	—
2023	138,720,000	15,250,000	8,444,487	749,099
2024	369,710,000	13,780,000	5,591,316	160,760
2025	358,685,000	12,260,000	5,076,944	828,497

N/A – Not Available

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

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

<u>Unamortized Premiums (Discounts) on Debt Issued</u>	<u>Total Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 8,901,279	\$ 140,078,228	1.6 %	\$ 985
9,350,798	175,324,387	1.8	1,205
6,980,144	168,828,785	1.7	1,141
7,455,402	188,211,706	1.8	1,262
5,547,562	167,112,092	1.5	1,117
4,845,267	180,276,741	1.5	1,196
4,368,007	165,822,609	1.3	1,081
4,836,100	167,999,686	1.2	1,074
28,758,837	418,000,913	N/A	2,673
26,801,268	403,651,709	N/A	2,581

INDEPENDENT SCHOOL DISTRICT NO. 279

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

<u>June 30,</u>	<u>Outstanding Bonded and Certificates of Participation Debt</u>	<u>Unamortized Premiums (Discounts)</u>	<u>Balance on Hand – Debt Service Fund</u>	<u>Net Bonded and Certificates of Participation Debt</u>	<u>Taxable Tax Capacity</u>
2016	\$ 124,445,000	\$ 8,901,279	\$ 2,951,458	\$ 130,394,821	\$ 138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535
2021	168,965,000	4,845,267	4,729,348	169,080,919	224,913,697
2022	155,695,000	4,368,007	4,304,441	155,758,568	238,096,648
2023	153,970,000	4,836,100	4,028,370	154,777,730	287,031,360
2024	383,490,000	28,758,837	11,282,300	400,966,537	306,316,726
2025	370,945,000	26,801,268	5,553,081	392,193,187	304,897,242

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

Source: Hennepin County Department of Property Tax and Public Records

<u>Ratio of Net Debt to Tax Capacity Value</u>	<u>Estimated Population (1)</u>	<u>Net Debt per Capita</u>
94.0 %	142,167	\$ 917
112.7	145,451	1,147
83.1	148,029	1,018
91.0	149,144	1,182
75.0	149,640	1,064
75.2	150,674	1,122
65.4	153,405	1,015
53.9	156,387	990
130.9	156,387	2,564
128.6	156,418	2,507

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INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt
as of June 30, 2025

Taxing Unit	Tax Collection Calendar Year – 2024 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 279	\$ 304,897,242	\$ 370,945,000	100.00 %	\$ 370,945,000
Overlapping debt				
Hennepin County	2,605,319,580	1,199,355,000	10.54	126,412,017
Cities				
Brooklyn Center	33,061,195	5,540,000	30.36	1,681,944
Brooklyn Park	113,616,095	21,475,000	77.38	16,617,355
Corcoran	20,468,051	10,900,000	14.57	1,588,130
Dayton	23,015,779	9,485,000	23.80	2,257,430
Maple Grove	150,971,874	575,000	91.96	528,770
Osseo	3,665,308	990,000	100.00	990,000
Plymouth	193,534,843	54,610,000	12.61	6,886,321
Rogers	37,950,053	11,200,000	3.11	348,320
Other				
Three Rivers Park District	1,928,752,556	55,385,000	14.23	7,881,286
Hennepin Regional RR Authority	2,605,319,580	76,945,000	10.54	8,110,003
Metropolitan Council	5,750,072,832	178,505,000	4.78	8,527,184
Total overlapping debt				<u>181,828,759</u>
Total direct and debt outstanding				<u>\$ 552,773,759</u>

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

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

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information
Last Ten Fiscal Years

	2016	2017	2018	Fiscal Year 2019
Debt limit	\$ 2,046,404,386	\$ 2,178,203,956	\$ 2,350,372,780	\$ 2,521,110,069
Total net debt applicable to the limit	124,445,000	161,580,000	150,305,000	167,045,000
Legal debt margin	\$ 1,921,959,386	\$ 2,016,623,956	\$ 2,200,067,780	\$ 2,354,065,069
Total net debt applicable to the limit as a percentage of debt limit	6.08%	7.42%	6.39%	6.63%

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

Source: Hennepin County Department of Property Tax and Public Records

2020	2021	2022	2023	2024	2025
\$ 2,728,488,229	\$ 2,899,191,746	\$ 3,068,083,391	\$ 3,648,220,796	\$ 3,873,137,966	\$ 3,919,185,795
152,080,000	166,325,000	155,695,000	153,970,000	383,490,000	370,945,000
<u>\$ 2,576,408,229</u>	<u>\$ 2,732,866,746</u>	<u>\$ 2,912,388,391</u>	<u>\$ 3,494,250,796</u>	<u>\$ 3,489,647,966</u>	<u>\$ 3,548,240,795</u>
5.57%	5.74%	5.07%	4.22%	9.90%	9.46%

Legal Debt Margin Calculation for Fiscal Year 2025

Market value	\$26,127,905,300
Debt limit (15% of market value)	3,919,185,795
Debt applicable to the limit	
General obligation bonds and certificates of participation	<u>370,945,000</u>
Legal debt margin	<u>\$ 3,548,240,795</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service
as of June 30, 2025

<u>Tax Collection Calendar Year</u>	<u>Deferred Tax Levies</u>
2026	\$ 29,561,398
2027	32,947,911
2028	34,271,016
2029	33,775,363
2030	34,647,664
2031	35,526,697
2032	36,744,054
2033	37,777,451
2034	37,053,581
2035	37,861,714
2036	37,589,731
2037	38,013,150
2038	22,615,635
2039	7,619,535
2040	7,470,435
2041	7,315,560
2042	7,061,040
2043	<u>4,149,600</u>
Total amount to be levied in future years	482,001,535
2025	Amount levied for collection in 2025 and included in property taxes levied for subsequent year at June 30, 2025
	<u>33,303,944</u>
Total deferred tax levies for future bond debt service	<u><u>\$ 515,305,479</u></u>

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2016	142,167	\$ 8,987,371,239	\$ 63,217	37.8	20,307	3.9 %
2017	145,451	9,555,985,249	65,699	37.9	20,659	3.4
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,144	10,634,862,064	71,306	37.8	21,073	3.2
2020	149,640	10,980,882,480	73,382	38.1	21,030	6.2
2021	150,674	11,708,273,844	77,706	36.9	20,254	3.4
2022	153,405	12,934,035,765	84,313	37.2	20,403	2.9
2023	156,387	13,692,620,172	87,556	38.6	20,439	2.7
2024	156,387	N/A	N/A	N/A	20,631	3.0
2025	156,418	N/A	N/A	N/A	20,831	N/A

N/A – Not Available

Data sources:

- (1) District population is based upon an annual school district census and the U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) United States Census Bureau.
- (3) United States Department of Agriculture/Economic Research Service.

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers
Current Year and Nine Years Ago

Employer	2025		2016	
	Employees	Rank	Employees	Rank
Target Corporation (1)	4,000	1	3,300	1
Independent School District No. 279	3,275	2	3,021	2
Boston Scientific SciMed, Inc.	3,000	3	2,800	3
Teleflex	1,900	4	–	–
United Parcel Service	825	5	700	5
North Hennepin Community College	740	6	490	9
Caterpillar Paving Products (1)	660	7	–	–
City of Maple Grove	657	8	–	–
LSC Communications	540	9	–	–
Hy-Vee (1)	500	10	–	–
Medtronic	–	–	1,525	4
Egan McKay	–	–	700	5
Maple Grove Hospital	–	–	650	7
Prudential Insurance Company	–	–	598	8
RR Donnelley	–	–	480	10
Total	<u>16,097</u>		<u>14,264</u>	

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

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Brooklyn Park				
2015	2,036	\$ 149,524,929	142	\$ 35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
2020	3,576	46,806,577	54	14,649,647
2021	95	184,699,474	74	22,619,841
2022	24	52,711,533	16	4,542,890
2023	N/A	N/A	N/A	N/A
2024	1,945	162,660,643	2	665,549
City of Maple Grove				
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556
2020	8,253	221,898,151	171	45,459,106
2021	4,315	159,271,769	296	79,731,130
2022	2,757	260,061,834	250	62,014,631
2023	2,585	241,281,521	283	70,278,257
2024	2,731	227,242,865	163	41,834,984

N/A – Not Available

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

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

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
2021	168	1,612	111	733
2022	170	1,601	112	687
2023	176	1,638	116	674
2024	187	1,689	120	718
2025	189	1,685	122	766
Percent increase (decrease) over 10 years	27.7%	9.2%	13.0%	(1.2%)

- (1) Superintendent, school executives, principals, assistant principals, principals on special assignment, directors, assistant directors, coordinators, managers, supervisors, secondary school building business managers, student management specialist, and other managerial positions.
- (2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District's Human Resources Department

<u>Food Service</u>	<u>Custodians</u>	<u>Other Employees (2)</u>	<u>Total Employees</u>	<u>Total Students (ADM)</u>
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,030
117	159	196	3,096	20,254
110	161	213	3,054	20,403
106	164	210	3,084	20,439
113	161	218	3,206	20,631
118	164	231	3,275	20,831
(26.7%)	1.2%	80.5%	8.3%	2.6%

INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Total population	142,167	145,451	148,029	149,144
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	72%	72%	71%	71%
ACT information				
Average ACT score	20.3	20.3	19.9	19.9
Percent of students taking ACT	84%	92%	90%	87%
National Merit Scholarship Program				
Commended	6	–	6	4
Finalists and semifinalists	2	5	3	7
AP Scholars	164	165	201	152

N/A – Not Available

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

2020	2021	2022	2023	2024	2025
149,640	150,674	153,405	156,387	156,387	156,418
100%	100%	100%	100%	100%	100%
72%	77%	77%	77%	75%	81%
20.0	19.7	19.5	19.4	19.1	19.7
88%	70%	77%	82%	83%	80%
N/A	5	5	1	4	10
7	4	3	1	4	1
199	213	135	260	326	400

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Capital assets				
Land	\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,973,417
Land improvements	31,479,888	32,672,400	30,897,771	31,988,651
Buildings	428,532,037	443,751,224	456,522,719	493,392,348
Equipment	10,098,560	10,744,070	9,658,055	10,605,589
Technology subscriptions	-	-	-	-
Construction in progress	6,655,427	6,699,868	22,797,439	11,214,268
	<u>6,655,427</u>	<u>6,699,868</u>	<u>22,797,439</u>	<u>11,214,268</u>
Total capital assets	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	111,381,071	111,333,954	107,606,898	107,687,623
Elementary and secondary regular instruction	1,155,256	1,172,513	897,678	913,783
Vocational education instruction	64,681	64,681	48,341	61,879
Special education instruction	297,094	297,094	272,402	272,402
Instructional support services	1,460,404	1,460,404	1,084,157	1,254,477
Pupil support services	59,647	59,647	54,438	34,467
Food service	5,485,642	5,546,180	5,573,434	5,817,182
Sites and buildings	364,010,989	381,019,401	411,379,171	438,844,431
Community service	1,155,450	1,218,010	1,263,787	1,268,934
	<u>1,155,450</u>	<u>1,218,010</u>	<u>1,263,787</u>	<u>1,268,934</u>
Total capital assets by function and activity	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>

Source: The District's Business Services Department

2020	2021	2022	2023	2024	2025
\$ 8,973,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417
36,093,707	40,328,214	37,176,812	37,667,489	36,790,944	40,148,716
523,127,725	540,626,000	562,770,022	573,440,827	613,835,652	654,454,765
11,271,723	12,731,843	15,816,586	22,548,298	33,932,985	38,515,417
—	—	—	2,205,437	2,533,294	2,766,677
9,853,572	10,357,558	10,156,191	19,956,710	15,096,499	46,822,724
<u>\$ 589,320,144</u>	<u>\$ 613,017,032</u>	<u>\$ 634,893,028</u>	<u>\$ 664,792,178</u>	<u>\$ 711,162,791</u>	<u>\$ 791,681,716</u>
\$ 19,095	\$ 31,895	\$ 31,895	\$ 31,895	\$ 31,895	\$ 31,895
107,736,578	107,754,573	105,976,355	105,620,452	102,689,403	102,606,729
967,749	1,001,051	1,205,477	2,285,937	2,218,240	2,185,816
137,994	150,117	168,566	220,674	234,434	302,965
338,921	346,266	502,877	515,535	570,912	716,868
1,254,477	1,500,074	1,506,156	2,761,466	11,096,534	13,211,947
48,367	123,025	135,025	248,914	604,285	737,273
6,061,702	6,569,632	6,945,186	7,205,824	7,782,301	7,972,608
471,342,481	494,010,262	516,853,610	544,134,876	584,078,055	661,860,788
1,412,780	1,530,137	1,567,881	1,766,605	1,856,732	2,054,827
<u>\$ 589,320,144</u>	<u>\$ 613,017,032</u>	<u>\$ 634,893,028</u>	<u>\$ 664,792,178</u>	<u>\$ 711,162,791</u>	<u>\$ 791,681,716</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>ISD No. 279 Staffing Ratio</u>
2016	26.30
2017	25.60
2018	25.46
2019	25.54
2020	25.69
2021	25.39
2022	26.01
2023	25.56
2024	25.57
2025	25.29

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities
as of June 30, 2025

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2) 224
Basswood Elementary	School	1995/2002	36.00	102,648	840
Birch Grove Elementary					
School for the Arts	School	1966/1991/2004	15.00	74,314	434
Cedar Island Elementary	School	1970	23.16	66,871	476
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208	189
Edinbrook Elementary	School	1988/2002	20.00	106,406	653
Elm Creek Elementary	School	1980	15.00	84,300	562
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129	366
Fernbrook Elementary	School	1988/2003	43.00	105,440	976
Garden City Elementary	School	1959/1994/2004	10.00	55,153	342
Oak View Elementary	School	1991	22.00	98,600	495
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463	477
Park Brook Elementary	School	1959/1994/2004	10.00	55,011	297
Rice Lake Elementary	School	1980/2022	15.42	103,597	641
Rush Creek Elementary	School	1995/2002	29.00	102,648	764
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600	667
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2) -
Woodland Elementary	School	2002	19.00	101,555	615
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843	308
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104	928
Maple Grove Middle School	School	1990/2003	46.62	275,680	1,599
North View Middle School	School	1970/1986/2002/2007	26.04	186,448	508
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507	1,134
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718	2,409
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015	43.63	413,610	2,209
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	414,774	2,000
Osseo Area Learning Center	School	1973/2000	5.00	47,108	155
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005	17.76	121,100	-
New ice arena	Sports	1990/2005	3.62	32,640	-
Old ice arena	Sports	1974	-	34,840	-
Adult Education Center	Adult education	2005	-	25,538	-
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144	91
Timberland Properties	CBVAT	Leased	-	12,249	-
Total				<u>3,848,042</u>	<u>20,359</u>

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

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

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Attendance (1)	Total National School Lunch Program Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2016	19,698	2,520,404	172	14,654	74.4 %
2017	20,039	2,483,812	172	14,441	72.1
2018	20,339	2,483,599	170	14,609	71.8
2019	20,441	2,388,829	166	14,391	70.4
2020	(2) 20,399	1,636,020	118	13,865	68.0
2021	(2) 19,646	N/A	N/A	N/A	N/A
2022	(3) 19,791	N/A	N/A	N/A	N/A
2023	19,826	2,138,104	167	12,803	64.6
2024	20,012	2,456,100	170	14,448	72.2
2025	20,206	2,485,494	167	14,883	73.7

N/A – Not Available

- (1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 97 percent of enrollment.
- (2) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Summer Food Service Program for Children beginning in March of 2020.
- (3) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Seamless Summer Option for Children during fiscal year 2022.

Source: The District’s Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
1,011,298	40.1 %	253,216	10.0 %
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,159	12.2
573,898	35.1	204,719	12.5
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
926,390	43.3	201,434	9.4
1,306,519	53.2	7,647	0.3
1,328,658	53.5	N/A	N/A

INDEPENDENT SCHOOL DISTRICT NO. 279

Students
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)				Total	
	Early Childhood, Pre-Kindergarten, and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Number	Percent Increase (Decrease)
2016	366	1,400	9,307	9,234	20,307	(0.3) %
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,343	9,730	21,030	(0.2)
2021	488	1,216	8,818	9,732	20,254	(3.7)
2022	523	1,316	8,832	9,732	20,403	0.7
2023	526	1,293	8,844	9,776	20,439	0.2
2024	376	1,413	8,979	9,863	20,631	0.9
2025	408	1,355	9,067	10,001	20,831	1.0

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

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

	Early Childhood	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary
Fiscal 2016 through 2025	1.000	1.000	1.000	1.000	1.200

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

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
22,153	(0.2) %
22,569	1.9
22,891	1.4
23,023	0.6
22,976	(0.2)
22,200	(3.4)
22,349	0.7
22,395	1.0
22,604	1.0
22,832	1.0

Our Mission

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



**Osseo Area
Schools**

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

Independent School District No. 279
Maple Grove, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation School Building and Refunding Bonds, Series 2026A
 Independent School District No. 279 (Osseo Area Schools), Minnesota
 Hennepin County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 279 (Osseo Area Schools), Minnesota (the District), of the obligations described above, dated, as originally issued, as of March [], 2026 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the District, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the District, but if necessary for payment thereof, additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. The resolution authorizing the issuance of the Bonds obligates the District to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of such law against the State of Minnesota in the absence of legally appropriated and available funds to pay the obligations of the State thereunder.

4. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

5. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs 1, 2, and 3 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 4 and 5 above are subject to the compliance by the District with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the District and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express no opinion with respect thereto.

Dated this [] day of March, 2026.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM AWARD RESOLUTION)**

(See following pages)

Form of Continuing Disclosure Covenants

Excerpt from Resolution

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2026, the following financial information and operating data in respect of the District (the Disclosure Information):
 - (A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of

the District, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “VALUATIONS – Current Property Valuations;” “DEBT – Direct Debt;” “TAX LEVIES, COLLECTION AND RATES – Tax Levies and Collections;” “THE ISSUER – Student Body;” and “GENERAL INFORMATION – Employment/Unemployment Data;” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with

- respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of Bond holders, if material;
 - (H) Bond calls, if material and tender offers;
 - (I) defeasances;
 - (J) release, substitution, or sale of property securing repayment of the Bonds if material;
 - (K) rating changes;
 - (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
 - (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (O) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and
 - (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been

assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
 - (C) the termination of the obligations of the District under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

- (1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successive thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule. If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.
- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

TERMS OF PROPOSAL

**\$99,685,000* GENERAL OBLIGATION SCHOOL BUILDING AND REFUNDING BONDS,
SERIES 2026A
INDEPENDENT SCHOOL DISTRICT NO. 279 (OSSEO AREA SCHOOLS), MINNESOTA**

Proposals for the purchase of \$99,685,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds") of Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M., Central Time, on February 24, 2026, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, Minnesota Statutes, Section 123B.595, as amended, and a special election held by the District on November 7, 2023, by the District, for the purposes of financing the acquisition and betterment of school sites and facilities in the District and effecting a current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated March 19, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$11,650,000	2034	\$1,150,000	2041	\$5,750,000
2028	6,815,000	2035	1,175,000	2042	6,000,000
2029	7,350,000	2036	1,200,000	2043	6,250,000
2030	8,180,000	2037	1,225,000	2044	6,500,000
2031	9,315,000	2038	1,250,000	2045	8,285,000
2032	7,265,000	2039	1,460,000	2046	2,240,000
2033	1,125,000	2040	5,500,000		

ADJUSTMENT OPTION

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT/ESCROW AGENT

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds maturing on and after February 1, 2035 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The Clerk is required to cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

DELIVERY

On or about March 19, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$99,685,000 plus accrued interest on the principal sum of \$99,685,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 9:30 A.M., Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$1,993,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in the resolution awarding the Bonds, the District will agree to provide certain information and notices of the occurrences of certain events to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) System. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the District requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the District shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the District advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the District at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the District advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the District confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the District a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 279
(Osseo Area Schools), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District")

February 24, 2026

RE: \$99,685,000* General Obligation School Building and Refunding Bonds, Series 2026A (the "Bonds")
DATED: March 19, 2026

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$99,685,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038	_____ % due	2045
_____ % due	2032	_____ % due	2039	_____ % due	2046
_____ % due	2033	_____ % due	2040		

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$1,993,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about March 19, 2026.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___10% test, or the ___hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 19, 2026 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 279 (Osseo Area Schools), Minnesota, on February 24, 2026.

By: _____ By: _____
Title: _____ Title: _____