PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 15, 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 Issue **Rating Application Made: S&P Global Ratings**

INDEPENDENT SCHOOL DISTRICT NO. 271
(BLOOMINGTON PUBLIC SCHOOLS), MINNESOTA
(Hennepin and Scott Counties)

(Minnesota School District Credit Enhancement Program)

$41,510,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2026B

PROPOSAL OPENING: October 26, 2026, 9:30 A.M., C.T. **CONSIDERATION**: October 26, 2026, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $41,510,000* General Obligation Facilities Maintenance Bonds, Series 2026B (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 123B.595, as amended, by Independent School District No. 271 (Bloomington Public Schools), Minnesota (the "District"), for the purpose of financing various deferred capital maintenance projects at District facilities, as included in the District's ten-year facility plan approved by the Commissioner of Education. 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: November 19, 2026

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2029	$100,000	2035	$1,450,000	2041	$2,270,000
2030	115,000	2036	1,455,000	2042	7,030,000
2031	105,000	2037	1,595,000	2043	7,060,000
2032	200,000	2038	1,695,000	2044	7,585,000
2033	375,000	2039	2,050,000	2045	4,570,000
2034	1,590,000	2040	2,265,000		

***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: August 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: $41,510,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $830,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

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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PROPOSAL FORM

BLOOMINGTON PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Tom Bennett	Board Chair	January 2030
Mia Olson	Vice Chair	January 2028
Matt Dymoke	Clerk	January 2030
Dawn Steigauf	Treasurer	January 2030
Nelly Korman	Member	January 2028
Ted Moore	Member	January 2030
Heather Starks	Member	January 2028

ADMINISTRATION

Eric Melbye, Superintendent of Schools
Rod Zivkovich, Executive Director Finance & Support Services
Kimberly Agate, Controller

PROFESSIONAL SERVICES

Holman Law Offices, Attorney to the District, Bloomington, Minnesota

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. 271 (Bloomington Public Schools), Minnesota (the "District") and the issuance of its $41,510,000* General Obligation Facilities Maintenance Bonds, Series 2026B (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 October 26, 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 Debt Issuance 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 November 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 August 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 2029 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"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying 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 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, and Minnesota Statutes, Section 123B.595, as amended, by the District for the purpose of financing various deferred capital maintenance projects at District facilities, as included in the District's ten-year facility plan approved by the Commissioner of Education.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$41,510,000	
Reoffering Premium	353,716	
Total Sources		**$41,863,716**
Uses		
Total Underwriter's Discount (0.800%)	$332,080	
Costs of Issuance	235,000	
Capitalized Interest	2,333,931	
Deposit to Construction Fund	38,962,705	
Total Uses		**$41,863,716**

*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 S&P Global Ratings ("S&P"). The "AAA" credit enhanced rating is based on the State of Minnesota's current "AAA"/Stable outlook rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The District currently has an "AA"/Stable outlook underlying rating from S&P 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 May 26, 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 (the "State") 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 9, 2026, for General Obligation State Bonds, Series 2026A, 2026B, 2026C, and 2026D, the State disclosed the following information about the State Credit Enhancement Program for School Districts:

> "As of June 30, 2026, 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 $20,512,000,000. 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 $1,677,000,000, with the maximum amount of principal and interest payable in any one month being $1,342,410,000. 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.

In the previous five years, the District believes it has not failed to comply in all material respects with its prior undertakings under the Rule. 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 s. 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 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 Bondholder'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 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 BerganKDV, Ltd., 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 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 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 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 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 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	2023/24	2024/25	2025/26
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 $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]	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: – 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

2025/26 Economic Market Value $18,408,570,056[1]

2025/26 Assessor's Estimated Market Value

	Hennepin County	Scott County	Total
Real Estate	$17,729,757,600	$13,847,400	$17,743,605,000
Personal Property	48,264,000	61,600	48,325,600
Total Valuation	$17,778,021,600	$13,909,000	$17,791,930,600

2025/26 Net Tax Capacity

	Hennepin County	Scott County	Total
Real Estate	$228,581,503	$276,948	$228,858,451
Personal Property	946,974	1,232	948,206
Net Tax Capacity	$229,528,477	$278,180	$229,806,657
Less:			
Captured Tax Increment Tax Capacity[2]	(15,643,251)	0	(15,643,251)
Fiscal Disparities Contribution[3]	(30,197,067)	(109,647)	(30,306,714)
Taxable Net Tax Capacity	$183,688,159	$168,533	$183,856,692
Plus: Fiscal Disparities Distribution[3]	14,931,158	0	14,931,158
Adjusted Taxable Net Tax Capacity	$198,619,317	$168,533	$198,787,850

[1] According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District was about 97.03% 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 $18,408,570,056.

[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.

2025/26 NET TAX CAPACITY BY CLASSIFICATION

	2025/26 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$99,934,491	43.486%
Agricultural	6,999	0.003%
Commercial/industrial	102,228,368	44.485%
Public utility	1,070,316	0.466%
Railroad operating property	178,460	0.078%
Non-homestead residential	24,856,286	10.816%
Commercial & residential seasonal/rec.	337,105	0.147%
Other	246,426	0.107%
Personal property	948,206	0.413%
Total	$229,806,657	100.000%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2021/22	$14,876,670,300	$14,585,331,327	$194,073,700	$166,361,038	2.25%
2022/23	16,966,827,200	16,741,642,432	219,763,596	193,332,680	14.05%
2023/24	17,537,198,500	17,317,037,936	228,648,818	200,811,804	3.36%
2024/25	17,690,190,600	17,280,045,075	228,626,440	199,574,224	0.87%
2025/26	17,791,930,600	17,385,864,650	229,806,657	198,787,850	0.58%

[1] Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

[2] Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYING PARCELS AND TAXPAYERS[1]

Taxpayer	Type of Property	2025/26 Net Tax Capacity	Percent of District's Total Net Tax Capacity
MOAC Mall Holdings	Commercial	$16,851,250	7.33%
Namco Realty LLC	Commercial	1,533,250	0.67%
South Pad Hotel LLC	Commercial	1,370,084	0.60%
8400 Norrmandale PRPRTS, LLC	Commercial	1,336,790	0.58%
Kraus-Anderson Inc.	Commercial	1,197,250	0.52%
BCS4 Multifamily, LLC	Apartment	1,164,994	0.51%
BCS3 Housing, LLC	Apartment	1,082,326	0.47%
GWR Minnesota Prop Owner	Commercial	1,033,250	0.45%
6201 West 111th Street LLC	Industrial	1,020,572	0.44%
Walser Real Estate IV LLC	Commercial	1,017,250	0.44%
Total		$27,607,016	12.01%

District's Total 2025/26 Net Tax Capacity $229,806,657

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

DEBT

DIRECT DEBT[2]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[3] (includes the Bonds)*	$202,305,000

*Preliminary, subject to change.

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[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 and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Intermediate District No. 917 (the "Intermediate District"), authorized by 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 school districts. The allocation of the debt service payments is determined by agreement among the member school 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 has no current plans for additional financing in 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.

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. The District does not currently qualify for the Agricultural Credit.

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:

2025/26 Economic Market Value	$18,408,570,056
Multiply by 15%	0.15
Statutory Debt Limit	$2,761,285,508
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(202,305,000)
Unused Debt Limit*	$2,558,980,508

*Preliminary, subject to change.

Independent School District No. 271 (Bloomington Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 11/19/2026)

	Alternative Facilities Bonds Series 2014B		Facilities Maintenance Bonds Series 2017A		Facilities Maintenance Bonds Series 2019A		Facilities Maintenance Bonds Series 2020A		Facilities Maintenance Bonds Series 2022A	
Dated	12/30/2014		03/23/2017		03/14/2019		09/03/2020		12/29/2022	
Amount	$25,965,000		$24,915,000		$23,935,000		$27,205,000		$23,480,000	
Maturity	02/01 & 03/26		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	0	58,788	0	447,969	2,130,000	381,869	3,005,000	165,134	1,090,000	485,075
2028	0	117,575	0	895,938	2,160,000	657,238	3,540,000	270,169	1,355,000	915,650
2029	0	117,575	0	895,938	2,270,000	549,238	3,210,000	199,369	1,375,000	847,900
2030	0	117,575	0	895,938	2,365,000	481,138	3,295,000	135,169	2,390,000	779,150
2031	0	117,575	0	895,938	3,375,000	410,188	1,805,000	69,269	3,060,000	659,650
2032	0	117,575	0	895,938	2,540,000	308,938	2,360,000	51,219	3,625,000	506,650
2033	0	117,575	0	895,938	2,605,000	232,738	2,455,000	27,619	3,800,000	325,400
2034	1,570,000	117,575	0	895,938	0	154,588			4,335,000	173,400
2035	0	68,513	0	895,938	0	154,588				
2036	0	68,513	0	895,938	0	154,588				
2037	0	68,513	0	895,938	0	154,588				
2038	2,030,000	68,513	5,250,000	895,938	0	154,588				
2039			7,560,000	718,750	0	154,588				
2040			7,985,000	463,600	0	154,588				
2041			4,120,000	144,200	4,075,000	154,588				
2042					400,000	14,000				
2043										
2044										
2045										
	3,600,000	1,155,863	24,915,000	11,629,831	21,920,000	4,272,044	19,670,000	917,947	21,030,000	4,692,875

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Independent School District No. 271 (Bloomington Public Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/19/2026)

	Fac. Maint. and Cap. Facilities Bonds Series 2024A		Alternative Facilities Refunding Bonds Series 2026A		Facilities Maintenance Bonds Series 2026B							
Dated	11/21/2024		02/19/2026		11/19/2026							
Amount	$34,670,000		$35,380,000		$41,510,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2027	435,000	842,703	875,000	756,400	0	0	7,535,000	3,137,938	10,672,938	194,770,000	3.72%	**2027**
2028	1,430,000	1,663,656	2,250,000	1,469,050	0	2,333,931	10,735,000	8,323,206	19,058,206	184,035,000	9.03%	**2028**
2029	4,515,000	1,592,156	1,190,000	1,356,550	100,000	1,944,943	12,660,000	7,503,668	20,163,668	171,375,000	15.29%	**2029**
2030	2,660,000	1,366,406	2,085,000	1,297,050	115,000	1,939,943	12,910,000	7,012,368	19,922,368	158,465,000	21.67%	**2030**
2031	2,105,000	1,233,406	2,930,000	1,192,800	105,000	1,934,193	13,380,000	6,513,018	19,893,018	145,085,000	28.28%	**2031**
2032	7,400,000	1,128,156	1,460,000	1,046,300	200,000	1,928,943	17,585,000	5,983,718	23,568,718	127,500,000	36.98%	**2032**
2033	5,800,000	758,156	2,075,000	973,300	375,000	1,918,943	17,110,000	5,249,668	22,359,668	110,390,000	45.43%	**2033**
2034	1,890,000	468,156	5,915,000	869,550	1,590,000	1,900,193	15,300,000	4,579,399	19,879,399	95,090,000	53.00%	**2034**
2035	5,360,000	373,656	3,790,000	573,800	1,450,000	1,820,693	10,600,000	3,887,186	14,487,186	84,490,000	58.24%	**2035**
2036	630,000	105,656	6,380,000	384,300	1,455,000	1,748,193	8,465,000	3,357,186	11,822,186	76,025,000	62.42%	**2036**
2037	660,000	80,456	6,430,000	192,900	1,595,000	1,675,443	8,685,000	3,067,836	11,752,836	67,340,000	66.71%	**2037**
2038	685,000	54,056			1,695,000	1,611,643	9,660,000	2,784,736	12,444,736	57,680,000	71.49%	**2038**
2039	710,000	27,513			2,050,000	1,543,843	10,320,000	2,444,693	12,764,693	47,360,000	76.59%	**2039**
2040					2,265,000	1,451,593	10,250,000	2,069,780	12,319,780	37,110,000	81.66%	**2040**
2041					2,270,000	1,349,668	10,465,000	1,648,455	12,113,455	26,645,000	86.83%	**2041**
2042					7,030,000	1,247,518	7,430,000	1,261,518	8,691,518	19,215,000	90.50%	**2042**
2043					7,060,000	924,138	7,060,000	924,138	7,984,138	12,155,000	93.99%	**2043**
2044					7,585,000	588,788	7,585,000	588,788	8,173,788	4,570,000	97.74%	**2044**
2045					4,570,000	228,500	4,570,000	228,500	4,798,500	0	100.00%	**2045**
	34,280,000	9,694,134	35,380,000	10,112,000	41,510,000	28,091,101	202,305,000	70,565,795	272,870,795			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2025/26 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Counties of:				
Hennepin	$2,885,601,120	6.8831%	$1,423,260,000[3]	$97,964,409
Scott	345,024,650	0.0488%	83,030,000	40,519
Cities of:				
Bloomington	200,478,579	99.0592%	103,290,000	102,318,248
Edina	197,461,010	0.0136%	94,976,000	12,917
Savage	62,971,279	0.2676%	26,480,000	70,860
Special Districts of:				
Metropolitan Council	6,503,726,905	3.0565%	261,560,000[4]	7,994,581
Three Rivers Park District	2,121,317,192	9.3630%	50,230,000	4,703,035
District's Share of Total Overlapping Debt				$213,104,569

[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 $18,408,570,056	Debt/ Per Capita 92,590[1]
Total G.O. Debt Paid from Taxes and State Aids*	$202,350,000	1.10%	$2,185.44
District's Share of Total Overlapping Debt	$213,104,569	1.16%	$2,301.59
Total*	$415,454,569	2.26%	$4,487.04

*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
2021/22	$63,055,815	$62,738,690	$63,023,703	99.95%
2022/23	66,859,068	65,235,786	66,799,988	99.91%
2023/24	70,542,902	70,051,559	70,458,753	99.88%
2024/25	73,382,331	72,843,211	72,843,211	99.27%
2025/26	78,199,782	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 2025 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 15 of each year.

TAX CAPACITY RATES[1]

	2021/22	2022/23	2023/24	2024/25	2025/26
I.S.D. No. 271 (Bloomington Public Schools)	21.511%	17.307%	18.085%	19.857%	22.102%
Hennepin County	38.535%	34.542%	34.681%	37.081%	39.242%
Scott County	30.492%	26.578%	26.228%	26.977%	28.107%
City of Bloomington	42.351%	39.422%	40.601%	44.931%	48.537%
City of Edina	29.088%	28.194%	28.544%	30.370%	32.309%
City of Savage	40.326%	35.986%	37.606%	40.533%	42.557%
Hennepin RRA	1.329%	1.188%	1.153%	1.205%	1.177%
Hennepin HRA	0.771%	0.663%	0.624%	0.797%	0.768%
Lower Minnesota WD	0.496%	0.467%	0.631%	0.687%	0.983%
Metropolitan Council (portion applicable to Hennepin County)	0.659%	0.576%	0.614%	0.567%	0.598%
Metropolitan Council (portion applicable to Scott County)	0.650%	0.538%	0.633%	0.532%	0.592%
Metro Mosquito (portion applicable to Hennepin County)	0.377%	0.331%	0.312%	0.328%	0.333%
Metro Mosquito (portion applicable to Scott County)	0.364%	0.303%	0.316%	0.302%	0.324%
Metro Transit (portion applicable to Hennepin County)	1.204%	1.066%	0.927%	1.134%	0.987%
Metro Transit (portion applicable to Scott County)	1.185%	1.085%	1.018%	1.062%	1.089%
Park Museum	0.722%	0.647%	0.694%	0.744%	0.731%
Scott CDA	1.597%	1.385%	1.442%	1.533%	1.604%
Scott RRA	N/A	N/A	N/A	0.131%	0.052%
Three Rivers Park District	2.787%	2.473%	2.399%	2.471%	2.529%
Referendum Market Value Rates:					
I.S.D. No. 271 (Bloomington Public Schools)	0.17280%	0.18556%	0.18718%	0.18497%	0.18317%

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

[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.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,916, including 972 non-licensed employees and 944 licensed employees (899 of whom are teachers). The District provides education for 9,495 students in grades kindergarten through twelve.

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
Clerical	June 30, 2027
Food Service	June 30, 2027
Custodial/Bus Drivers	June 30, 2027
Health Service Association	June 30, 2027
Paraprofessional	June 30, 2027
Principals	June 30, 2027
Teachers	June 30, 2027

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 most recent actuarial study shows a total OPEB liability of $13,264,463 as of June 30, 2026. In April of 2009, the District issued $12,585,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2025, the net position of the trust was $13,304,866. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit and actuarial study.

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
2022/23	680	4,098	5,024	9,802
2023/24	657	4,056	4,967	9,680
2024/25	628	4,184	4,987	9,799
2025/26	590	4,149	5,049	9,788
2026/27	605	4,050	4,840	9,495

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2027/28	590	4,020	4,800	9,410
2028/29	580	4,000	4,750	9,330
2029/30	570	3,980	4,700	9,250

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Hillcrest Community School	1963	2001, 2023
Indian Mounds Elementary	1960	2001, 2015
Normandale Hills Elementary	1968	2000, 2014, 2024
Oak Grove Elementary	1967	2000, 2016
Olson Elementary	1967	2000, 2024-26
Poplar Bridge Elementary	1962	2001, 2019
Ridgeview Elementary	1962	2001, 2018
Valley View Elementary	1956	2000, 2015
Washburn Elementary	1960	2001, 2016, 2025-26
Westwood Elementary	1954	2000, 2014
Oak Grove Middle School	1969	2001
Olson Middle School	1967	2000, 2010, 2025-27
Valley View Middle School	1959	2001, 2021
Jefferson High School	1970	2001, 2013, 2016, 2019
Kennedy High School	1965	2002, 2015, 2019
Pond Center	1963	2004

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 October 7, 2026)

Fund	**Total Cash and Investments**
General	$80,023,816
Food Service	4,608,855
Community Service	3,405,374
Debt Service	6,543,703
Building/Construction	21,035,976
Internal Service	4,562,281
Total Funds on Hand	$120,180,005

BUDGET SUMMARIES

FISCAL YEAR ENDING JUNE 30, 2026

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	$59,310,418	$227,850,857	($222,393,797)	$5,457,060	$64,767,478
Food Service	4,651,707	7,337,870	(7,349,993)	(12,123)	4,639,584
Community Service	5,254,053	11,550,164	(13,117,463)	(1,567,299)	3,686,754
Building/Construction	35,120,685	2,308,039	(32,786,409)	(30,478,370)	4,642,315
Debt Service	2,386,871	52,565,021	(52,345,322)	219,699	2,606,570
Internal Service Fund	13,915,886	37,158,140	(39,229,701)	(2,071,561)	11,844,325
OPEB Irrevocable Trust Fund	13,304,866	467,596	(2,450)	465,146	13,770,012
OPEB Debt Service Fund	754,266	0	(754,266)	(754,266)	0
Total All Funds	$134,698,752	$339,237,687	($367,979,401)	($28,741,714)	$105,957,038

FISCAL YEAR ENDING JUNE 30, 2027

Fund	June 30, 2026 Actual Fund Balance	2026-27 Projected Revenues and Transfers In	2026-27 Projected Expenditures and Transfers Out	2026-27 Revenues over (under) expenditures	June 30, 2027 Projected Fund Balance
General	$64,767,478	$237,000,000	($237,000,000)	$0	$64,767,478
Food Service	4,639,584	5,705,000	(6,554,555)	(849,555)	3,790,029
Community Service	3,686,754	12,694,123	(13,748,646)	(1,054,523)	2,632,231
Building/Construction	4,642,316	41,100,000	(16,000,000)	25,100,000	29,742,316
Debt Service	2,606,570	14,469,405	(13,741,075)	728,330	3,334,900
Internal Service Fund	11,844,325	37,910,000	(38,455,700)	(545,700)	11,298,625
OPEB Irrevocable Trust Fund	13,770,012	100,000	(1,000,000)	(900,000)	12,870,012
Total All Funds	$105,957,039	$348,978,528	($326,499,976)	$22,478,552	$128,435,591

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 property taxes	$47,805,383	$48,077,277	$48,845,674	$53,433,464	$57,479,703
Other local and county revenues	2,892,499	3,703,962	4,591,569	5,756,254	8,682,664
Revenues from state sources	109,619,264	112,229,104	119,180,865	138,362,794	144,952,510
Revenues from federal sources	7,470,094	10,229,953	23,626,874	6,904,565	5,951,126
Total Revenues	$167,788,000	$174,240,296	$196,244,982	$204,457,077	$217,066,003
Expenditures					
Administration	$6,562,215	$6,553,666	$6,472,032	$7,433,282	$7,097,280
District support services	4,940,706	5,431,087	5,233,473	5,745,956	6,234,140
Elementary & secondary regular instruction	73,662,633	77,165,815	78,605,675	82,546,336	83,813,146
Vocational education instruction	1,150,862	1,242,696	1,340,945	1,473,820	1,358,456
Special education instruction	36,363,766	38,394,858	41,819,992	48,109,444	53,952,658
Instructional support services	9,320,732	10,486,207	11,256,353	11,469,570	17,965,932
Pupil support services	12,545,735	15,667,830	18,382,976	18,401,216	20,289,230
Sites and buildings	11,653,245	11,545,528	12,158,934	12,019,419	13,365,810
Fiscal and other fixed cost programs	379,238	396,050	560,096	519,906	611,947
Capital outlay	6,298,279	2,902,060	8,916,351	6,252,124	5,478,944
Debt service	69,855	806,612	747,659	796,135	1,209,996
Total Expenditures	$162,947,266	$170,592,409	$185,494,486	$194,767,208	$211,377,539
Excess of revenues over (under) expenditures	$4,840,734	$3,647,887	$10,750,496	$9,689,869	$5,688,464
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	$37,159	$314	$67,711	$39,237	$20,859
Insurance recovery	0	0	5,665	123,190	18,622
Lease proceeds	0	0	22,312	163,109	0
Transfers in (out)	(340,020)	(380,056)	(465,357)	(406,141)	(444,056)
Total Other Financing Sources (Uses)	($302,861)	($379,742)	($369,669)	($80,605)	($404,575)
Net changes in Fund Balances	$4,537,873	$3,268,145	$10,380,827	$9,609,264	$5,283,889
General Fund Balance July 1	$26,230,420	$30,768,293	$34,036,438	$44,417,265	$54,026,529
General Fund Balance June 30	$30,768,293	$34,036,438	$44,417,265	$54,026,529	$59,310,418
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$571,917	$421,164	$350,963	$637,566	$389,895
Restricted	13,716,021	15,005,067	17,166,139	19,481,520	18,922,811
Committed	2,525,363	2,504,633	13,897,134	18,582,552	18,689,884
Assigned	123,000	123,000	120,000	120,000	120,000
Unassigned	13,831,992	15,982,574	12,883,029	15,204,891	21,187,828
Total	$30,768,293	$34,036,438	$44,417,265	$54,026,529	$59,310,418

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 89,974 and a 2025 population estimate of 92,590, and comprising area of 38.21 square miles, is located approximately 10 miles south of Minneapolis, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Mall of America	Shopping center	10,829 [2]
Seagate Technology	Design and develop disc drive heads	3,500
I.S.D. No. 271 (Bloomington Public Schools)	Elementary and secondary education	1,916
HealthPartners	Health insurance provider	1,900
Donaldson Companies, Inc.	Filtration systems and replacement parts provider	1,200
The Toro Company	Landscape machinery manufacturer	1,200
Willis Towers Watson	Advisory brokering solutions	1,000
SICK, Inc.	Surgical & medical instrument manufacturers	864
Emerson Automation Management	Control systems	700
Normandale Community College	Post secondary education	700

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	82,887
2020 U.S. Census population	89,974
Percent of Change 2010 - 2020	8.55%
2025 State Demographer Estimate	92,590

[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.

[2] The Mall of America alone has 829 employees with each tenant having its own additional employees which is approximately 10,000 tenant employees.

Income and Age Statistics

	The District	Hennepin County	State of Minnesota	United States
2024 per capita income	$52,177	$59,401	$48,237	$44,673
2024 median household income	$93,213	$97,653	$89,062	$80,734
2024 median family income	$120,070	$134,878	$113,993	$99,999
2024 median gross rent	$1,559	$1,487	$1,280	$1,413
2024 median value owner occupied units	$361,500	$392,900	$329,300	$332,700
2024 median age	41.1 yrs.	37.6 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
District % of 2024 per capita income	108.17%	116.80%
District % of 2024 median family income	105.33%	120.07%

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.

	Average Employment	Average Unemployment	
Year	Hennepin County	Hennepin County	State of Minnesota
2022	692,966	2.2%	2.5%
2023	696,639	2.5%	2.8%
2024	696,890	2.9%	3.1%
2025	699,971	3.6%	3.9%
2026, August	682,253	4.6%	4.8%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

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.

Independent School District No. 271
Bloomington, Minnesota

Basic Financial Statements

June 30, 2025

Independent School District No. 271
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Independent School District No. 271
Board of Education and Administration
June 30, 2025

Board of Education	Position	Term Expires
Matt Dymoke	Chair	January 5, 2026
Tom Bennett	Vice Chair	January 5, 2026
Nelly Korman	Clerk	January 5, 2028
Beth Beebe	Treasurer	January 5, 2026
Heather Starks	Director	January 1, 2028
Mia Olson	Director	January 1, 2028
Dawn Steigauf	Director	January 1, 2026

Administration	
Dr. Eric Melbye	Superintendent
Rod Zivkovich	Executive Director of Finance and Support Services
Kim Agate	Controller

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Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ended June 30, 2025 and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 271 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
The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
The management of Independent School District No. 271 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information 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 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 Required Supplementary Information 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 supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025, on our consideration of the District's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Minneapolis, Minnesota
November 12, 2025

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Independent School District No. 271
Management's Discussion and Analysis

This section of the Independent School District No. 271, Bloomington Public Schools' (the "District") annual financial report presents the 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 District's financial statements, which immediately follow this section.

The MD&A is required supplementary information specified in the GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999*. Certain comparative information is required to be presented in the MD&A between the current year (2024-2025) and the prior year (2023-2024).

Financial Highlights

- Total net position at June 30, 2025, was negative $20.8 million, an increase of nearly $7.2 million in net position compared to the prior year.

- Overall program and general revenues were $257.3 million, $10.1 million more than related expenses of $247.2 million.

- Total General Fund balance (under the governmental fund presentation) increased $5.3 million from the prior year.

Overview of the Financial Statements

This annual financial report consists of four parts:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information

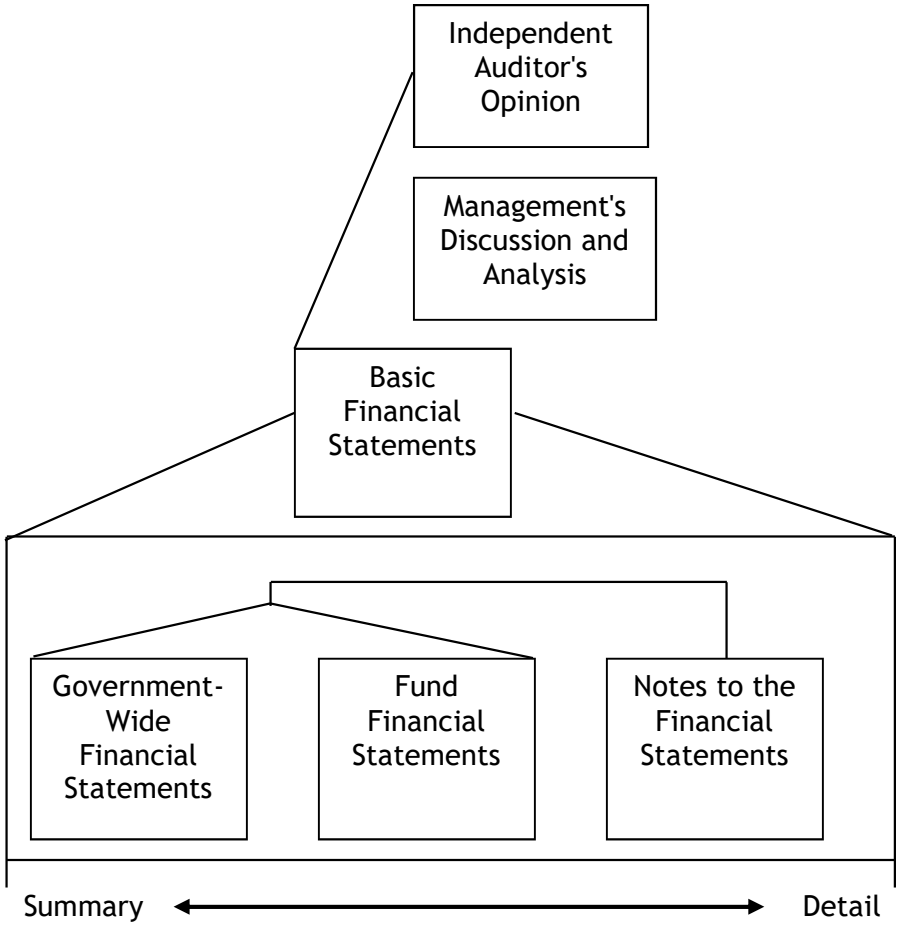
The basic financial statements include two kinds of statements that present different views of the District:

1. The government-wide financial statements provide both short-term and long-term information about the District's overall financial status. These include:
    - The Statement of Net Position
    - The Statement of Activities
2. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
    - The governmental funds statements examine how basic services, such as regular and special education were financed in the short-term, as well as what remains for future spending.
    - Proprietary funds statements present short-term and long-term financial information about the activities the District operates like businesses, such as dental and medical self-insurance, retiree severance and vacation funds.
    - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. The District is the Agent for the Bloomington Education Cable Television Fund. The District is also holding funds to be paid to Bloomington Kennedy graduates for college scholarships.

Overview of the Financial Statements (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 on the following page shows how the various parts of this annual report are arranged and how they relate to one another.

Figure A-1
Organization of the District's Annual Financial Report



Overview of the Financial Statements (Continued)

Figure A-2, shown below, summarizes the major features of the District's financial statements, including the portion of the District's activities which they cover and the types of information that they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements
Fund Financial Statements

	Government-Wide Financial Statements	Government 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, food service, community education and building maintenance	Activities the District operates similar to private businesses, such as self-insured medical and dental funds	Instances in which the District administers resources on behalf of someone else, such as Bloomington Educational Cable and student activities accounts
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows	• 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 and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no long-term liabilities included	All assets and liabilities, 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/out flow information	All revenues and expenses during 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 (Statement of Net Position and Statement of Activities) 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 and liabilities. 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 they have changed. Net Position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, consideration is given to 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 presented in one category titled governmental activities.

- **Governmental Activities**: Most of the District's basic services are included here, such as regular and special education, transportation and administration. State formula aid and property taxes 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, not the District as a whole. "Non-major" funds such as, food service and community service do not meet the threshold to be classified as "major" funds.

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 (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

Fund Financial Statements (Continued)

The District has two kinds of funds:

- **Governmental Funds***:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader 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 statements, additional information following the governmental funds statements explains the relationship (or differences) between them.

- **Proprietary Funds***:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses internal service funds to report activities that provide supplies and services for its other programs and activities. The District currently has four internal service funds; the Self-Insured Dental Fund, Self-Insured Medical Benefits Fund, Other Post-Employment Benefits (OPEB) Fund, and the Retiree Benefits Fund.

Fund Financial Statements (Continued)

***Net Position*:** The District's combined net position on June 30, 2025, was negative $20.8 million, an increase of approximately $7.2 million in net position compared to the prior year (See Figure A-3).

Figure A-3
Net Position - Governmental Activities

	Year Ended 2025	Year Ended 2024	Percentage Change
Assets			
Current and other assets	$ 249,942,467	$ 214,666,297	16.43%
Capital assets	149,301,395	143,009,769	4.40%
Total assets	399,243,862	357,676,066	11.62%
Deferred Outflows of Resources	32,206,303	32,321,443	-0.36%
Total assets and deferred outflows of resources	$ 431,450,165	$ 389,997,509	10.63%
Liabilities			
Other liabilities	$ 38,961,507	$ 31,703,049	22.90%
Long-term liabilities	306,201,253	304,032,120	0.71%
Total liabilities	$ 345,162,760	$ 335,735,169	2.81%
Deferred Inflows of Resources	$ 107,134,123	$ 82,321,481	30.14%
Net Position			
Net investment in capital assets	$ (1,419,516)	$ 3,303,712	-142.97%
Restricted	28,933,493	28,783,352	0.52%
Unrestricted	(48,360,695)	(60,146,205)	19.59%
Total net position	$ (20,846,718)	$ (28,059,141)	25.70%

***Changes in Net Position*:** The District's total revenues were $257.3 million for the year ended June 30, 2025 (See Figure A-4). Property taxes and state formula aid accounted for 61% of the District's revenue. (See Figure A-5). Another 33% came from grants and contributions restricted for specific programs. The remainder came from fees charged for services and miscellaneous sources. The total cost of all programs and services was $247.2 million. The District's expenses are predominantly related to direct instruction, instructional, and pupil support services (74%) (See Figure A-6). The District's administration and district support expenses are 6% of total costs.

Financial Analysis of the District as a Whole

Change in Net Position (Continued)

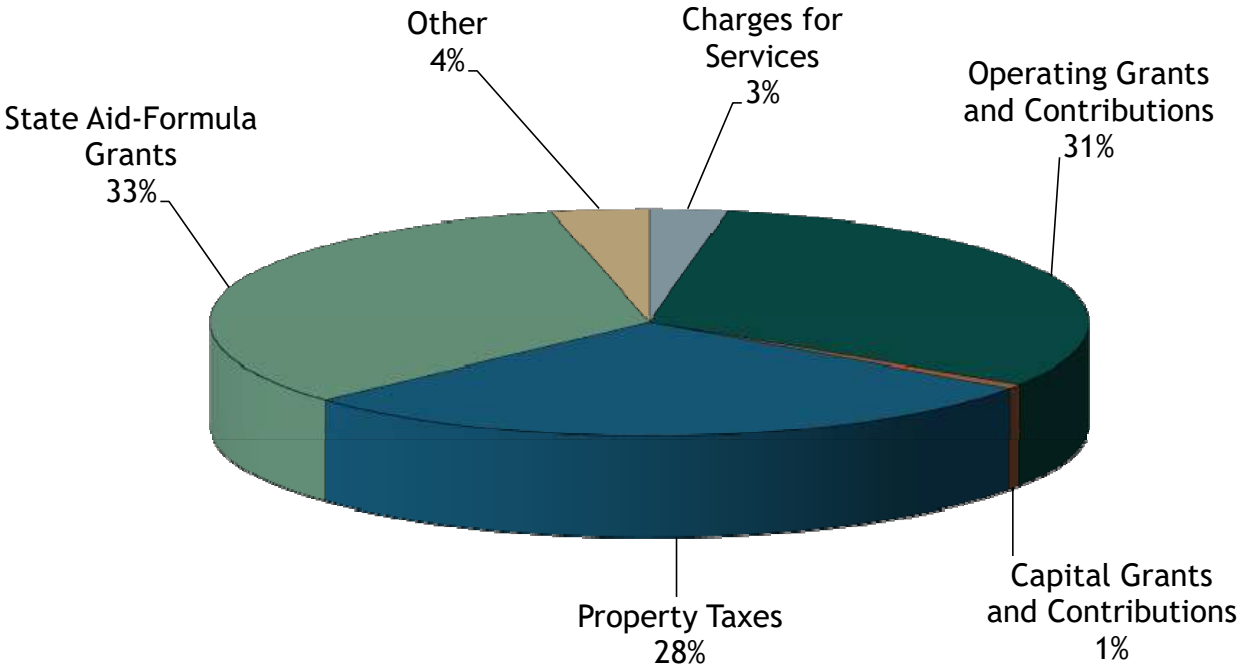
Figure A-4
Change in Net Position

	Year Ended 2025	Year Ended 2024	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 7,349,582	$ 7,318,762	0.42%
Operating grants and contributions	79,647,651	75,385,781	5.65%
Capital grants and contributions	4,073,847	1,691,323	140.87%
General revenues			
Property taxes	72,366,718	67,255,636	7.60%
State aid-formula grants	84,768,884	81,835,350	3.58%
Other	9,113,024	7,655,204	19.04%
Total revenues	257,319,706	241,142,056	6.71%
Expenses			
Administration	7,166,340	7,342,051	-2.39%
District Support Services	6,318,725	5,494,358	15.00%
Elementary and Secondary Regular Instruction	85,109,508	79,715,208	6.77%
Vocational Education Instruction	1,370,887	1,391,730	-1.50%
Special Education Instruction	54,248,575	47,276,703	14.75%
Instructional Support Services	19,547,428	12,482,004	56.60%
Pupil Support Services	21,829,036	17,229,885	26.69%
Sites and Buildings	15,532,180	15,467,735	0.42%
Fiscal and other fixed cost programs	557,133	519,906	7.16%
Food Service	6,622,601	6,737,218	-1.70%
Community Education and Services	12,658,146	12,505,832	1.22%
Unallocated depreciation/amortization	11,537,994	13,069,511	-11.72%
Interest and fiscal charges on long-term debt	4,681,764	4,683,372	-0.03%
Total expenses	247,180,317	223,915,513	10.39%
Increase (decrease) in net position	10,139,389	17,226,543	-41.14%
Net Position			
Net position - beginning, as previously stated	(28,059,141)	(45,285,684)	-38.04%
Change in accounting principle	(2,926,966)	-	
Beginning of year, as restated	(30,986,107)	(45,285,684)	31.58%
End of year	$ (20,846,718)	$ (28,059,141)	25.70%

Financial Analysis of the District as a Whole (Continued)

Change in Net Position (Continued)

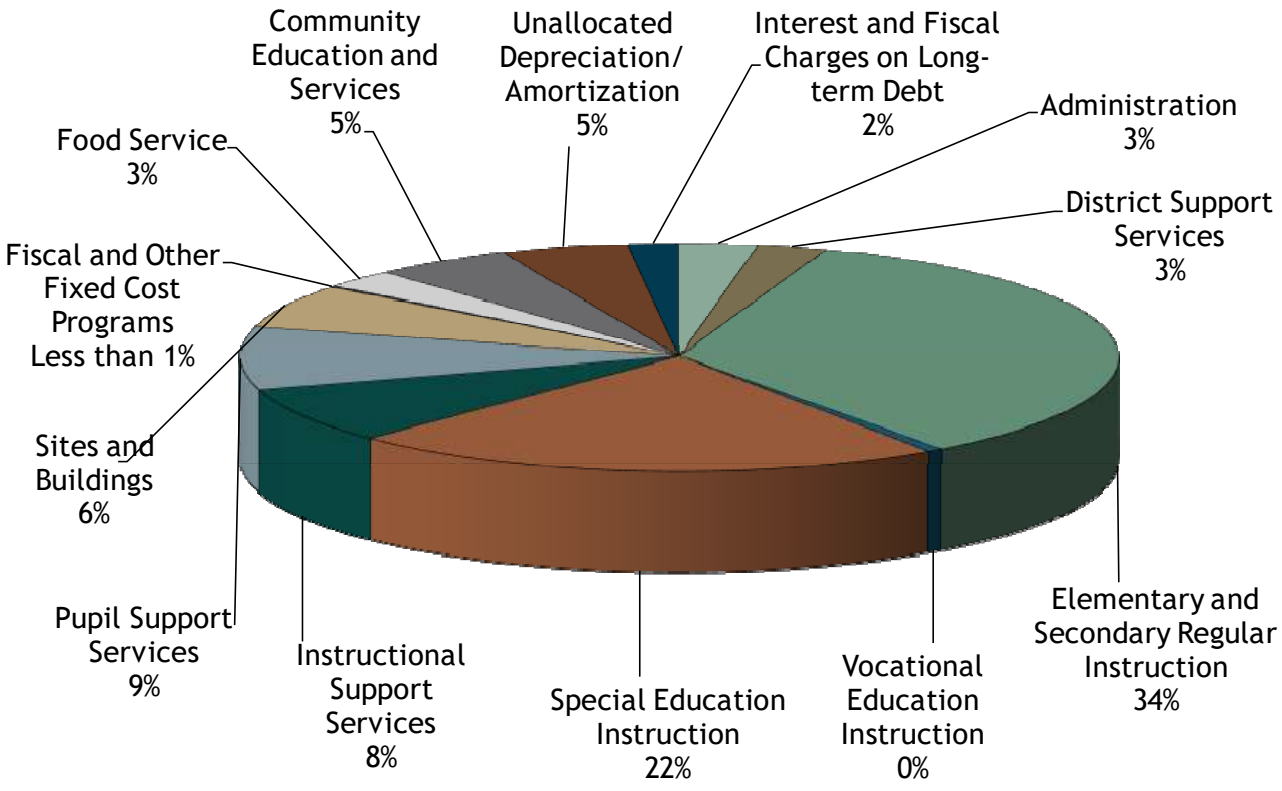
Figure A-5
Source of Revenues for Fiscal Year 2025



Financial Analysis of the District as a Whole (Continued)

Change in Net Position (Continued)

Figure A-6
Expenses for Fiscal Year 2025



Governmental Activities

Figure A-7 presents the cost of District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Net Cost of Governmental Activities
Year Ended June 30, 2025

	Total Cost of Services	Net Cost of Services
Administration	$ 7,166,340	$7,166,340
District Support Services	6,318,725	6,318,725
Elementary and Secondary Regular Instruction	85,109,508	59,136,995
Vocational Education Instruction	1,370,887	1,318,073
Special Education Instruction	54,248,575	10,936,117
Instructional Support Services	19,547,428	19,366,305
Pupil Support Services	21,829,036	21,411,373
Sites and Buildings	15,532,180	11,042,438
Fiscal and Other Fixed Cost Programs	557,133	557,133
Food Service	6,622,601	(243,868)
Community Education and Services	12,658,146	2,879,848
Unallocated Depreciation	11,537,994	11,537,994
Interest and Fiscal Charges on Long-Term Debt	4,681,764	4,681,764
Total	$ 247,180,317	$ 156,109,237

- Various fees and charges paid by users of the District services accounted for 2.9% or $7.3 million of expenses.
- Grants and contributions totaling $83.7 million, or 32.5%, offset other specific program costs.
- Local property taxes, state aid, federal grants and District fund balances (when expenses exceed revenues) provided funding for remaining costs of District services ($156.1 million).

Financial Analysis of the District's Funds

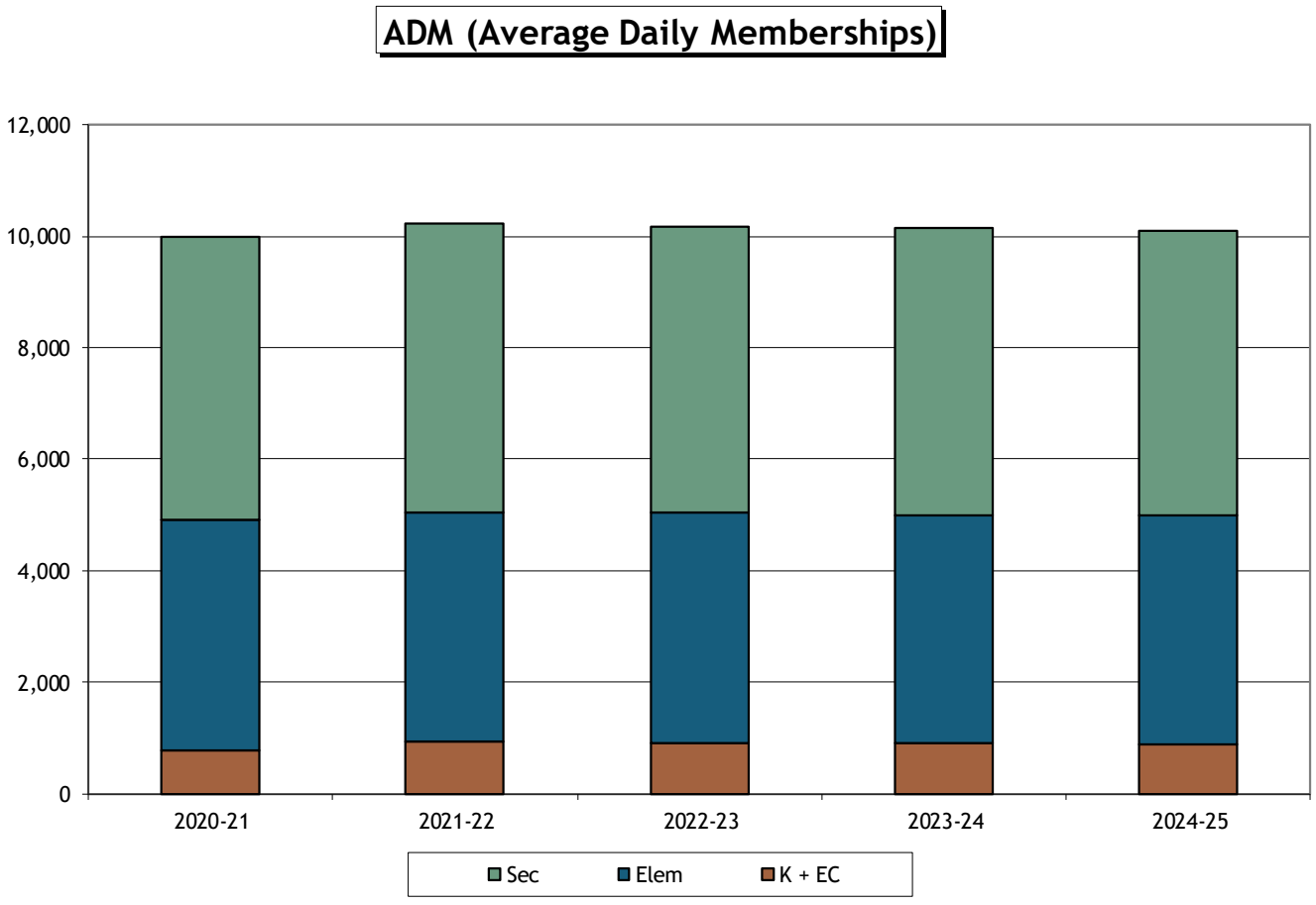
At the end of the 2024-2025 fiscal year, the District's governmental funds reported a combined fund balance of $107.5 million, an increase of $27.8 million from the June 30, 2024, combined fund balance of $79.7 million. The increase is due in large part to the $20.0 million increase in the Capital Projects Fund. This is a result of selling $34.7 million in bonds for future construction projects occurring in 2025-2028.

General Fund

The General Fund is the District's primary operating fund, providing instructional services to students from kindergarten through grade 12. In addition, the costs of pupil transportation and operating capital expenditures for equipment and facilities are included in the full reporting of the General Fund.

School funding in Minnesota is driven largely by pupil enrollment. In 2024-2025, the District saw a decrease of 37 average daily membership (ADM) over 2023-2024. Current ADM is 10,096.

The graph below illustrates the current trend in student enrollment over the previous five years.



General Fund Budgetary Highlights

Over the course of the year, the District amended the annual operating budget. The budget amendments account for enrollment changes, previous year carryover and amendments to federal and other grant programs.

While the District's amended budget for the General Fund projected a net decrease in the fund balance of $5.9 million, the actual performance shows a net increase of $5.3 million. This improvement was due to higher than anticipated special education funding, timing of e-rate reimbursement for the District fiber project, and additional investment income due to higher interest rates than expected. Less than budgeted expenditures for special education and capital outlay contributed to the fund balance.

Actual revenues were $217.1 million, or $7.3 million over the budget of $209.7 million. Actual expenditures were $211.4 million, or $3.8 million under the budget of $215.2 million.

Figure A-8
General Fund Expenditures

	Final Budget	Net Actual Amounts	Variance with Final Budget - Over (Under)
Administration	$ 7,599,071	$ 7,097,280	$ (501,791)
District Support Services	6,308,845	6,234,140	(74,705)
Elementary and Secondary Regular Instruction	83,507,262	83,813,146	305,884
Vocational Education Instruction	1,639,851	1,358,456	(281,395)
Special Education Instruction	55,363,832	53,952,658	(1,411,174)
Instructional Support Services	17,595,585	17,965,932	370,347
Pupil Support Services	20,820,805	20,289,230	(531,575)
Sites and Buildings	13,201,149	13,365,810	164,661
Fiscal and Other Fixed Cost Programs	588,150	557,133	(31,017)
Capital Outlay	7,815,068	5,533,758	(2,281,310)
Debt Service	737,311	1,209,996	472,685
Total	$ 215,176,929	$ 211,377,539	$ (3,799,390)

Food Service Fund

The Food Service Fund is used to record financial activity for the purpose of preparation and service of milk, meals and snacks in connection with school and community service activities. The Food Service Fund revenue exceeded expenditures by $437,236 in 2024-2025. The increase was due to additional participation in free meals with legislation at the state level.

This Fund continues to meet the District's established fund balance goals.

Community Service Fund
The Community Service Fund is used to record financial activities of the Community Services Preschool to Senior Citizens Programs. The Community Service Fund balance decreased $208,062 in 2024-2025.

This Fund continues to meet the District's established fund balance goals.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital or for initial or refunding bonds. The Debt Service Fund balance for 2024-2025 totaled $2,386,871. This is an increase of $2.0 million over the prior year.

Capital Asset and Debt Administration

Capital Assets
By the end of 2025, the District had invested $149.3 million in a broad range of capital assets, including school buildings, athletic facilities, computers, and audio-visual equipment (See Figure A-9). (More detailed information about capital assets can be found in Note 4 to the basic financial statements.)

Figure A-9
Capital Assets (Net of Accumulated Depreciation/Amortization)

	Year Ended 2025	Year Ended 2024
Land	$ 2,085,954	$ 2,085,954
Construction in progress	20,430,505	5,407,601
Buildings and buildings improvement	113,880,086	122,095,670
Leased building	7,192,185	8,298,679
Furniture and equipment	4,995,388	4,180,394
Leased equipment	34,477	55,505
Subscription assets	682,800	885,966
Total capital assets	$ 149,301,395	$ 143,009,769

Debt Administration

Figure A-10
Outstanding Long-Term Liabilities

	Year Ended 2025	Year Ended 2024
General Obligation (G.O.) bonds and loans	$ 177,733,515	$ 150,181,525
Lease liability	8,028,587	9,037,915
Benefits payable	5,517,989	2,063,841
Total long-term liabilities	$ 191,280,091	$ 161,283,281

At year-end, the District had $191.3 million in long-term liabilities, including G.O. bonds, leases, severance benefits, and compensated absences. (More detailed information about the District's long-term liabilities is presented in Note 5 to the basic financial statements).

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District has approved a plan to reduce $5.0 million per year for 2026-27 and 2027-28 to maintain long-term financial stability.
- The District is projecting slight decline in enrollment over the next five years.

Contacting the District's Financial Management

This financial report is designed to provide the District's 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 is entrusted with.

If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 271, 1350 West 106th Street, Bloomington, Minnesota 55431-4126.

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BASIC FINANCIAL STATEMENTS

Independent School District No. 271
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	$ 186,448,024
Current property taxes receivable	37,114,751
Delinquent property taxes receivable	623,729
Accounts receivable	2,030,549
Lease receivable	548,049
Interest receivable	2,186,359
Due from Department of Education	16,009,818
Due from other Minnesota school districts	499,614
Due from Federal Government through Department of Education	3,079,774
Due from other governmental units	839,688
Inventory	213,211
Prepaid items	348,901
Capital assets not being depreciated	
Land	2,085,954
Construction in progress	20,430,505
Capital assets net of depreciation/amortization	
Buildings and building improvements	113,880,086
Leased building	7,192,185
Furniture and equipment	4,995,388
Leased equipment	34,477
Subscription assets	682,800
	399,243,862
Deferred Outflows of Resources	
Deferred outflows related to OPEB	4,186,109
Deferred outflows related to pensions	28,020,194
Total deferred outflows of resources	32,206,303
Total assets and deferred outflows of resources	$ 431,450,165
Liabilities	
Accounts and contracts payable	$ 9,255,397
Salaries and benefits payable	23,221,859
Interest payable	2,628,157
Due to other Minnesota school districts	2,147,898
Due to other governmental units	1,124,222
Unearned revenue	583,974
Net bond principal payable	
Due within one year	8,130,000
Due in more than one year	169,603,515
Subscription liability	
Due within one year	41,437
Due in more than one year	38,057
Lease liability	
Payable within one year	1,063,384
Payable after one year	6,965,203
Compensated absences payable	
Due within one year	1,944,422
Due in more than one year	3,279,493
Severance payable	
Due within one year	29,407
Due in more than one year	264,667
Total OPEB Liability	
Due within one year	494,337
Due in more than one year	12,851,095
Net pension liability	101,496,236
Total liabilities	345,162,760
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	69,290,855
Deferred inflows related to lease receivable	548,049
Deferred inflows related to OPEB	2,934,291
Deferred inflows related to pensions	34,360,928
Total deferred inflows of resources	107,134,123
Net Position	
Net investment in capital assets	(1,419,516)
Restricted for	
Debt service	587,984
Other purposes	28,345,509
Unrestricted	(48,360,695)
Total net position	(20,846,718)
Total liabilities, deferred inflows of resources, and net position	$ 431,450,165

See notes to basic financial statements.

Independent School District No. 271
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 7,166,340	$ -	$ -	$ -	$ (7,166,340)
District support services	6,318,725	-	-	-	(6,318,725)
Elementary and secondary regular instruction	85,109,508	882,160	25,090,353	-	(59,136,995)
Vocational education instruction	1,370,887	-	52,814	-	(1,318,073)
Special education instruction	54,248,575	601,089	42,711,369	-	(10,936,117)
Instructional support services	19,547,428	-	181,123	-	(19,366,305)
Pupil support services	21,829,036	75,204	342,459	-	(21,411,373)
Sites and buildings	15,532,180	192,797	223,098	4,073,847	(11,042,438)
Fiscal and other fixed cost programs	557,133	-	-	-	(557,133)
Food service	6,622,601	113,355	6,753,114	-	243,868
Community education and services	12,658,146	5,484,977	4,293,321	-	(2,879,848)
Unallocated depreciation/amortization	11,537,994	-	-	-	(11,537,994)
Interest and fiscal charges on long-term debt	4,681,764	-	-	-	(4,681,764)
Total governmental activities	$ 247,180,317	$ 7,349,582	$ 79,647,651	$ 4,073,847	(156,109,237)
General revenues					
Taxes					
Property taxes, levied for general purposes					57,122,178
Property taxes, levied for debt service					13,163,389
Property taxes, levied for community service					2,081,151
State aid-formula grants					84,768,884
Other general revenues					2,060,502
Investment income					7,052,522
Total general revenues					166,248,626
Change in net position					10,139,389
Net position - beginning, as previously stated					(28,059,141)
Accounting change (see Note 11)					(2,926,966)
Net position - beginning, as restated					(30,986,107)
Net position - ending					$ (20,846,718)

See notes to basic financial statements.

Independent School District No. 271
Balance Sheet - Governmental Funds
June 30, 2025

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	$ 88,335,287	$ 8,290,004	$ 41,764,542	$ 12,340,707	$ 150,730,540
Current property taxes receivable	30,101,754	6,131,786	-	881,211	37,114,751
Delinquent property taxes receivable	489,204	77,419	-	57,106	623,729
Accounts receivable	56,909	-	-	1,161	58,070
Lease receivable	548,049	-	-	-	548,049
Interest receivable	1,601,945	-	463,810	-	2,065,755
Due from Department of Education	15,469,678	169,147	-	370,993	16,009,818
Due from Federal Government through Department of Education	2,848,075	-	-	231,699	3,079,774
Due from other Minnesota school districts	235,325	-	-	264,289	499,614
Due from other governmental units	839,688	-	-	-	839,688
Inventory	101,181	-	-	112,030	213,211
Prepaid items	288,714	-	-	60,187	348,901
Total assets	$ 140,915,809	$ 14,668,356	$ 42,228,352	$ 14,319,383	$ 212,131,900
Liabilities					
Accounts payable	$ 1,482,192	$ -	$ 5,312,371	$ 118,462	$ 6,913,025
Contracts payable	-	-	826,154	14,120	840,274
Salaries and benefits payable	17,573,294	-	1,107	1,319,458	18,893,859
Due to other Minnesota school districts	2,147,898	-	-	-	2,147,898
Due to other governmental units	156,187	-	968,035	-	1,124,222
Interfund payable	3,648,958	-	-	255,568	3,904,526
Unearned revenue	428,447	-	-	155,527	583,974
Total liabilities	25,436,976	-	7,107,667	1,863,135	34,407,778
Deferred inflows of resources					
Property tax levied for subsequent year's expenditures	55,299,847	12,232,982	-	1,758,026	69,290,855
Unavailable revenue - delinquent property taxes	320,519	48,503	-	38,196	407,218
Deferred inflows related to lease receivable	548,049	-	-	-	548,049
Total deferred inflows of resources	56,168,415	12,281,485	-	1,796,222	70,246,122
Fund Balances					
Nonspendable for					
Inventory	101,181	-	-	112,030	213,211
Prepaid items	288,714	-	-	60,187	348,901
Restricted for					
Student activities	148,799	-	-	-	148,799
Scholarships	14,793	-	-	-	14,793
Staff development	514,850	-	-	-	514,850
Capital projects levy	4,498,599	-	-	-	4,498,599
Literacy incentive aid	351,768	-	-	-	351,768
Operating capital	10,893,628	-	-	-	10,893,628
Medical assistance	637	-	-	-	637
Student support personnel	82,900	-	-	-	82,900
State approved alternative program	1,657,529	-	-	-	1,657,529
Literacy aid	410,922	-	-	-	410,922
Teacher compensation for READ Act training	348,386	-	-	-	348,386
Long-term facilities maintenance	-	-	29,296,816	-	29,296,816
Fund purpose	-	2,386,871	5,823,869	10,487,809	18,698,549
Committed for					
Wellness	25,082	-	-	-	25,082
Uniform and instrument replacement	124,148	-	-	-	124,148
Program shortfalls	17,000,000	-	-	-	17,000,000
Athletic activities	197,007	-	-	-	197,007
Middle school athletics	4,065	-	-	-	4,065
Site department carryover funds	1,140,035	-	-	-	1,140,035
Donations	199,547	-	-	-	199,547
Assigned for					
Property and casualty insurance	120,000	-	-	-	120,000
Unassigned	21,187,828	-	-	-	21,187,828
Total fund balances	59,310,418	2,386,871	35,120,685	10,660,026	107,478,000
Total liabilities, deferred inflows of resources, and fund balances	$ 140,915,809	$ 14,668,356	$ 42,228,352	$ 14,319,383	$ 212,131,900

See notes to basic financial statements.

Independent School District No. 271
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2025

Total fund balances - governmental funds	$ 107,478,000
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	365,360,438
Less accumulated depreciation/amortization	(216,059,043)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(171,020,000)
Bond premiums	(6,713,515)
Subscription liability	(79,494)
Lease liability	(8,028,587)
Compensated absences payable	(5,223,915)
Severance payable	(294,074)
Total OPEB liability	(13,345,432)
Net pension liability	(101,496,236)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows related to pensions	28,020,194
Deferred inflows related to pensions	(34,360,928)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.	
Deferred inflows related to OPEB	(2,934,291)
Deferred outflows related to OPEB	4,186,109
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	407,218
The retiree benefit and OPEB internal service funds are used to charge the benefits to the fund that incurs the cost. This amount represents assets available to fund the liabilities.	17,976,772
The dental and self insured medical benefit plans internal service funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.	17,908,223
Governmental funds do not report a liability for accrued interest on bonds and capital loans until due and payable.	(2,628,157)
Total net position - governmental activities	$ (20,846,718)

See notes to basic financial statements.

Independent School District No. 271
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	$ 57,479,703	$ 8,531,211	$ -	$ 6,799,830	$ 72,810,744
Other local and county revenues	8,682,664	209,514	1,753,421	6,106,462	16,752,061
Revenue from state sources	144,952,510	1,691,478	-	6,542,412	153,186,400
Revenue from federal sources	5,951,126	-	-	4,451,843	10,402,969
Sales and other conversion of assets	-	-	-	113,355	113,355
Interdistrict revenue	-	-	-	26,241	26,241
Total revenues	217,066,003	10,432,203	1,753,421	24,040,143	253,291,770
Expenditures					
Current					
Administration	7,097,280	-	-	-	7,097,280
District support services	6,234,140	-	-	-	6,234,140
Elementary and secondary regular instruction	83,813,146	-	-	91,416	83,904,562
Vocational education instruction	1,358,456	-	-	-	1,358,456
Special education instruction	53,952,658	-	-	-	53,952,658
Instructional support services	17,965,932	-	-	-	17,965,932
Pupil support services	20,289,230	-	-	-	20,289,230
Sites and buildings	13,365,810	-	868,330	-	14,234,140
Fiscal and other fixed cost programs	557,133	-	-	-	557,133
Food service	-	-	-	6,285,995	6,285,995
Community education and services	-	-	-	12,577,240	12,577,240
Capital outlay					
Administration	54,814	-	-	-	54,814
District support services	182,581	-	-	-	182,581
Elementary and secondary regular instruction	358,888	-	-	-	358,888
Special education instruction	14,061	-	-	-	14,061
Instructional support services	1,505,527	-	-	-	1,505,527
Pupil support services	1,282,755	-	-	-	1,282,755
Sites and buildings	2,135,132	-	17,589,369	-	19,724,501
Food service	-	-	-	341,828	341,828
Community education and services	-	-	-	146,135	146,135
Debt service					
Principal	1,048,748	4,975,000	-	4,390,000	10,413,748
Interest and fiscal charges	161,248	5,084,303	-	118,767	5,364,318
Total expenditures	211,377,539	10,059,303	18,457,699	23,951,381	263,845,922
Excess of revenues over (under) expenditures	5,688,464	372,900	(16,704,278)	88,762	(10,554,152)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	20,859	-	-	-	20,859
Insurance recovery	18,622	-	-	-	18,622
Bond issuance	-	1,618,472	33,051,528	-	34,670,000
Bond premium	-	-	3,625,691	-	3,625,691
Transfers in	-	-	-	444,056	444,056
Transfers out	(444,056)	-	-	-	(444,056)
Total other financing sources (uses)	(404,575)	1,618,472	36,677,219	444,056	38,335,172
Net change in fund balances	5,283,889	1,991,372	19,972,941	532,818	27,781,020
Fund Balances					
Beginning of year	54,026,529	395,499	15,147,744	10,127,208	79,696,980
End of year	$ 59,310,418	$ 2,386,871	$ 35,120,685	$ 10,660,026	$ 107,478,000

See notes to basic financial statements.

Independent School District No. 271
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$ 27,781,020
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense.	
Capital outlays	19,613,289
Depreciation/amortization expense	(13,313,875)
Loss on disposal	(7,788)
Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(527,182)
Net OPEB are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(92,610)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	10,413,748
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	4,755,144
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(601,594)
Governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	1,284,148
Proceeds from long-term debt are recognized as an other financing source, increasing fund balance in the governmental fund statements, but have no effect on net position in the Statement of Activities.	(38,295,691)
The retiree benefit internal service funds are used to charge the benefits to the fund that incurs the cost. This amount represents assets available to fund the liabilities and obligations.	532,539
The dental and self-insured medical benefit plans internal service funds are used by management to charge the costs of the self insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities.	(957,733)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(444,026)
Change in net position - governmental activities	$ 10,139,389

See notes to basic financial statements.

Independent School District No. 271
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Local property taxes	$ 55,635,106	$ 55,635,106	$ 57,479,703	$ 1,844,597
Other local and county revenues	3,596,350	4,296,350	8,682,664	4,386,314
Revenue from state sources	136,646,151	142,695,850	144,952,510	2,256,660
Revenue from federal sources	5,227,725	7,090,411	5,951,126	(1,139,285)
Total revenues	201,105,332	209,717,717	217,066,003	7,348,286
Expenditures				
Current				
Administration	7,600,309	7,599,071	7,097,280	(501,791)
District support services	6,297,545	6,308,845	6,234,140	(74,705)
Elementary and secondary regular instruction	82,108,732	83,507,262	83,813,146	305,884
Vocational education instruction	1,640,166	1,639,851	1,358,456	(281,395)
Special education instruction	54,030,892	55,363,832	53,952,658	(1,411,174)
Instructional support services	14,790,253	17,595,585	17,965,932	370,347
Pupil support services	20,650,805	20,820,805	20,289,230	(531,575)
Sites and buildings	13,201,149	13,201,149	13,365,810	164,661
Fiscal and other fixed cost programs	588,150	588,150	557,133	(31,017)
Capital outlay				
Administration	116,933	116,933	54,814	(62,119)
District support services	216,000	216,000	182,581	(33,419)
Elementary and secondary regular instruction	284,302	297,131	358,888	61,757
Special education instruction	24,350	24,350	14,061	(10,289)
Instructional support services	1,323,026	1,323,026	1,505,527	182,501
Pupil support services	1,151,425	1,351,425	1,282,755	(68,670)
Sites and buildings	4,486,203	4,486,203	2,135,132	(2,351,071)
Debt service				
Principal	737,311	737,311	1,048,748	311,437
Interest and fiscal charges	-	-	161,248	161,248
Total expenditures	209,247,551	215,176,929	211,377,539	(3,799,390)
Excess of revenues over (under) expenditures	(8,142,219)	(5,459,212)	5,688,464	11,147,676
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,000	2,000	20,859	18,859
Insurance recovery	-	-	18,622	18,622
Transfers out	(400,000)	(400,000)	(444,056)	(44,056)
Total other financing sources (uses)	(398,000)	(398,000)	(404,575)	(6,575)
Net change in fund balance	$ (8,540,219)	$ (5,857,212)	5,283,889	$ 11,141,101
Fund Balance				
Beginning of year			54,026,529	
End of year			$ 59,310,418	

Independent School District No. 271
Statement of Net Position - Proprietary Funds
As of June 30, 2025

	Governmental Activities - Internal Service Funds
Assets	
Cash and cash equivalents	$ 22,533,222
Investments	13,184,262
Accounts receivable	1,972,479
Interfund receivable	3,904,526
Interest receivable	120,604
Total assets	$ 41,715,093
Liabilities and Net Position	
Liabilities	
Accounts payable	$ 1,502,098
Incurred but not reported claims	4,328,000
Benefits payable	1,846,822
Unearned revenue	6,817,421
Total liabilities	14,494,341
Net Position	
Unrestricted	27,220,752
Total liabilities and net position	$ 41,715,093

See notes to basic financial statements.

Independent School District No. 271
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Operating Revenue	
Charges for services	$ 36,010,546
District contribution	217,940
Total revenue	36,228,486
Operating Expenses	
Salaries and benefits	63,000
Employee benefits	35,963,903
Administrative	3,250,649
Total operating expenses	39,277,552
Operating income (loss)	(3,049,066)
Nonoperating Revenue	
Investment income	1,620,383
Change in net position	(1,428,683)
Net Position	
Beginning of year	28,649,435
End of year	$ 27,220,752

See notes to basic financial statements.

Independent School District No. 271
Statement of Cash Flows - Proprietary Funds
As of June 30, 2025

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from employee contributions	$ 35,015,465
Receipts from district contributions	279,831
Employee claims paid	(35,688,900)
Payments to employees	(334,384)
Payments to suppliers	(1,777,712)
Net cash flows - operating activities	(2,505,700)
Cash Flows - Investment Activities	
Investment purchases	(377,584)
Interest received	1,679,549
Net cash flows - investment activities	1,301,965
Net change in cash and cash equivalents	(1,203,735)
Cash and Cash Equivalents	
Beginning of year	23,736,957
End of year	$ 22,533,222
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	$ (3,049,066)
Adjustments to reconcile operating income	
To net cash flows - operating activities	
Accounts payable	1,472,937
Benefits payable	61,891
Incurred but not reported dental claims	3,619
Accounts receivable	(1,405,859)
Interfund receivable	(530,820)
Unearned revenue	941,598
Net adjustments	543,366
Net cash flows - operating activities	$ (2,505,700)

See notes to basic financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a seven member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The basic financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are under board control and are reported in the General Fund.

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation and amortization expense relating to assets that serve multiple functions is presented as unallocated deprecation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 as follows:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences, and claims and judgments are recognized when payment is due.

In the fund financial statements and governmental funds report, fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor the constraints on the specific purpose for which amounts in these funds can be spent. If resources from more than one fund balance classification could be spent, the school will follow the approved district plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

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 revenues of the Internal Service Fund is employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (Continued)

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Description of Funds:

Major Funds:

General Fund – This fund is the basic operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects – Building Construction Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities funded with bond issues or special levies.

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education, or other similar services.

OPEB Debt Service – This fund is used to account for the accumulation of resources for, and payment of, the 2009A OPEB Bonds and 2017B Taxable OPEB Refunding Bonds.

Proprietary Fund:

Internal Service Funds – These funds are used to account for self insured employee dental and medical costs and related stop loss insurance and retiree benefits and OPEB obligations.

D. Deposits and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following page.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

All governmental, fiduciary, and proprietary funds of the District, except for the OPEB Fund, participate in a government-wide investment pool. Cash balances from these funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. The investment pool of the District functions essentially as a demand account for all participating funds. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and the State Investment Pool. Investments are stated at fair value.

The District's cash and cash equivalents in its OPEB Internal Service Fund are considered to be cash on hand, deposits, and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. For all other proprietary funds, the District maintains an internal investment pool; each fund's position in this pool is considered a cash equivalent.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

Interest is allocated among the funds based on the monthly cash balance.

E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represents uncollected taxes for the past six years and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following fiscal year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2024, less various components, and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in 2025. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenditures at the time of consumption.

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. County is the collecting agency for the levy and remit the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on
October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

J. Capital Assets

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than $5,000, or groups of assets more than $50,000 and an estimated useful life in excess of one year. Such 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for buildings and building improvements and 3 to 20 years for furniture and equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

K. Lease Receivable

The District is a lessor for numerous noncancellable leases. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the District determines (1) the discount rate, (2) lease term, and (3) lease receipts.

The District determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

L. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. The District has established a threshold of $7,000 for recording right-to-use lease assets.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements

The District recorded subscription assets as a result of implementing GASB Statement No. 96, Subscription-based information technology arrangements. The subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made prior to the subscription term, less subscription incentives, and plus ancillary charges necessary to place the subscription into service. The subscription assets are amortized on a straight-line basis over the life of the related subscription. The District has established a threshold of $7,000 for recording subscription assets.

Key estimates and judgments related to leases include (1) the discount rate, (2) subscription term, (3) subscription payments, and (4) amortization.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase options the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the subscriptions and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. A deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. A deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which qualify for reporting in this category. The first item, 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. The second item is 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. Deferred inflows of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to OPEB is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

O. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Compensated Absences

The District compensates most full-time classified employees upon termination of employment for unused vacation up to a set maximum. At June 30, 2025, the District recorded a liability of $1,846,822 for unused vacation in the Internal Service Fund. District employees are entitled to sick leave at various rates for each month of full-time service. Certain employees are compensated for unused sick leave upon termination of employment; unused sick leave also enters into the calculation of some employee's severance pay.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. 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 Teacher's Retirement Fund Association (DTRFA) in 2015.

R. Fund Equity

1. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include inventory and prepaid items.

- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.

- Committed Fund Balances – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the School Board (highest level of decision-making authority) through resolution.

- Assigned Fund Balances – The School Board delegates to the Superintendent, the authority to assign fund balances for specific purposes.

- Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

If resources from more than one fund balance classification could be spent, the school will follow the approved district plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

2. Minimum Fund Balance Policy

The District will strive to maintain a General Fund unassigned minimum fund balance of 4.5% of General Fund operating expenditures. When the District is projected to drop below its minimum fund balance, District administration shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction plan, or a combination of both.

S. Net Position

Net Position represents the difference between assets and deferred outflows of resource; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

T. Use of Estimates

The preparation of basic 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the Executive Director of Finance and Support Services submits to the School Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Executive Director of Finance and Support Services is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, and Debt Service Funds.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits: The District has a policy in place to address custodial credit risk for deposits, stating all deposits will be invested at financial institutions that are members of the Federal Deposit Insurance Corporation (FDIC) system and be willing and capable of posting collateral, private insurance, or letters of credit for funds in excess of FDIC insurable limits and in amounts required by the District. The District had deposits totaling $30,796,380 at June 30, 2025 that were covered by FDIC insurance or collateral pledged.

Checking - pooled	$ 1,285,861
Certificate of deposits - pooled	5,525,100
Certificate of deposits - non-pooled	19,197,186
Savings - pooled	4,788,233
	$ 30,796,380

B. Investments

As of June 30, 2025, the District had the following investments:

			Investment Maturities			
Type of Investments	Rating	Fair Value	Less than 1 year	1-2 years	2-5 years	5+ years
Pooled Investments						
Certificates of deposit	NR	$ 735,351	$ 735,351	$ -	$ -	$ -
US Treasury securities	AAAm	15,230,057	10,166,981	5,063,076	-	-
LTD	NR	5,979,000	5,979,000	-	-	-
IS Account	NR	53,259,060	53,259,060	-	-	-
Term Series	AAAm	43,500,000	31,500,000	12,000,000	-	-
Total pooled investments		118,703,468	101,640,392	17,063,076	-	-
Non-pooled Investments						
Money Market	NR	7,039,330	7,039,330	-	-	-
US Treasury securities	AAAm	9,816,709	9,359,169	457,540	-	-
IS Account	NR	16,342,137	16,342,137	-	-	-
Term Series	AAAm	3,750,000	3,750,000	-	-	-
Total non-pooled investments		36,948,176	36,490,636	457,540	-	-
Total Investments		$ 155,651,644	$ 138,131,028	$ 17,520,616	$ -	$ -

Interest Rate Risk: The District's investment policy states investments will be managed in a manner to attain market rate of return through various economic and budgetary cycles while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Credit Risk: The District's policy states it may invest in any type of security allowed by *Minnesota Statutes* with limits. In addition, commercial paper must be rated at the highest classifications by two of the four nationally recognized rating services.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: The District's investment policy states investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector, limiting investments in securities that have higher credit risks, investing in securities with varying maturities and continuously investing a portion of the portfolio in readily available funds to ensure appropriate liquidity is maintained in order to meet ongoing obligations. The policy does not state the maximum percentage of the District's investment portfolio that may be invested in a single type of investment instrument.

Custodial Credit Risk – Investments: The District's investment policy states all investment securities shall be held in third party safekeeping by an institution designated as custodial agent. For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District has the following recurring fair value measurements as of June 30, 2025:

Type of investments	Total	Level 1	Level 2	Level 3
Money market	$ 7,039,330	$ 7,039,330	$ -	$ -
Certificates of deposit	735,351	-	735,351	-
US Treasury securities	25,046,766	-	25,046,766	-
Term Series	47,250,000	47,250,000	-	-
Total	$ 80,071,447	$ 54,289,330	$ 25,782,117	$ -
Investments at amortized cost	75,580,197			
Total investments	$ 155,651,644			

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2025:

Deposits - pooled	$ 11,599,194
Deposits - non-pooled	19,197,186
Investments - pooled	118,703,468
Investments - non-pooled	36,948,176
Total Cash and Investments	$ 186,448,024

Cash, deposits, and investments are presented in the June 30, 2025, basic financial statements as follows:

Statement of Net Position	
Governmental Activities	$ 186,448,024

NOTE 3 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Transfers of $444,056 were made from the General Fund to the other nonmajor funds to subsidize certain costs for the Community Service Fund.

B. Interfund Receivable/Payable

	Interfund Payable		
	General	Other Nonmajor	Total
Interfund receivable			
Internal service fund	$ 3,648,958	$ 255,568	$ 3,904,526

An interfund receivable/payable was established to present July and August dental and health insurance premiums withheld and owed to the Internal Service Funds.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and land improvements	$ 2,085,954	$ -	$ -	$ 2,085,954
Construction in progress	5,407,601	15,022,904	-	20,430,505
Total capital assets not being depreciated	7,493,555	15,022,904	-	22,516,459
Capital assets being depreciated and amortized				
Buildings and building improvements	304,797,311	560,123	-	305,357,434
Leased building	11,618,151	-	-	11,618,151
Furniture and equipment	20,471,160	4,030,262	8,395	24,493,027
Leased equipment	130,973	-	-	130,973
Subscription assets	1,244,394	-	-	1,244,394
Total capital assets being depreciated	338,261,989	4,590,385	8,395	342,843,979
Less accumulated depreciation and amortization for				
Buildings and building improvements	182,701,641	8,775,707	-	191,477,348
Leased building	3,319,472	1,106,494	-	4,425,966
Furniture and equipment	16,290,766	3,207,480	607	19,497,639
Leased equipment	75,468	21,028	-	96,496
Subscription assets	358,428	203,166	-	561,594
Total accumulated depreciation/amortization	202,745,775	13,313,875	607	216,059,043
Total capital assets being depreciated and amortized, net	135,516,214	(8,723,490)	7,788	126,784,936
Governmental activities, capital assets, net	$ 143,009,769	$ 6,299,414	$ 7,788	$ 149,301,395

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense for the year ended June 30, 2025, was charged to the following functions:

Administration	$ 1,282
District Support Services	146,949
Elementary and Secondary Regular Instruction	57,712
Special Education Instruction	28,303
Community Service	15,910
Instructional Support	33,761
Pupil Support	1,484,855
Food Service	7,109
Sites and Buildings	11,537,994
Total depreciation/amortization expense	$ 13,313,875

NOTE 5 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds including						
Refunding bonds						
2013A Alternative Faclities Bonds	06/04/13	3.00%-5.00%	$ 16,275,000	02/01/34	$ 16,175,000	$ 1,065,000
2014B Alternative Facilities Bonds	12/30/14	3.125% - 3.50%	25,965,000	02/01/38	25,965,000	-
2017A Facility Maintenance Bonds	03/23/17	3.375-4.00%	24,915,000	02/01/41	24,915,000	-
2019A Facility Maintenance Bonds	03/14/19	3.00-5.00%	23,935,000	02/01/42	23,935,000	2,015,000
2020A Facility Maintenance Bonds	09/03/20	1.00-2.00%	23,935,000	02/01/33	23,315,000	3,645,000
2022A Facility Maintenance Bonds	12/29/22	4.00-5.00%	23,480,000	02/01/34	22,045,000	1,015,000
2024A Facility Maintenance Bonds	11/21/24	4.00-5.00%	34,670,000	02/01/35	34,670,000	390,000
Total G.O. bonds					171,020,000	8,130,000
Unamortized bond premiums					6,713,515	-
Other long-term liabilities						
Lease liability					8,028,587	1,063,384
Subscription liability					79,494	41,437
Compensated absences payable					5,223,915	1,944,422
Severance payable					294,074	29,407
Total long-term liabilities					$ 191,359,585	$ 11,208,650

NOTE 5 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

The long-term bond liabilities listed above were issued to finance the acquisition, construction, and refurbishing of School facilities, purchase capital assets, refinance (refund) previous bond issues or to finance the District's OPEB obligation.

The District entered into lease and subscription agreements for buildings and equipment. The agreements include annual principal and interest payments that are shown below. The interest and discount rate for leases and subscriptions range from 3.0% to 7.74%.

Bonds will be retired with assets from the Debt Service Funds while the compensated absences and severance liabilities will be liquidated by the General and Internal Service Funds. Lease liabilities will be retired with assets from the General Fund and Community Service Fund.

B. Minimum Debt Payments for Bonds, Leases, and Subscriptions

Year Ending	G.O. Bonds			Lease Liability		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 8,130,000	$ 6,307,575	$ 14,437,575	$ 1,063,384	$ 227,661	$ 1,291,045
2027	7,710,000	6,021,075	13,731,075	1,121,447	194,114	1,315,561
2028	9,440,000	5,746,725	15,186,725	1,177,198	159,335	1,336,533
2029	12,540,000	5,400,025	17,940,025	1,244,584	123,098	1,367,682
2030	12,110,000	4,938,125	17,048,125	3,421,974	135,476	3,557,450
2031-2035	71,500,000	16,976,301	88,476,301	-	-	-
2036-2040	40,995,000	5,937,245	46,932,245	-	-	-
2041-2042	8,595,000	312,788	8,907,788	-	-	-
Total	$ 171,020,000	$ 51,639,859	$ 222,659,859	$ 8,028,587	$ 839,684	$ 8,868,271

Year Ending	Subscription Liability		
June 30,	Principal	Interest	Total
2026	$ 41,437	$ 4,067	$ 45,504
2027	38,057	1,947	40,004
Total	$ 79,494	$ 6,014	$ 85,508

NOTE 5 - LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle	Additions	Reductions	Ending Balance
Long-term liabilities					
G.O. Bonds	$ 145,715,000	$ -	$ 34,670,000	$ 9,365,000	$ 171,020,000
Unamortized bond premiums	4,466,525	-	3,625,691	1,378,701	6,713,515
Lease liability	9,037,915	-	-	1,009,328	8,028,587
Subscription liability	118,914	-	-	39,420	79,494
Compensated absence payable	1,768,494	2,926,966	528,455	-	5,223,915
Severance benefits payable	295,347	-	-	1,273	294,074
Total long-term liabilities	$ 161,402,195	$ 2,926,966	$ 38,824,146	$ 11,793,722	$ 191,359,585

The changes in the compensated absences liability and severance benefits liability are presented as a net change, respectively.

NOTE 6 - FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

Fund Equity
Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

A. Restricted/Reserved Fund Equity

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted/Reserved for Scholarships – This balance represents available resources for the scholarship funds.

Restricted/Reserved for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statute* § 122A.61, subdivision 1).

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction. All interest income attributable to the capital projects levy must be credited to this account.

Restricted/Reserved for Literacy Incentive Aid – This balance represents the resources available to support implementation of evidence-based reading instruction.

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statute* § 125A.21, subd. 3).

Restricted/Reserved for Student Support Personnel Aid – This balance represents available resources to be used for student support personnel that are in addition to current staff levels.

Restricted/Reserved for State Approved Alternative Programs – Per *Minnesota Statutes* § 123.05, subd. 2, each district that is a member of a state approved alternative learning program must restrict/reserve revenue in an amount equal to the sum of (1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126.10 subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved public alternative program, plus (2) the amount of basic skills revenue generated by pupils attending the alternative learning program.

Restricted/Reserved for Literacy Aid – This balance represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

Restricted/Reserved for Teacher Compensation for READ Act Training – This balance represents resources available for teacher compensation for Read Act training.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* § 123B.595, subd. 12).

Restricted for Debt Service – This balance represents the resources available for the payment of general obligation bond principal, interest, and related costs.

Restricted for Food Service – This balance represents the accumulation of the activity to provide the food service program.

Restricted/Reserved for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education, and extended day programs.

Restricted/Reserved for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming.

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statues* § 124D.16).

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

Restricted/Reserved for Adult Basic Education – This account will represent the balance of carryover monies for all activity involving adult basic education.

B. Committed Fund Equity

Committed for Wellness – This balance represents resources committed for employee wellness programs.

Committed for Uniform and Instrument Replacement – This balance represents resources committed to purchase high school uniforms and future instrument replacement.

Committed for Program Shortfalls – This balance represents unspent grant revenue set aside from general revenue for program shortfalls.

Committed for Athletic Activities – This balance represents unspent athletic and activities dollars to differentiate between athletics and activities and K-12 operating funding.

Committed for Middle School Athletics – This balance represents unspent athletic and activities dollars to differentiate between middle school athletics and activities and K-12 operating funding.

Committed for Site Department Carryover Funds – This balance represents resources committed for budget carryovers from the prior year.

Committed for Donations – This balance represents unspent donations set aside from general revenue.

C. Government-Wide Restrictions

Net position restricted for "Other Purposes" are comprised of the total General Fund restricted fund balances, the Food Service Fund and Community Service Fund balances.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2025, was $9,565,846. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

Teachers' Retirement Association

A. Plan Description

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

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

Teachers' Retirement Association (Continued)

A. Plan Description (Continued)
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 teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing the DCR plan is not a member of TRA except for purposes of social security coverage.

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

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006, or after	1.9% per year

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits (Continued)

Or

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% 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 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.

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
Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were $8,149,247. The District's contributions were equal to the required contributions for each year as set by state statute.

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information		
Experience study	August 2, 2023 (demographic and economic assumptions)*	
Actuarial cost method	Entry Age Normal	
Actuarial assumptions		
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% after June 30, 2028.
Cost of living adjustment	1.0%	for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions		
Pre-retirement		PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Post-retirement		PubT-2010(A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries		Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Disabled retirees		PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

* The assumptions prescribed are based on the experience study dated August 2, 2023. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

expected inflation. The target allocation and best estimates of 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	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	100.0 %	

Changes in actuarial assumptions since the previous valuation:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- 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 and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2025, the District reported a liability of $86,135,911 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 1.3555% at the end of the measurement period and 1.3415% for the beginning of the year.

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

District's proportionate share of net pension liability	$	86,135,911
State's proportionate share of the net pension liability associated with the District		5,633,643
Total	$	91,769,554

For the year ended June 30, 2025, the District recognized pension expense of $8,301,049. Included in this amount, the District recognized $309,684 as pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed $176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the $176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $2,388,027 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.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

As of 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 experience	$ 4,097,045	$ 1,095,223
Net difference between projected and actual earnings on plan investments	-	11,997,705
Changes in assumptions	8,320,404	10,271,941
Changes in proportion	2,484,224	1,034,340
District's contributions to TRA subsequent to the measurement date	8,149,247	
Total	$ 23,050,920	$ 24,399,209

The $8,149,247 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (5,091,973)
2027	7,408,667
2028	(5,797,070)
2029	(4,850,422)
2030	(1,166,738)
Total	$ (9,497,536)

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) and 1% higher (8.0%) than the current rate.

Sensitivity of NPL to Changes in the Discount Rate

1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
$ 151,684,937	$ 86,135,911	$ 32,181,874

H. Pension Plan Fiduciary Net Position
Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That can be obtained at www.minnesotatra.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Public Employees' Retirement Association

A. Plan Description
The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes* Chapters 353, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 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 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% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of 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 .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were $2,756,638. The District's contributions were equal to the required contributions as set by state statute.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of $15,360,325 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 non-employer 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 $397,186.

District's proportionate share of net pension liability	$ 15,360,325
State's proportionate share of the net pension liability associated with the District	397,186
Total	$ 15,757,511

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 proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.4155% at the end of the measurement period and 0.4068% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of $1,264,797 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized $10,648 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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 schedule 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 $706,746 for the year ended December 31, 2024 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.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2025, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources as listed below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,434,842	$ -
Changes in actuarial assumptions	73,892	5,724,846
Net difference between projected and actual investments earnings	-	4,133,913
Change in proportion	703,902	102,960
Contributions paid to PERA subsequent to the measurement date	2,756,638	-
Total	$ 4,969,274	$ 9,961,719

The $2,756,638 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Expense Amount
2026	$ (4,063,593)
2027	(758,240)
2028	(1,749,979)
2029	(1,177,271)
Total	$ (7,749,083)

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

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

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

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)
The following changes in actuarial assumptions and plan provisions occurred in 2024:

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

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

G. Discount Rate
The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position 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.

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 rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	$ 33,549,417	$ 15,360,325	$ 398,134

I. Pension Plan Fiduciary Net Position
Detailed information about the General Employees Fund's fiduciary net position is available in a separately issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Corporate Health. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are acclimated in a trust.

B. Benefits Provided

The District provides benefits to certain employees and retirees based on different bargaining groups. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

C. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Corporate Health. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2025, the District contributed $552,758 to the plan.

D. Members

As of June 30, 2024, the following were covered by the benefit terms:

Active employees electing coverage	1,415
Active employees waiving coverage	325
Retirees electing coverage	17
Total	1,757

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	3.97%	
Expected Return	n/a	
Inflation	2.50%	
Healthcare cost trend increases	8.6%	for FY2025, gradually deecreaing over several decades to a rate of 3.9% in FY2076 and later years.
Mortality Assumption	Teachers:	From the 2023 Teachers Retirement Association of Minnesota (TRA Experience Study, mortality rates were based on the PUB-2010 Teacher moratlity tables with projected mortality imporvements based on scale MP-2021 and other adjustments.
	Non-Teachers:	From the 2023 PERA of Minnesota General Employees Retirement Plan Experience Study, mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on MP-2021, and other adjustments.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

Actuary's assumption changes

- The discount rate was changed from 3.86% to 3.97% based on the index rate for 20-year, tax-exempt municipal bonds.
- Healthcare trend rates were reset to reflect updated cost increase expectations.

F. Total OPEB Liability

The District's total OPEB liability of $13,345,432 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at June 30, 2023	$ 9,124,880
Changes for the year	
Service cost	598,495
Interest	363,120
Differences between expected and actual economic experience	2,065,907
Changes in assumptions	1,825,263
Benefit payments	(632,233)
Net changes	4,220,552
Balances at June 30, 2024	$ 13,345,432

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.97% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (2.97%)	Current Discount Rate (3.97%)	1% Increase in Discount Rate (4.97%)
Total OPEB liability (asset)	$ 14,227,590	$ 13,345,432	$ 12,487,179

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Total OPEB Liability (Continued)

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% lower and 1% higher than the current healthcare cost trend rates.

	1% Decrease in Trend Rate (7.6% Decreasing to 2.9%)	Current Trend Rate (8.6% Decreasing to 3.9%)	1% Increase in Trend Rate (9.6% Decreasing to 4.9%)
Total OPEB liability (asset)	$ 12,160,761	$ 13,345,432	$ 14,727,234

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

For the year ended June 30, 2025, the District recognized OPEB expense of $716,919. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ -
Differences between expected and actual liability	1,829,590	1,194,626
Changes of assumptions	1,872,182	1,739,665
Contributions made subsequent to measurement date	484,337	-
Total	$ 4,186,109	$ 2,934,291

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The $484,337 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2026	$ (244,699)
2027	(135,396)
2028	(96,582)
2029	33,974
2030	236,869
Thereafter	973,315
Total	$ 767,481

NOTE 9 - CONTINGENCIES

Program Compliance

Federal and state program activities are subject to financial and compliance regulation. To the extent any expenditures are disallowed, or other compliance features are not met, a liability to the respective grantor agencies could result.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to address these risks. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the past year.

On July 1, 1993, the District began to self-insure for dental insurance. Under this program, the fund provides up to a maximum of $1,200 for each dental care claim. The General, Food Service, Community Service, and Agency Funds of the District participate in the program and make payments to the Dental Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Payments are made based on actuarial estimates of the amounts needed to pay claims. The Dental Insurance Internal Service Fund includes a reserve of $448,271 for catastrophe losses. The total claims liability reported in the Fund at June 30, 2025, is $28,000 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance Beginning of Year	Claims, Expense, and Estimates	Claims Payments	Balance End of Year
2022-2023	$ 22,122	$ 1,371,635	$ (1,366,230)	$ 27,527
2023-2024	27,527	1,506,349	(1,509,495)	24,381
2024-2025	24,381	1,504,121	(1,500,502)	28,000

During 2010, the District began to self-insure for health benefits. A stop-loss policy was purchased that limits the District's loss to $200,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 125% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The General, Food Service, Community Service, and Agency Funds of the District participate in the program and make payments to the Self-Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self-Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2025, is $4,300,000 and includes amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2022-2023	$ 2,350,000	$ 24,123,854	$ (23,831,506)	$ 2,642,348
2023-2024	2,642,348	28,933,494	(27,275,842)	4,300,000
2024-2025	4,300,000	33,901,392	(33,901,392)	4,300,000

NOTE 11 –ACCOUNTING CHANGE

The government wide beginning net position for governmental activities was restated as a result of the implementation of GASB Statement No. 101, Compensated Absences.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Governmental Activities
6/30/2024, as previously reported	$ (28,059,141)
Accounting change	
GASB Statement No. 101 implementation	(2,926,966)
6/30/2024, as adjusted or restated	$ (30,986,107)

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 271
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	$ 1,004,898	$ 968,403	$ 807,734	$ 919,388
Interest	341,865	428,159	424,983	400,494
Differences between expected and actual experience	-	(437,742)	-	(823,816)
Changes of assumptions	(429,969)	(586,402)	337,784	(2,320,033)
Benefit payments	(902,286)	(590,516)	(611,558)	(641,854)
Net change in total OPEB liability	14,508	(218,098)	958,943	(2,465,821)
Beginning of year	11,441,509	11,456,017	11,237,919	12,196,862
End of year	$ 11,456,017	$ 11,237,919	$ 12,196,862	$ 9,731,041
Covered payroll	$ 87,324,967	$ 95,356,875	$ 96,344,843	$ 96,512,871
Total OPEB liability as a percentage of covered-employee payroll	13.1%	11.8%	12.7%	10.1%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

See notes to required supplementary information.

June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
$ 749,348	$ 834,281	$ 596,169	$ 598,495
248,979	209,479	337,489	363,120
(33,909)	(1,160,783)	11,087	2,065,907
307,130	(842,286)	(93,370)	1,825,263
(635,994)	(581,023)	(552,758)	(632,233)
635,554	(1,540,332)	298,617	4,220,552
9,731,041	10,366,595	8,826,263	9,124,880
$ 10,366,595	$ 8,826,263	$ 9,124,880	$ 13,345,432
$ 100,979,066	$ 114,892,187	$ 120,400,555	$ 128,283,178
10.3%	7.7%	7.6%	10.4%

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Independent School District No. 271
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and 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 (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.4521%	$ 23,430,168	$ -	$ 23,430,168	$ 26,129,960	89.7%	78.2%
2017	0.4216%	34,231,829	447,074	34,678,903	26,160,187	132.6%	68.9%
2018	0.4075%	26,014,531	327,077	26,341,608	26,249,387	100.4%	75.9%
2019	0.3912%	21,702,172	711,813	22,413,985	26,290,387	85.3%	79.5%
2020	0.4024%	22,247,795	691,470	22,939,265	28,479,147	80.5%	80.2%
2021	0.4176%	25,037,028	772,094	25,809,122	29,783,587	86.7%	79.1%
2022	0.3776%	16,125,212	492,391	16,617,603	27,612,107	60.2%	87.0%
2023	0.4094%	32,424,615	950,587	33,375,202	30,667,627	108.8%	76.7%
2024	0.4068%	22,747,800	627,057	23,374,857	32,348,987	72.3%	83.1%
2025	0.4155%	15,360,325	397,186	15,757,511	35,165,040	44.8%	89.1%

Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years TRA Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and 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 (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	1.3409%	$ 82,947,927	$ 10,174,529	$ 93,122,456	$ 68,056,160	121.9%	76.8%
2017	1.2585%	300,182,278	30,130,021	330,312,299	65,462,973	458.6%	44.9%
2018	1.2555%	250,620,575	24,227,300	274,847,875	67,587,093	370.8%	51.6%
2019	1.3098%	82,268,864	7,729,497	89,998,361	72,366,120	113.7%	78.1%
2020	1.3294%	84,736,235	7,498,653	92,234,888	75,471,855	112.3%	78.2%
2021	1.3403%	99,023,160	8,298,307	107,321,467	77,886,376	127.1%	75.5%
2022	1.2983%	56,817,490	4,791,928	61,609,418	78,156,384	72.7%	86.6%
2023	1.3269%	106,251,133	7,879,574	114,130,707	82,020,767	129.5%	76.2%
2024	1.3415%	110,757,245	7,758,550	118,515,795	85,296,257	129.9%	76.4%
2025	1.3555%	86,135,911	5,633,643	91,769,554	89,806,971	95.9%	82.1%

Independent School District No. 271
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 1,962,014	$ 1,962,014	$ -	$ 26,160,187	7.50%
2017	1,968,704	1,968,704	-	26,249,387	7.50%
2018	1,971,779	1,971,779	-	26,290,387	7.50%
2019	2,135,936	2,135,936	-	28,479,147	7.50%
2020	2,233,769	2,233,769	-	29,783,587	7.50%
2021	2,070,908	2,070,908	-	27,612,107	7.50%
2022	2,300,072	2,300,072	-	30,667,627	7.50%
2023	2,426,174	2,426,174	-	32,348,987	7.50%
2024	2,637,378	2,637,378	-	35,165,040	7.50%
2025	2,756,638	2,756,638	-	36,755,173	7.50%

Schedule of District Contributions
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 4,909,723	$ 4,909,723	$ -	$ 65,462,973	7.50%
2017	5,069,032	5,069,032	-	67,587,093	7.50%
2018	5,427,459	5,427,459	-	72,366,120	7.50%
2019	5,818,880	5,818,880	-	75,471,855	7.71%
2020	6,168,601	6,168,601	-	77,886,376	7.92%
2021	6,354,114	6,354,114	-	78,156,384	8.13%
2022	6,840,532	6,840,532	-	82,020,767	8.34%
2023	7,292,830	7,292,830	-	85,296,257	8.55%
2024	7,858,110	7,858,110	-	89,806,971	8.75%
2025	8,149,247	8,149,247	-	93,134,251	8.75%

TRA Retirement Fund

2024 Changes

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- 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 and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes of Benefit Terms

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.

2023 Changes

Changes in Actuarial Assumptions

- None

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.

TRA Retirement Fund (Continued)

2018 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.

TRA Retirement Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.

General Employees Fund (Continued)

2018 Changes (Continued)
Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. This 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.

2017 Changes
Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 Changes
Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

Post Employment Health Care Plan
No assets are acclimated in a trust.

2025 Changes

- The discount rate was changed from 3.86% to 3.97% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, and mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.
- Salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- The percent of future retirees not eligible for a explicit subsidy assumed to elect coverage at retirement changed from 5% electing coverage to 100% waiving coverage to reflect recent plan experience.
- The percent of future retirees not eligible for a medical explicit subsidy assumed to elect coverage at retirement changed from 10% to 5% to reflect recent plan experience.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect new plan offerings.

2024 Changes

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

2023 Changes

- The discount rate was changed from 1.92% to 3.69% based on the index rate for 20-year, tax-exempt municipal bonds.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020, PERA General Employees Plan to the rates used in the July 1, 2022, valuation.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022 Changes

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

2021 Changes

- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.
- Healthcare 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.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.

Post Employment Health Care Plan (Continued)

2021 Changes (Continued)

- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The percent of future retirees eligible for a flat-dollar medical explicit subsidy assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.
- The percent of future retirees not eligible for a medical explicit subsidy assumed to elect coverage at retirement changed from 10% to 5% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 40% to 30% to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes

- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.
- Healthcare 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.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The percent of future retirees eligible for a flat-dollar medical explicit subsidy assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.
- The percent of future retirees not eligible for a medical explicit subsidy assumed to elect coverage at retirement changed from 10% to 5% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 40% to 30% to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 Changes

- The discount rate decreased from 3.62% in 2018 to 3.13% in 2019 based on updated 20-year municipal bond rates.

2018 Changes

- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2015 PERA General Employees Retirement Plan and 7/1/2015 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The percent of future retirees not eligible for a direct subsidy assumed to elect coverage at retirement changed from 20% to 10% to reflect recent plan experience.

Post Employment Health Care Plan (Continued)

2018 Changes (Continued)

- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The discount rate used to measure the total OPEB liability was 3.62% based on updated 20-year municipal bond rates.

2017 Changes

- Changes of assumption and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.53% in 2017.

SUPPLEMENTARY INFORMATION

Independent School District No. 271
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Food Service	Community Service	Total	OPEB Debt Service	Total Nonmajor Funds
Assets					
Cash and investments	$ 5,122,256	$ 6,476,407	$ 11,598,663	$ 742,044	$ 12,340,707
Current property taxes receivable	-	881,211	881,211	-	881,211
Delinquent property taxes receivable	-	18,384	18,384	38,722	57,106
Accounts receivable	-	1,161	1,161	-	1,161
Due from Department of Education	-	370,992	370,992	1	370,993
Due from other Minnesota school districts	-	264,289	264,289	-	264,289
Due from Federal Government through Department of Education	62,477	169,222	231,699	-	231,699
Inventory	112,030	-	112,030	-	112,030
Prepaid items	-	60,187	60,187	-	60,187
Total assets	$ 5,296,763	$ 8,241,853	$ 13,538,616	$ 780,767	$ 14,319,383
Liabilities					
Accounts payable	$ 45,633	$ 72,829	$ 118,462	$ -	$ 118,462
Contracts payable	14,120	-	14,120	-	14,120
Salaries and benefits payable	329,072	990,386	1,319,458	-	1,319,458
Interfund payable	115,375	140,193	255,568	-	255,568
Unearned revenue	140,856	14,671	155,527	-	155,527
Total liabilities	645,056	1,218,079	1,863,135	-	1,863,135
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	1,758,026	1,758,026	-	1,758,026
Unavailable revenue - delinquent property taxes	-	11,695	11,695	26,501	38,196
Total deferred inflows of resources	-	1,769,721	1,769,721	26,501	1,796,222
Fund Balances					
Nonspendable					
Inventory	112,030	-	112,030	-	112,030
Prepaid items	-	60,187	60,187	-	60,187
Restricted					
Community education programs	-	3,226,805	3,226,805	-	3,226,805
Adult basic education	-	1,073,150	1,073,150	-	1,073,150
Early childhood family and education programs	-	690,789	690,789	-	690,789
School readiness	-	203,122	203,122	-	203,122
Fund purpose	4,539,677	-	4,539,677	754,266	5,293,943
Total fund balances	4,651,707	5,254,053	9,905,760	754,266	10,660,026
Total liabilities, deferred inflows of resources, and fund balances	$ 5,296,763	$ 8,241,853	$ 13,538,616	$ 780,767	$ 14,319,383

Independent School District No. 271
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds				
	Food Service	Community Service	Total	OPEB Debt Service	Total Nonmajor Funds
Revenues					
Local property taxes	$ -	$ 2,089,978	$ 2,089,978	$ 4,709,852	$ 6,799,830
Other local and county revenues	241,519	5,762,394	6,003,913	102,549	6,106,462
Revenue from state sources	2,618,007	3,924,395	6,542,402	10	6,542,412
Revenue from federal sources	4,092,178	359,665	4,451,843	-	4,451,843
Sales and other conversion of assets	113,355	-	113,355	-	113,355
Interdistrict revenue	-	26,241	26,241	-	26,241
Total revenues	7,065,059	12,162,673	19,227,732	4,812,411	24,040,143
Expenditures					
Current					
Elementary and secondary regular instruction	-	91,416	91,416	-	91,416
Food service	6,285,995	-	6,285,995	-	6,285,995
Community education and services	-	12,577,240	12,577,240	-	12,577,240
Capital outlay					
Food service	341,828	-	341,828	-	341,828
Community education and services	-	146,135	146,135	-	146,135
Debt service					
Principal	-	-	-	4,390,000	4,390,000
Interest and fiscal charges	-	-	-	118,767	118,767
Total expenditures	6,627,823	12,814,791	19,442,614	4,508,767	23,951,381
Excess of revenues over (under) expenditures	437,236	(652,118)	(214,882)	303,644	88,762
Other Financing Source					
Transfers in	-	444,056	444,056	-	444,056
Net change in fund balances	437,236	(208,062)	229,174	303,644	532,818
Fund Balances					
Beginning of year	4,214,471	5,462,115	9,676,586	450,622	10,127,208
End of year	$ 4,651,707	$ 5,254,053	$ 9,905,760	$ 754,266	$ 10,660,026

Independent School District No. 271
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Local Property Taxes				
Revenue from state sources	$ 14,000	$ 25,000	$ 241,519	$ 216,519
Revenue from federal sources	2,406,000	2,350,000	2,618,007	268,007
Sales and other conversion of assets	3,691,000	3,814,000	4,092,178	278,178
Interdistrict revenue	6,000	6,000	113,355	107,355
	6,117,000	6,195,000	7,065,059	870,059
Expenditures				
Current				
Administration				
Community education and services	6,176,414	6,455,834	6,285,995	(169,839)
Capital outlay	-	-	-	-
Administration				
Community education and services	500,000	500,000	341,828	(158,172)
	6,676,414	6,955,834	6,627,823	(328,011)
Net change in fund balance	$ (559,414)	$ (760,834)	437,236	$ 1,198,070
Fund Balance				
Beginning of year			4,214,471	
End of year			$ 4,651,707	

Independent School District No. 271
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	$ 2,481,399	$ 2,499,350	$ 2,089,978	$ (409,372)
Other local and county revenues	5,693,458	5,678,579	5,762,394	83,815
Revenue from state sources	3,632,785	3,732,880	3,924,395	191,515
Revenue from federal sources	338,679	349,936	359,665	9,729
Interdistrict revenue	233,501	233,501	26,241	(207,260)
Total revenues	12,379,822	12,494,246	12,162,673	(331,573)
Expenditures				
Current				
Elementary and secondary regular instruction	100,000	100,000	91,416	(8,584)
Community education and services	12,867,744	12,718,940	12,577,240	(141,700)
Capital outlay				
Community education and services	97,247	97,247	146,135	48,888
Debt service:				
Principal	491,973	491,973	-	(491,973)
Total expenditures	13,556,964	13,408,160	12,814,791	(593,369)
Excess of revenues over (under) expenditures	(1,177,142)	(913,914)	(652,118)	261,796
Other Financing Sources				
Transfers in	420,956	420,956	444,056	23,100
Net change in fund balance	$ (756,186)	$ (492,958)	(208,062)	$ 284,896
Fund Balance				
Beginning of year			5,462,115	
End of year			$ 5,254,053	

Independent School District No. 271
Combining Statement of
Net Position - Internal Service Funds
June 30, 2025

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Assets					
Cash and cash equivalents	$ 4,671,906	$ 594,893	$ 17,266,423	$ -	$ 22,533,222
Investments	-	-	-	13,184,262	13,184,262
Accounts receivable	-	-	1,972,479	-	1,972,479
Interfund receivable	-	157,106	3,747,420	-	3,904,526
Interest receivable	-	-	-	120,604	120,604
Total assets	$ 4,671,906	$ 751,999	$ 22,986,322	$ 13,304,866	$ 41,715,093
Liabilities					
Accounts payable	$ -	$ 1,385	$ 1,500,713	$ -	$ 1,502,098
Incurred but not reported claims	-	28,000	4,300,000	-	4,328,000
Benefits payable	1,846,822	-	-	-	1,846,822
Unearned revenue	-	274,343	6,543,078	-	6,817,421
Total liabilities	1,846,822	303,728	12,343,791	-	14,494,341
Net Position					
Unrestricted	2,825,084	448,271	10,642,531	13,304,866	27,220,752
Total liabilities and net position	$ 4,671,906	$ 751,999	$ 22,986,322	$ 13,304,866	$ 41,715,093

Independent School District No. 271
Combining Statement of Revenues, Expenses. and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2025

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Operating revenues					
Charges for services	$ -	$ 1,384,009	$ 34,626,537	$ -	$ 36,010,546
Contribution	217,940	-	-	-	217,940
Total revenue	217,940	1,384,009	34,626,537	-	36,228,486
Operating expenses					
Salaries and benefits	-	63,000	-	-	63,000
Employee benefits	271,384	1,504,121	33,901,392	287,006	35,963,903
Administrative	-	110,640	3,129,259	10,750	3,250,649
Total operating expenses	271,384	1,677,761	37,030,651	297,756	39,277,552
Operating income (loss)	(53,444)	(293,752)	(2,404,114)	(297,756)	(3,049,066)
Nonoperating revenues					
Investment income	205,676	29,651	768,882	616,174	1,620,383
Change in net position	152,232	(264,101)	(1,635,232)	318,418	(1,428,683)
Net position					
Beginning of year	2,672,852	712,372	12,277,763	12,986,448	28,649,435
End of year	$ 2,825,084	$ 448,271	$ 10,642,531	$ 13,304,866	$ 27,220,752

Independent School District No. 271
Combining Statement of Cash Flows -
Internal Service Funds
As of June 30, 2025

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Cash Flows - Operating Activities					
Receipts from employee contributions	$ -	$ 1,388,810	$ 33,626,655	$ -	$ 35,015,465
Receipts from district contributions	279,831	-	-	-	279,831
Employee claims paid	-	(1,500,502)	(33,901,392)	(287,006)	(35,688,900)
Payments to employees	(271,384)	(63,000)	-	-	(334,384)
Payments to suppliers	-	(109,859)	(1,657,103)	(10,750)	(1,777,712)
Net cash flows - operating activities	8,447	(284,551)	(1,931,840)	(297,756)	(2,505,700)
Cash Flows - Investment Activities					
Investment purchases	-	-	-	(377,584)	(377,584)
Interest received	205,676	29,651	768,882	675,340	1,679,549
Net cash flows - investment activities	205,676	29,651	768,882	297,756	1,301,965
Net change in cash and cash equivalents	214,123	(254,900)	(1,162,958)	-	(1,203,735)
Cash and Cash Equivalents					
Beginning of year	4,457,783	849,793	18,429,381	-	23,736,957
End of year	$ 4,671,906	$ 594,893	$ 17,266,423	$ -	$ 22,533,222
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	$ (53,444)	$ (293,752)	$ (2,404,114)	$ (297,756)	$ (3,049,066)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Accounts payable	-	781	1,472,156	-	1,472,937
Benefits payable	61,891	-	-	-	61,891
Accounts receivable	-	56	(1,405,915)	-	(1,405,859)
claims	-	3,619	-	-	3,619
Interfund receivable	-	(8,084)	(522,736)	-	(530,820)
Unearned revenue	-	12,829	928,769	-	941,598
Net adjustments	61,891	9,201	472,274	-	543,366
Net cash flows - operating activities	$ 8,447	$ (284,551)	$ (1,931,840)	$ (297,756)	$ (2,505,700)

Independent School District No. 271
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2025

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 217,066,003	$ 217,066,000	$ 3
Total expenditures	211,377,539	211,377,539	-
Nonspendable:			
4.60 Nonspendable fund balance	389,895	389,895	-
Restricted/reserved:			
4.01 Student Activities	148,799	148,799	-
4.02 Scholarships	14,793	14,793	-
4.03 Staff Development	514,850	514,850	-
4.07 Capital Projects Levy	4,498,599	4,498,599	-
4.08 Cooperative Programs	-	-	-
4.09 Alternative Facility Program	-	-	-
4.12 Literacy Incentive Aid	351,768	351,798	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	-	-	-
4.20 American Indian Education Aid	-	-	-
4.24 Operating Capital	10,893,628	10,893,628	-
4.26 $25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning and Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alternative Programs	-	-	-
4.36 State Approved Alternative Learning Program	1,657,529	1,657,529	-
4.37 Quality Compensation - Alternative Teacher Professional Pay System	-	-	-
4.38 Gifted and Talented	-	-	-
4.39 English Learner	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.43 School Library Aid	-	-	-
4.45 Career Technical Programs	-	-	-
4.48 Achievement and Integration Revenue	-	-	-
4.49 Safe Schools Revenue	-	-	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
4.53 Unfunded Severance and Retirement Levy			
4.56 Literacy Aid	410,922	410,922	-
4.57 Teacher Compensation for Read Act Training	348,386	348,386	-
4.59 Basic Skills Extended Time	-	-	-
4.67 Long-term Facilities Maintenance	-	-	-
4.71 Student Support Personnel Aid	82,900	82,900	-
4.72 Medical Assistance	637	637	-
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Restricted:			
4.72 Medical Assistance	-	-	-
4.64 Restricted fund balance	-	-	-
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Committed:			
4.18 Committed for separation	-	-	-
4.61 Committed fund balance	18,689,884	18,689,883	1
Assigned:			
4.62 Assigned fund balance	120,000	120,000	-
Unassigned:			
4.22 Unassigned fund balance	21,187,828	21,187,830	(2)
02 FOOD SERVICE FUND			
Total revenue	$ 7,065,059	$ 7,065,057	$ 2
Total expenditures	6,627,823	6,627,820	3
Nonspendable:			
4.60 Nonspendable fund balance	112,030	112,030	-
Restricted/reserved:			
4.52 OPEB liabilities not held in trust	-	-	-
Restricted:			
4.64 Restricted fund balance	4,539,677	4,539,678	(1)
Unassigned:			
4.63 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 12,162,673	$ 12,162,669	$ 4
Total expenditures	12,814,791	12,814,795	(4)
Nonspendable:			
4.60 Nonspendable fund balance	60,187	60,187	-
Restricted/reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	3,226,805	3,226,803	2
4.32 ECFE	690,789	690,789	-
4.40 Teacher Development and Evaluation	-	-	-
4.44 School Readiness	203,122	203,122	-
4.47 Adult Basic Education	1,073,150	1,073,150	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND			
Total revenue	$ 1,753,421	$ 1,753,421	$ -
Total expenditures	18,457,699	18,457,697	2
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.07 Capital Projects Levy	-	-	-
4.09 Alternative Facility Program	-	-	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.67 Long-term Facilities Maintenance	29,296,816	29,296,818	(2)
Restricted:			
4.64 Restricted fund balance	5,823,869	5,823,869	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ 10,432,203	$ 10,432,203	$ -
Total expenditures	10,059,303	10,059,303	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.25 Bond refunding	-	-	-
4.33 Maximum effort loan aid	-	-	-
4.51 QZAB payments	-	-	-
4.67 LTFM	-	-	-
Restricted:			
4.64 Restricted fund balance	2,386,871	2,386,871	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.22 Net position	-	-	-
18 CUSTODIAL			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Restricted/Reserved			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.48 Achievement and Integration	-	-	-
4.64 Restricted	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ 37,232,695	$ 37,232,694	$ 1
Total expenditures	38,979,796	38,979,796	-
Unassigned:			
4.22 Net position	13,915,886	13,915,886	-
25 OPEB REVOCABLE TRUST			
Total revenue	$ 616,174	$ 616,174	$ -
Total expenditures	297,756	297,756	-
Unassigned:			
4.22 Net position	13,304,866	13,304,866	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
47 OPEB DEBT SERVICE			
Total revenue	$ 4,812,411	$ 4,812,411	$ -
Total expenditures	4,508,767	4,508,767	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted:			
4.25 Bond refundings	-	-	-
4.64 Restricted fund balance	754,266	754,266	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ending June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 12, 2025.

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

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

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

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

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

BerganKDV, Ltd.

Minneapolis, Minnesota
November 12, 2025

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, and have issued our report thereon dated November 12, 2025.

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

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

BerganKDV, Ltd.

Minneapolis, Minnesota
November 12, 2025

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

APPENDIX B

FORM OF LEGAL OPINION

Independent School District No. 271
Bloomington, Minnesota

[Purchaser]
[City, State]

Re: **$**[PAR] General Obligation Facilities Maintenance Bonds, Series 2026B
Independent School District No. 271 (Bloomington Public Schools)
Hennepin and Scott Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 271 (Bloomington Public Schools), Hennepin and Scott Counties, Minnesota, of the obligations described above, dated, as originally issued, as of November [__], 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 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 November, 2026.

Very truly yours,

APPENDIX C

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.

APPENDIX D

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 successory 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.

APPENDIX E

TERMS OF PROPOSAL

$41,510,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2026B INDEPENDENT SCHOOL DISTRICT NO. 271 (BLOOMINGTON PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $41,510,000* General Obligation Facilities Maintenance Bonds, Series 2026B (the "Bonds") of Independent School District No. 271 (Bloomington Public 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 October 26, 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 7:00 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, and Minnesota Statues, Section 123B.595, as amended, by the District, for the purpose of financing various deferred capital maintenance projects at District facilities, as included in the District's ten-year facility plan approved by the Commissioner of Education. 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 November 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:

Year	Amount*	Year	Amount*	Year	Amount*
2029	$100,000	2035	$1,450,000	2041	$2,270,000
2030	115,000	2036	1,455,000	2042	7,030,000
2031	105,000	2037	1,595,000	2043	7,060,000
2032	200,000	2038	1,695,000	2044	7,585,000
2033	375,000	2039	2,050,000	2045	4,570,000
2034	1,590,000	2040	2,265,000		

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 August 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 2029 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

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying 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 District 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 November 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 $41,510,000 plus accrued interest on the principal sum of $41,510,000 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 $830,200 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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are not "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 Debit Issuance 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. 271
(Bloomington Public Schools), Minnesota

PROPOSAL FORM

The School Board **October 26, 2026**
Independent School District No. 271 (Bloomington Public Schools), Minnesota (the "District")

RE: $41,510,000* General Obligation Facilities Maintenance Bonds, Series 2026B (the "Bonds")
DATED: November 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 $41,510,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2029	_____	% due	2035	_____	% due	2041
_____	% due	2030	_____	% due	2036	_____	% due	2042
_____	% due	2031	_____	% due	2037	_____	% due	2043
_____	% due	2032	_____	% due	2038	_____	% due	2044
_____	% due	2033	_____	% due	2039	_____	% due	2045
_____	% due	2034	_____	% 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 2029 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 $830,200 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 November 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 November 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. 271 (Bloomington Public Schools), Minnesota, on October 26, 2026.

By: _____ By: _____

Title: _____ Title: _____