CENTENNIAL
SCHOOL DISTRICT 12
CONNECTING. ACHIEVING. PREPARING.

Independent School District No. 12
Centennial Schools
Circle Pines, Minnesota

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2026 and Independent Auditor's Report

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INDEPENDENT SCHOOL DISTRICT NO. 12
CENTENNIAL SCHOOLS
CIRCLE PINES, MINNESOTA

Annual Comprehensive Financial Report

Year Ended
June 30, 2026

Prepared by
Business Office

Patrick Chaffey – Executive Director of Business Services

Lee Lor – Controller

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INDEPENDENT SCHOOL DISTRICT NO. 12

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INTRODUCTORY SECTION

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DISTRICT OFFICE
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www.isd12.org

October 27, 2026

To the School Board, Citizens, and Employees of Centennial School District:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 12, Centennial Schools (the District) is hereby submitted for the fiscal year ended June 30, 2026. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America. An independent firm of certified public accountants audits this report.

The ACFR is presented in three sections: introductory, financial, and statistical.

- The introductory section includes this letter of transmittal, the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting, an organizational chart, a list of School Board members and administration personnel, and a map of the District.
- The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplementary information, which includes the combining and individual fund statements and schedules.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

LB Carlson, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2026. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

REPORTING ENTITY

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

The District provides a full range of public education services appropriate to grade levels ranging from pre-Kindergarten through Grade 12. These include regular and enriched academic programs, special education programs, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with classes for lifelong learning experiences for children and adults.

The first recorded school held in the area that is now the District was in 1854, when classes were held in the F.X. LaValle home.

This grew into Centerville District 5. In 1880, District 48 was organized near Golden Lake. There were several districts in the area that over time, were consolidated into these two, which in turn were consolidated into District 240.

When the state of Minnesota organized the numbering of school districts in 1957, it became District 12. The community desired a name for the District that would represent all five of the communities served. Being that it was 1958, the centennial year for Minnesota, it was decided to honor that celebration and adopt the name Centennial for the school district.

The District connects these five communities of Blaine, Centerville, Circle Pines, Lexington, and Lino Lakes through seven exceptional schools that served approximately 6,617 students in 2025–2026. There are no charter schools within the District. The District's track record of success includes a high school graduation rate of 90 percent, significantly higher than the state average and one of the highest in Minnesota.

The District currently owns 9 buildings, including 1 high school, 1 middle school, 5 elementary schools, an ice arena, and a grounds building. District buildings range in age from 6 to 69 years old.

The District offers engaging learning opportunities, emotional support, and social development to each of its students to help them prepare for whatever is next and beyond. Our students consistently perform at the highest levels in all academics, athletics, and activities. Every year, district students score significantly higher than state-wide averages on math and reading assessments.

FINANCIAL INFORMATION

The District's ACFR is prepared pursuant to School Board policy and Minnesota Statues § 123B.77, Subd. 2 and 3. The audited ACFR is required to be filed with the Minnesota Department of Education (MDE) and the State Auditor by December 31 of the subsequent fiscal year.

In 1976, Minnesota law established the requirement for the Uniform Financial Accounting and Reporting Standards for Minnesota school districts (M.S.123B.77). The MDE implements and provides regulatory oversight of these standards.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District's population has grown from 31,982 in 2010 to about 37,951 in 2026, an 18.7 percent increase. In that same period, the District's enrollment declined from 6,699 students in 2010 to 6,617 in 2026, a 1.2 percent decrease. Future enrollment projections show a stable trend for the District. The Metropolitan Council forecasts that Anoka County and the Twin Cities Metropolitan region will continue to see growth in population, households, and employment through 2030.

According to the Minnesota Department of Employment and Economic Development, the unemployment rate for Anoka County is slightly higher than the national rate. In June 2026, the unemployment rate for Anoka County was 4.7 percent, as compared to 4.6 percent for the state of Minnesota, and 4.4 percent for the United States.

The various communities that comprise the District are nearly fully-developed. The District is seeing development in some pockets within its boundaries. The market values of property within the District have continued to increase over the past 10 years.

The District currently holds an AAA/AA- bond rating. This rating is a sign of a strong local economy, and a strong local financial standing. The District has a stable labor market and above average income levels.

The District's economic indicators continue to be ahead of state and national averages. The District continues to see population growth, which has contributed to increases in property values for the past 10 plus years, and subsequent increases are anticipated.

INTERNAL CONTROLS AND BUDGETARY MANAGEMENT

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

The goal of the District's budget is to provide a fiscally sound educational program for students aligned with our Strategic Roadmap. The annual budget is a compilation of all the services to provide an educational program for the school year. Each year the School Board must adopt the annual budget before the start of that fiscal year. The District's budget development consists of four phases: Planning, Decision, Adoption, and Evaluation.

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals.

All financial transactions of the District are accounted for in specific funds. The accounting system provides for a complete, self-balancing set of accounts for each fund of the District. The system provides budgetary control for activities of all governmental funds, thereby ensuring legal compliance. The system also provides budgetary control at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. The District's legal level of budgetary control is at the fund level, which is the level at which management may modify the budget within the fund without the approval of the governing body. Changes to increase or reduce total appropriations of an individual fund require the approval of the School Board.

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

The District has adopted a comprehensive set of financial policies and procedures that have ensured the financial stability of the District, as well as provided guidance for current and future financial decisions. The fund balance policy guides the District in terms of managing sufficient levels of fund balance to mitigate current and future risks.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

In the most recent legislative session, increases in the general education basic formula allowance were $200, or 2.75 percent, per pupil to the basic general education funding formula for fiscal year 2026, and an additional $202, or 2.70 percent, per pupil to the formula for fiscal year 2027.

The District currently receives $972.47 per pupil through the two separate voter-approved operating referendums. This total operating referendum authority provides $6.9 million per year. The first operating referendum expires at the end of fiscal year 2036 and the second expires at the end of fiscal year 2030. The School Board has authority available to extend the operating referendum that expires in 2030 for an additional 10 years. These operating referendums bring much needed revenue to continue current programming and to improve student learning.

STRATEGIC ROADMAP

Through engagement of students, families, staff, and community representatives, a mission and vision of the District has been created through the strategic planning process. The roadmap also includes the goals of providing an educational experience for students, families, and staff, as well as the District's strategic directions.



CERTIFICATE OF EXCELLENCE

This report has been prepared following guidelines provided by the ASBO International for its Certificate of Excellence in Financial Reporting. The District intends to submit this ACFR for consideration. The District received the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program for the previous reporting cycle.

ACKNOWLEDGEMENTS

The preparation of an ACFR requires a significant amount of work on the part of several departments. Appreciation is extended for the efforts of all, providing their time and expertise to this process.

Sincerely,



Patrick Chaffey
Executive Director of Business Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Independent School District No. 12

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

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

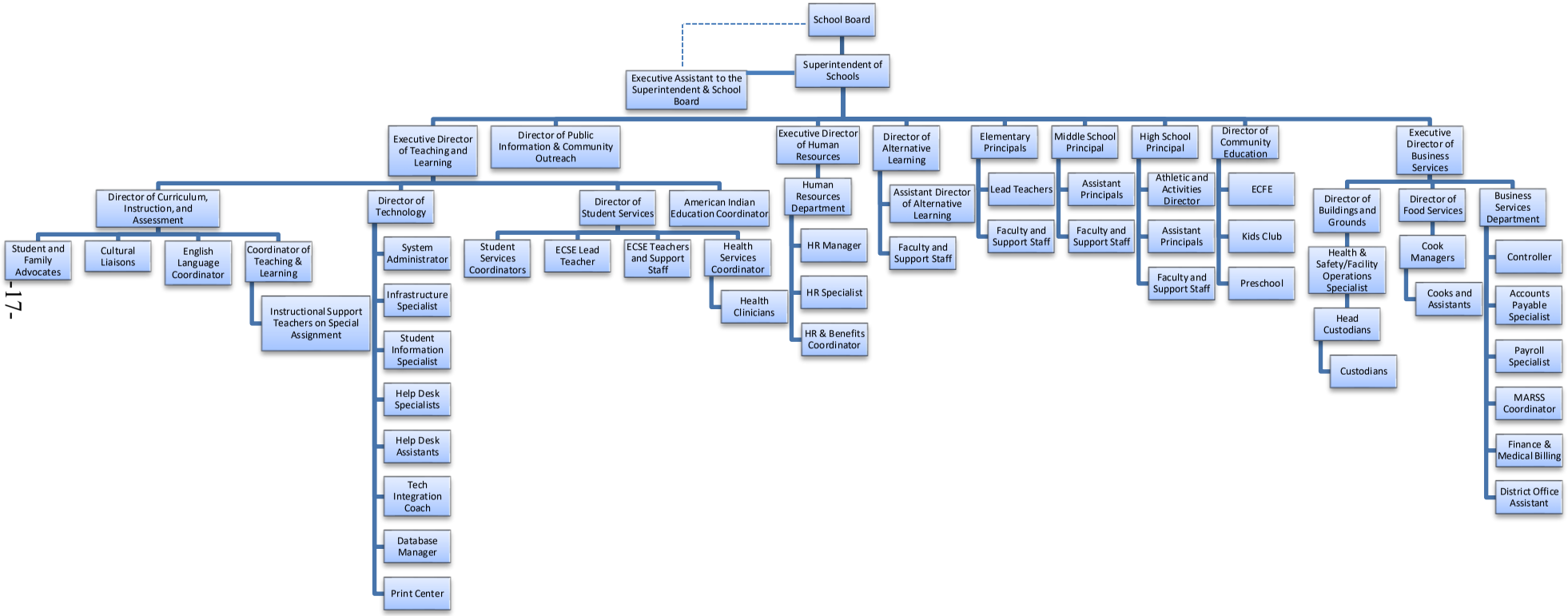
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

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

CENTENNIAL
SCHOOL DISTRICT 12
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Centennial ISD 12 Organizational Chart
2025-26 School Year



Revised 7/28/25

INDEPENDENT SCHOOL DISTRICT NO. 12

School Board and Administration
Year Ended June 30, 2026

SCHOOL BOARD

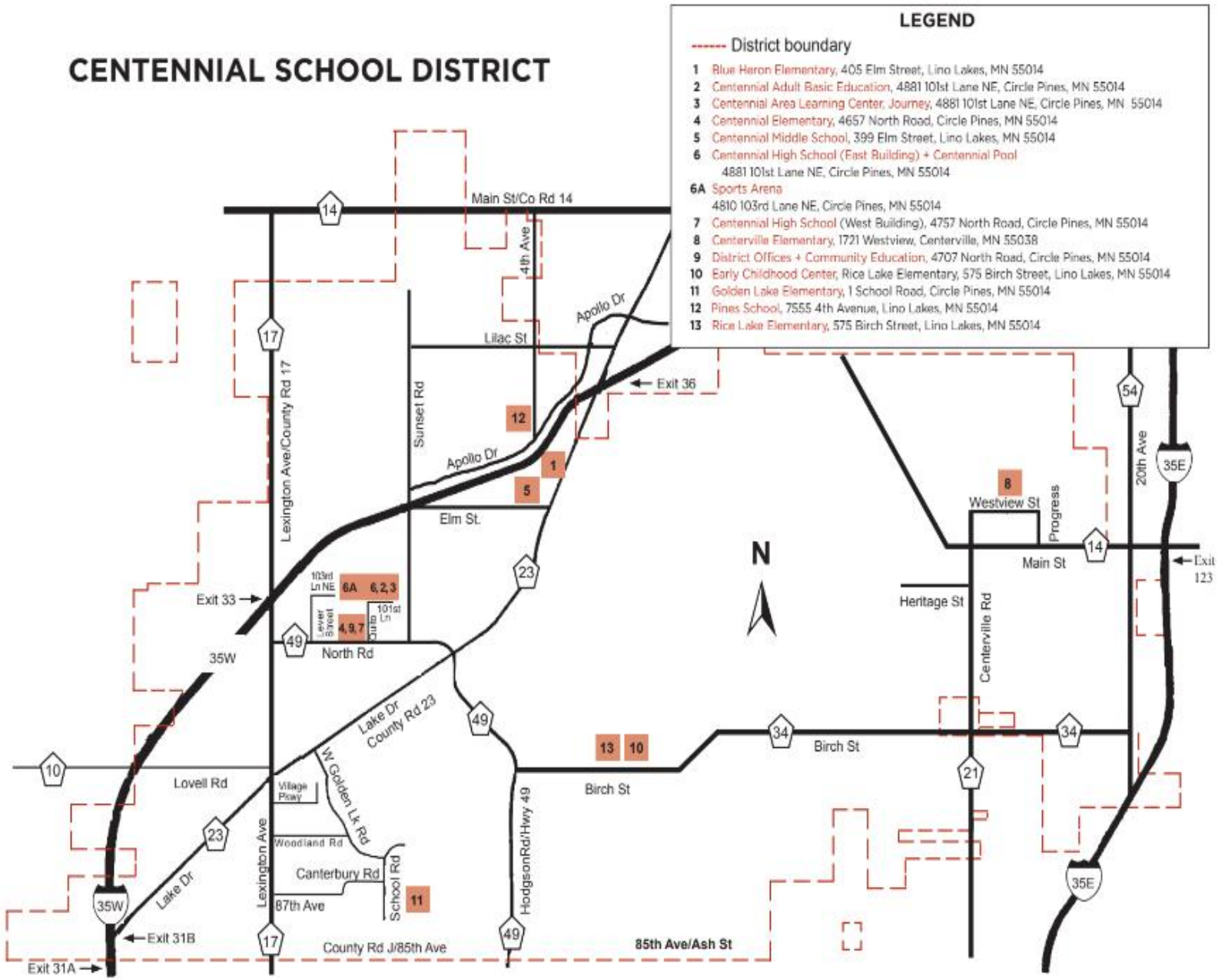
	Board Position
Tom Knisely	School Board Chair
Sue Linser	School Board Vice Chair
Craig Johnson	School Board Clerk
Jessica Schwinn	School Board Treasurer
Heidi Hansen	School Board Director
Gloria Murphy	School Board Director

ADMINISTRATION

Jeff Holmberg	Superintendent
Patrick Chaffey	Executive Director of Business Services
Mark Grossklaus	Executive Director of Teaching and Learning
Daniel Melde	Executive Director of Human Resources
Krista Bergert	Director of Public Information and Community Outreach
Michael Christensen	Director of Technology
Nicholas Christensen	Director of Alternative Learning
Tara Malinski	Director of Food Services
Casey Rutherford	Director of Curriculum, Instruction, and Assessment
Corrine Sendle	Director of Community Education
Jonathan Spitzer	Director of Building and Grounds
Matthew St. Martin	Director of Athletics and Activities
Kathy Zwonitzer	Director of Student Services

District Offices

Independent School District No. 12
4707 North Road
Circle Pines, MN 55014-1898
Phone: (763) 792-6000
Fax: (763) 392-6943


CENTENNIAL SCHOOL DISTRICT
LEGEND
------ District boundary
1 Blue Heron Elementary, 405 Elm Street, Lino Lakes, MN 55014
2 Centennial Adult Basic Education, 4881 101st Lane NE, Circle Pines, MN 55014
3 Centennial Area Learning Center, Journey, 4881 101st Lane NE, Circle Pines, MN 55014
4 Centennial Elementary, 4657 North Road, Circle Pines, MN 55014
5 Centennial Middle School, 399 Elm Street, Lino Lakes, MN 55014
6 Centennial High School (East Building) + Centennial Pool
4881 101st Lane NE, Circle Pines, MN 55014
6A Sports Arena
4810 103rd Lane NE, Circle Pines, MN 55014
7 Centennial High School (West Building), 4757 North Road, Circle Pines, MN 55014
8 Centerville Elementary, 1721 Westview, Centerville, MN 55038
9 District Offices + Community Education, 4707 North Road, Circle Pines, MN 55014
10 Early Childhood Center, Rice Lake Elementary, 575 Birch Street, Lino Lakes, MN 55014
11 Golden Lake Elementary, 1 School Road, Circle Pines, MN 55014
12 Pines School, 7555 4th Avenue, Lino Lakes, MN 55014
13 Rice Lake Elementary, 575 Birch Street, Lino Lakes, MN 55014
Main St/Co Rd 14
4th Ave
Apollo Dr
Lilac St
Exit 36
Lexington Ave/County Rd 17
Sunset Rd
Elm St.
Exit 33
103rd Ln NE
6A 6,2,3
Lever Street
4,9,7
101st Ln
North Rd
35W
Lake Dr
County Rd 23
W Golden Lk Rd
Village Pkwy
Woodland Rd
Canterbury Rd
87th Ave
School Rd
Lovell Rd
Exit 31B
Exit 31A
County Rd J/85th Ave
HodgsonRd/Hwy 49
Birch St
85th Ave/Ash St
N
Westview St
Progress
Main St
Heritage St
Centerville Rd
20th Ave
35E
Exit 123

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 12
Circle Pines, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 12 (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(continued)

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2025 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 28, 2025. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

October 27, 2026

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The purpose of this Management's Discussion and Analysis (MD&A) is to help the citizens, taxpayers, and other stakeholders of Independent School District No. 12's (the District) understand what the basic financial statements in this Annual Comprehensive Financial Report (ACFR) say about the District's financial health as of the current year-end and why it changed since last year. It contains information drawn from the basic financial statements, with accompanying explanations provided by management based on its knowledge of the District's finances. We encourage readers to consider the information presented here in conjunction with the other components of the District's ACFR, including the letter of transmittal located in the introductory section.

If you have questions about this report, or need additional financial information, contact the District's Business Office at pchaffey@isd12.org or 763-792-6031.

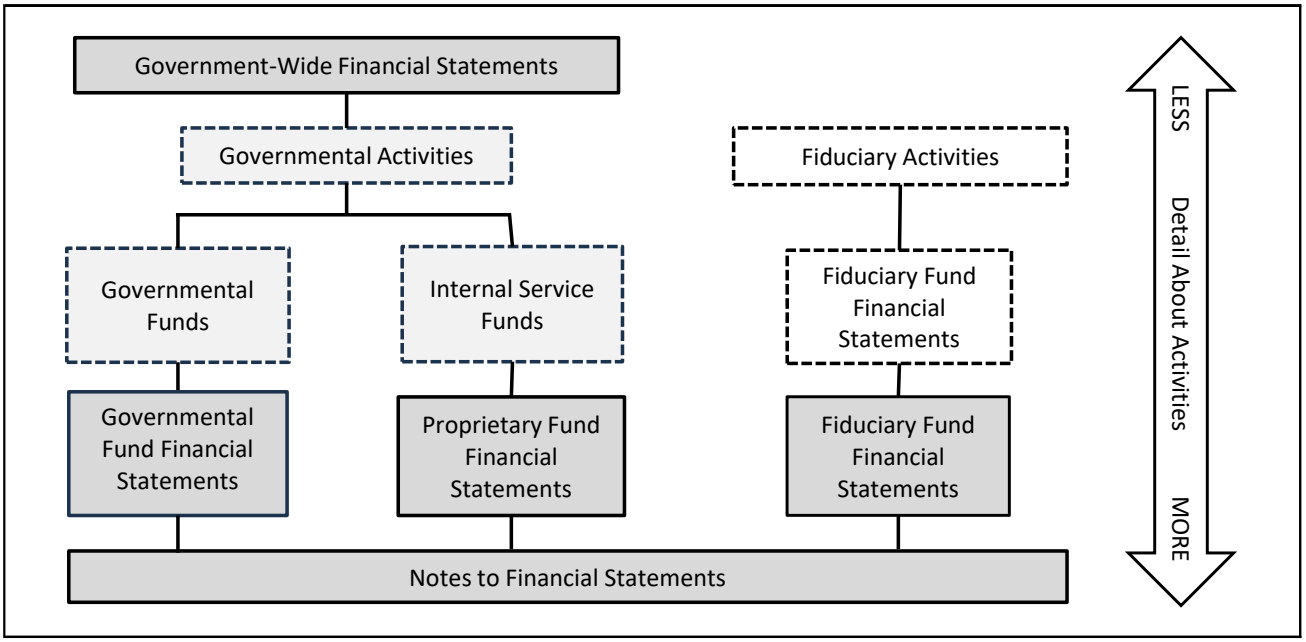
OVERVIEW OF THE FINANCIAL STATEMENTS

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

CONTENTS OF THE BASIC FINANCIAL STATEMENTS

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

Figure A – Contents of the Basic Financial Statements



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

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

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

The District reports three types of funds:

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

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

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

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

TYPES OF INFORMATION IN THE BASIC FINANCIAL STATEMENTS

Figure B – Information Reported in the Basic Financial Statements

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

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

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

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

ANALYSIS OF THE DISTRICT'S FINANCES

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

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

	Governmental Activities		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 132,286,784	$ 121,213,481	9.1 %
Capital assets, net	128,079,994	130,614,415	(1.9) %
Total assets	$ 260,366,778	$ 251,827,896	3.4 %
Deferred outflows of resources	$ 13,040,162	$ 13,707,977	(4.9) %
Liabilities			
Current and other liabilities	$ 11,827,303	$ 11,790,010	0.3 %
Long-term liabilities	109,421,239	120,570,773	(9.2) %
Total liabilities	$ 121,248,542	$ 132,360,783	(8.4) %
Deferred inflows of resources	$ 47,575,428	$ 47,174,107	0.9 %
Net position			
Net investment in capital assets	$ 66,205,460	$ 61,788,541	7.1 %
Restricted	25,284,924	21,575,419	17.2 %
Unrestricted	13,092,586	2,637,023	396.5 %
Total net position	$ 104,582,970	$ 86,000,983	21.6 %

Current and other assets were higher than last year, with an increase in cash and temporary investments resulting from the District's positive operations in the current year. Depreciation and amortization exceeded capital additions accounting for the reduction in net capital assets. Scheduled payments on outstanding debt financing reduced long-term liabilities compared to the prior year. Changes in the District's proportionate share of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) state-wide pension plans contributed to the differences in deferred outflows and inflows of resources, long-term liabilities, and unrestricted net position.

Total net position improved by $18,581,987 in the current year, with improvement in all components of net position as shown above. The change in the District's net investment in capital assets is dependent on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. Restricted net position increased over the prior year in several areas including amounts restricted for capital asset acquisition and facilities maintenance. The change in unrestricted net position includes the financial operations of the General Fund, discussed later, and from the District's positive activity in self-insured medical activities in the current year.

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

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

	Governmental Activities		Percentage
	2026	2025	Change
Revenues			
Program revenues			
Charges for services	$ 8,444,389	$ 7,564,372	11.6 %
Operating grants and contributions	30,734,656	30,577,408	0.5
General revenues			
Property taxes	28,408,832	28,026,304	1.4
General grants and aids	64,024,136	63,909,912	0.2
Other	5,685,077	6,788,659	(16.3)
Total revenues	137,297,090	136,866,655	0.3
Expenses			
Administration	3,802,486	3,447,368	10.3
District support services	2,299,048	2,281,415	0.8
Elementary and secondary regular instruction	43,628,599	41,506,504	5.1
Vocational education instruction	1,020,447	951,840	7.2
Special education instruction	23,130,293	22,599,822	2.3
Instructional support services	4,684,466	5,151,920	(9.1)
Pupil support services	10,994,717	10,076,366	9.1
Sites and buildings	8,900,526	9,173,990	(3.0)
Fiscal and other fixed cost programs	592,946	565,943	4.8
Food service	5,334,995	4,894,678	9.0
Community service	7,347,173	7,162,093	2.6
Depreciation/amortization not included in other functions	5,491,089	5,380,116	2.1
Interest and fiscal charges	1,488,318	2,712,239	(45.1)
Total expenses	118,715,103	115,904,294	2.4
Change in net position	18,581,987	20,962,361	(11.4)
Net position – beginning	86,000,983	65,038,622	32.2
Net position – ending	$ 104,582,970	$ 86,000,983	21.6

Governmental activities revenues exceeded expenses in the current year, resulting in an increase of $18,581,987 in total net position. Revenues and expenses were both higher than the prior year, with revenues increasing by $430,435 (0.3 percent) and expenses increasing by $2,810,809 (2.4 percent).

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

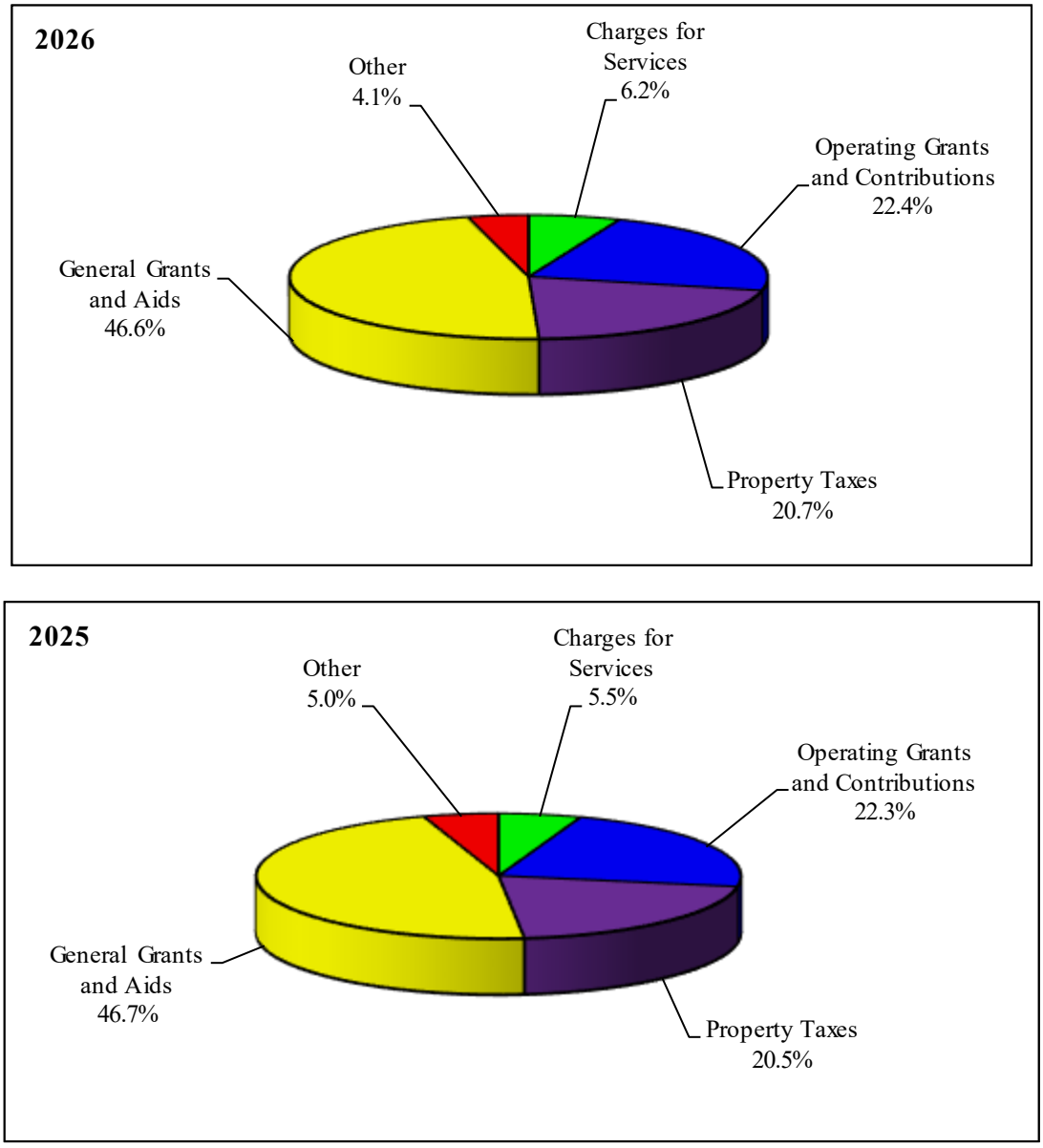
Revenues

- An increase of 2.9 percent in the property tax levy for general and community service operations,
- Charges for services were up with additional community service programming and participation.
- Other general revenues were down with reduced investment earnings from a temporary debt refunding escrow that was paid out and closed in the prior year.

Expenses

- Contractual improvements negotiated for salaries and related benefits increased spending across most programs as seen in the previous table.
- Pension expense was down with changes in the District's proportionate shares of the PERA and the TRA state-wide pension plans.
- Instructional support services reported less spending compared to the prior year due to one-time program funding which was unavailable in the current year.
- Higher costs for fuel and contract transportation services impacted pupil support services.
- Spending in sites and buildings decreased with less long-term facilities maintenance completed compared to the prior year.
- Spending was up in both food service and community service with more participation this year.
- Interest and fiscal charges were down with the completion of a major bond refunding in the prior year and closeout of the related refunding escrow.

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

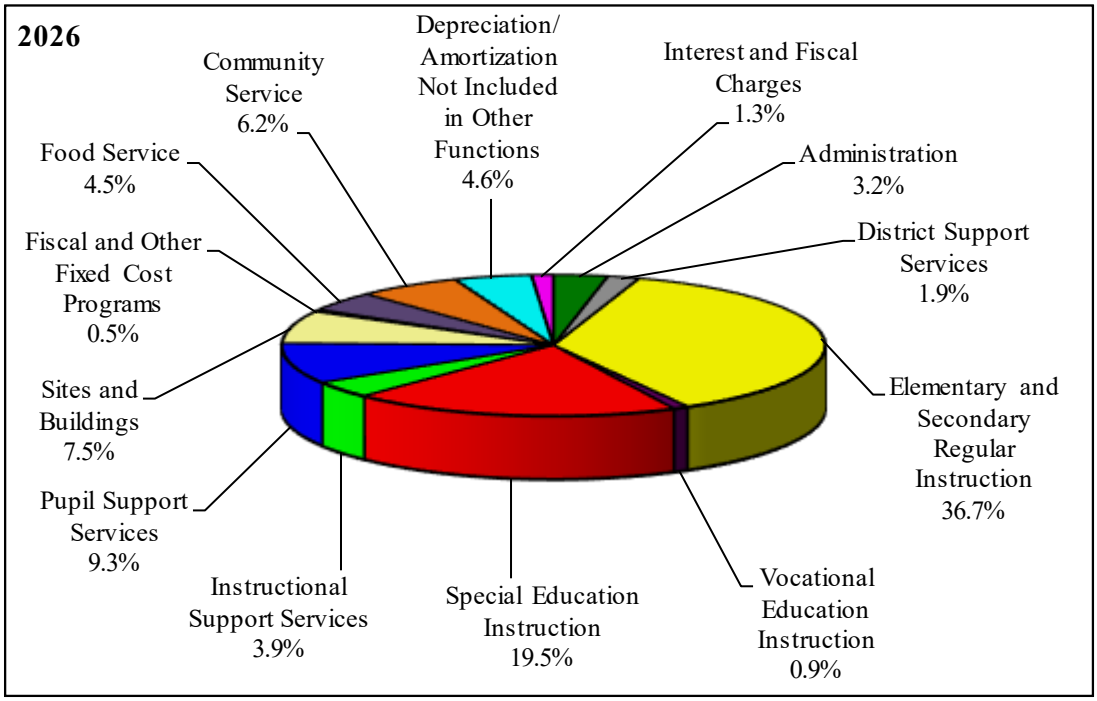


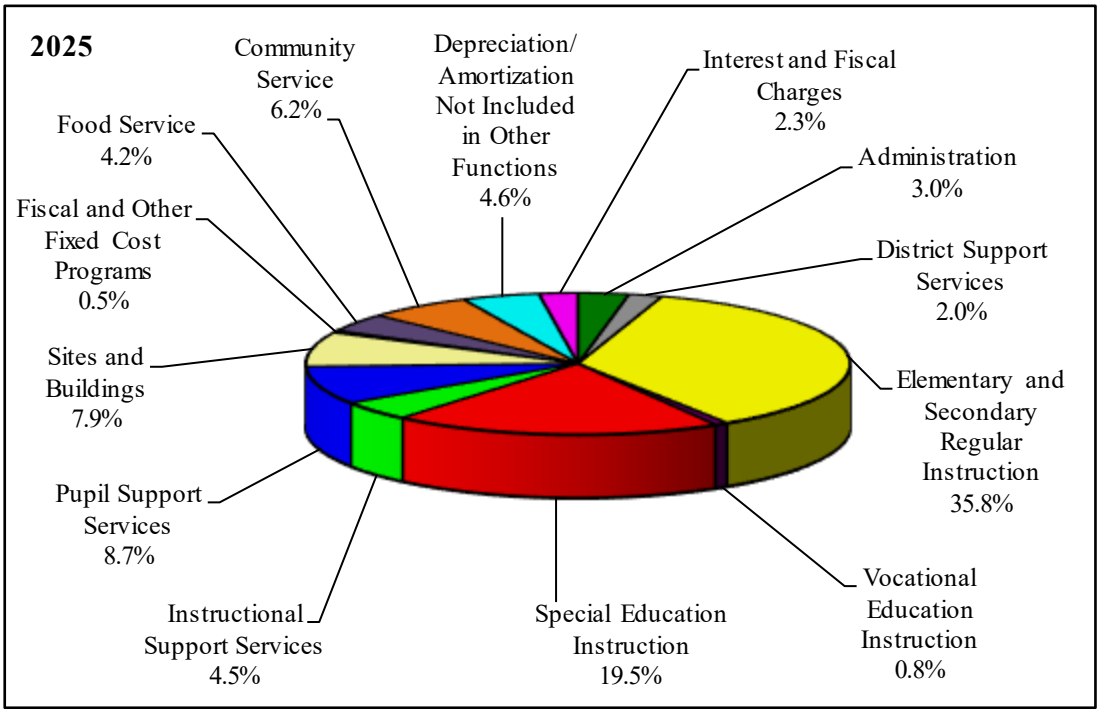
The largest share of the District's revenue is received from the state, including the majority of both the general grants and aids and the operating grants and contributions as shown in Figure C above. As seen in the above graphs, the split of revenues by source remained consistent between the two fiscal years shown.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also on legislative decisions impacting the mix of state aid and local effort in a variety of funding formulas. Current year property tax revenue provided a slightly higher percentage of total revenue than the prior year.

"Other" sources were down while "charges for services" were up in amounts and percentages of the total revenue compared to the prior year. A decrease in investment earnings caused by less favorable interest rates and market conditions was the primary factor behind the decline in the "other" revenue category, along with the closure of a refunding debt escrow in the prior year. As previously mentioned, the growth in community service programs participation increased revenues reported as charges for services.

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





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

The split of spending by program category remained consistent to the prior year as seen in the above graphs. Interest and fiscal charges were down as a percentage of total spending due to the prior year refunding of bonds.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

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

	2026	2025	Change
Major funds			
General	$ 73,660,108	$ 66,089,467	$ 7,570,641
Debt Service	3,856,478	3,254,688	601,790
Nonmajor funds	6,088,351	5,467,587	620,764
Total governmental funds	$ 83,604,937	$ 74,811,742	$ 8,793,195

On June 30, 2026, the District's governmental funds reported combined fund balances of $83,604,937, an increase of $8,793,195 in comparison with the prior year. Most of the increase was in the General Fund.

Unassigned fund balance at year-end was $25,788,483, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – $116,318, 2) externally restricted for particular purposes – $25,763,272, or 3) internally assigned for particular purposes – $31,936,864.

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

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

	General Fund		Debt Service Fund	
	2026	2025	2026	2025
Total revenues	$ 113,533,635	$ 112,425,729	$ 9,504,782	$ 10,237,354
Total expenditures	106,478,147	106,187,628	8,902,992	10,464,441
Excess (deficiency) of revenues over expenditures	7,055,488	6,238,101	601,790	(227,087)
Other financing sources (uses)				
Sale of capital assets	–	13,839	–	–
Insurance recovery	211,159	67,089	–	–
Debt issued	303,994	–	–	–
Payment on refunded debt	–	–	–	(54,706,376)
Total other financing sources (uses)	515,153	80,928	–	(54,706,376)
Net change in fund balances	$ 7,570,641	$ 6,319,029	$ 601,790	$ (54,933,463)

General Fund

The total fund balances of the General Fund increased by $7,570,641 during the current year. General Fund revenues were $1,107,906 higher than the prior year in total, mainly from increased state aids for special education and general education. General Fund expenditures were $290,519 higher than the previous year. Most of the overall increase was due to increased salary and benefit costs for instructional programs, offset by a decrease in capital outlay with less projects in the current year.

Debt Service Fund

Debt Service Fund revenues exceeded expenditures by $601,790, increasing fund balance to $3,856,478 at year-end. The activity in this fund is largely controlled by the financing plan approved with the issuance of each individual debt obligation. Revenues decreased by $732,572 compared to last year due to a reduction in the scheduled levy for debt service and lower investment earnings with less escrow cash balances. Expenditures decreased by $1,561,449, due to the District following the debt repayment schedule. Active debt management by the District with bond refunding transactions in recent years, including fiscal 2025, has helped lower the required debt levy and reduced debt service spending.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The total carrying value – original cost minus accumulated depreciation/amortization – of the District's governmental activities capital assets was $128,079,994 at year-end, which represents a net decrease of $2,534,421, or 1.9 percent, from the previous year-end. However, that relatively small net change does not reflect the magnitude of the District's capital investment activity during the year.

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

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

	2026	2025	Change
Land	$ 6,400,747	$ 6,062,629	$ 338,118
Construction in progress	–	2,249,582	(2,249,582)
Land improvements	13,305,731	11,079,407	2,226,324
Buildings	204,859,859	203,220,315	1,639,544
Furniture and equipment	21,772,863	19,950,575	1,822,288
Lease – furniture and equipment	–	511,791	(511,791)
Technology subscriptions	539,378	251,365	288,013
Less accumulated depreciation/amortization	(118,798,584)	(112,711,249)	(6,087,335)
Total	$ 128,079,994	$ 130,614,415	$ (2,534,421)
Depreciation/amortization expense	$ 6,715,673	$ 6,431,436	$ 284,237

Most of the activity in capital assets is related to the ongoing capital spending in the General Fund for the District's facilities maintenance program in the current year. The completion of district projects during the year closed out the balance previously reported in construction in progress, with $3,702,094 of land and building improvements assets placed in service and reported in their appropriate asset classification category.

Long-Term Financing Activity

The District's outstanding bonds and other long-term financing agreements totaled $66,756,389 at year-end, a decrease of $8,239,979, or 11.0 percent, from the previous year-end. Table 6 shows the components of the District's long-term financing liabilities and the change from the prior year:

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

	2026	2025	Change
General obligation bonds payable	$ 57,650,000	$ 65,140,000	$ (7,490,000)
Certificates of participation payable	8,675,000	9,465,000	(790,000)
Unamortized premium/discount	215,542	237,618	(22,076)
Lease liability	–	107,010	(107,010)
Subscription liability	216,297	47,190	169,107
Total	$ 66,756,839	$ 74,996,818	$ (8,239,979)

The overall decrease in long-term liabilities was due to scheduled debt service payments with minor new subscription debt issued during the year. Principal payments on outstanding debt totaled $8,521,897 during the year.

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

Table 7
Limitations on Debt

District's market value	$ 5,612,758,896
Limit rate	15.0%
Legal debt limit	$ 841,913,834

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District is aware of the following developments that will have an impact on its finances in the future:

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

2) The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. At the close of the 2026 fiscal year the District estimates an adjusted average daily membership enrollment of 6,617 students. Future enrollment projections show a stable trend for the District.

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

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

5) In November 2026, District voters will be asked to consider two separate questions on the ballot. The District is asking voters to authorize an additional $375 per pupil operating levy to maintain educational programming and support student learning with the first question. In a second question the District is asking voters to authorize $108,890,000 in building bonds to maintain safe, functional learning environments through school facility improvements.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Governmental Activities	
	2026	2025
Assets		
Cash and temporary investments	$ 100,193,391	$ 89,551,119
Receivables		
Current taxes	17,917,294	17,062,823
Delinquent taxes	84,820	170,387
Accounts and interest	1,234,180	1,085,482
Due from other governmental units	11,653,341	11,813,658
Due from post-employment benefits trust	724,617	1,022,142
Inventory	108,475	114,015
Prepaid items	169,903	154,074
Net OPEB asset	200,763	239,781
Capital assets		
Not depreciated/amortized	6,400,747	8,312,211
Depreciated/amortized, net of accumulated depreciation/amortization	121,679,247	122,302,204
Total capital assets, net of accumulated depreciation/amortization	128,079,994	130,614,415
Total assets	260,366,778	251,827,896
Deferred outflows of resources		
Pension plan deferments	12,254,209	12,645,623
OPEB plan deferments	785,953	1,062,354
Total deferred outflows of resources	13,040,162	13,707,977
Total assets and deferred outflows of resources	$ 273,406,940	$ 265,535,873
Liabilities		
Salaries and compensated absences payable	$ 5,695,902	$ 5,495,883
Accounts and contracts payable	4,043,371	4,069,918
Accrued interest payable	618,195	681,551
Due to other governmental units	482,255	615,669
Claims incurred, but not reported	801,500	719,300
Unearned revenue	186,080	207,689
Long-term liabilities		
Due within one year	8,817,696	8,965,124
Due in more than one year	100,603,543	111,605,649
Total long-term liabilities	109,421,239	120,570,773
Total liabilities	121,248,542	132,360,783
Deferred inflows of resources		
Property taxes levied for subsequent year	29,140,566	28,118,004
Pension plan deferments	15,785,532	15,630,094
OPEB plan deferments	1,656,635	2,356,953
Deferred charge on refunding	992,695	1,069,056
Total deferred inflows of resources	47,575,428	47,174,107
Net position		
Net investment in capital assets	66,205,460	61,788,541
Restricted for		
Capital asset acquisition and facilities maintenance	13,181,558	10,837,044
Debt service	3,266,956	2,666,083
Food service	3,059,517	2,657,552
Community service	3,031,533	2,816,705
Other purposes (state and other funding restrictions)	2,745,360	2,598,035
Unrestricted	13,092,586	2,637,023
Total net position	104,582,970	86,000,983
Total liabilities, deferred inflows of resources, and net position	$ 273,406,940	$ 265,535,873

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

Functions/Programs	2026 Expenses	2026 Program Revenues: Charges for Services	2026 Program Revenues: Operating Grants and Contributions	2026 Net (Expense) Revenue and Changes in Net Position: Governmental Activities	2025 Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 3,802,486	$ –	$ –	$ (3,802,486)	$ (3,447,368)
District support services	2,299,048	–	–	(2,299,048)	(2,281,415)
Elementary and secondary regular instruction	43,628,599	1,298,522	1,054,852	(41,275,225)	(39,362,963)
Vocational education instruction	1,020,447	–	19,855	(1,000,592)	(899,433)
Special education instruction	23,130,293	687,883	23,550,930	1,108,520	1,027,470
Instructional support services	4,684,466	25,282	42,291	(4,616,893)	(4,249,205)
Pupil support services	10,994,717	–	–	(10,994,717)	(10,076,366)
Sites and buildings	8,900,526	–	–	(8,900,526)	(9,173,990)
Fiscal and other fixed cost programs	592,946	–	–	(592,946)	(565,943)
Food service	5,334,995	581,629	5,255,578	502,212	557,567
Community service	7,347,173	5,851,073	811,150	(684,950)	(1,198,513)
Depreciation/amortization not included in other functions	5,491,089	–	–	(5,491,089)	(5,380,116)
Interest and fiscal charges on debt	1,488,318	–	–	(1,488,318)	(2,712,239)
Total governmental activities	$ 118,715,103	$ 8,444,389	$ 30,734,656	(79,536,058)	(77,762,514)
General revenue					
Taxes					
Property taxes levied for general purposes				18,461,223	18,008,392
Property taxes levied for community service				969,630	716,706
Property taxes levied for debt service				8,977,979	9,301,206
General grants and aids				64,024,136	63,909,912
Other general revenues				2,050,996	2,327,488
Investment earnings				3,634,081	4,461,171
Total general revenue				98,118,045	98,724,875
Change in net position				18,581,987	20,962,361
Net position – beginning				86,000,983	65,038,622
Net position – ending				$ 104,582,970	$ 86,000,983

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	General Fund	Debt Service Fund	Nonmajor Funds
Assets			
Cash and temporary investments	$ 77,749,691	$ 7,137,363	$ 6,910,064
Receivables			
Current taxes	12,240,867	4,958,913	717,514
Delinquent taxes	54,524	27,602	2,694
Accounts and interest	659,319	–	3,882
Due from other governmental units	11,413,989	574	238,778
Due from other funds	724,617	–	–
Inventory	–	–	108,475
Prepaid items	7,843	–	–
Total assets	$ 102,850,850	$ 12,124,452	$ 7,981,407
Liabilities			
Salaries and compensated absences payable	$ 5,359,929	$ –	$ 335,973
Accounts and contracts payable	3,555,976	2,400	204,199
Due to other governmental units	482,217	–	38
Unearned revenue	24,466	–	158,334
Total liabilities	9,422,588	2,400	698,544
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	56,302	28,673	2,699
Property taxes levied for subsequent year	19,711,852	8,236,901	1,191,813
Total deferred inflows of resources	19,768,154	8,265,574	1,194,512
Fund balances			
Nonspendable	7,843	–	108,475
Restricted	15,926,918	3,856,478	5,979,876
Assigned	31,936,864	–	–
Unassigned	25,788,483	–	–
Total fund balances	73,660,108	3,856,478	6,088,351
Total liabilities, deferred inflows of resources, and fund balances	$ 102,850,850	$ 12,124,452	$ 7,981,407

See notes to basic financial statements

Total Governmental Funds	
2026	2025
$ 91,797,118	$ 82,349,442
17,917,294	17,062,823
84,820	170,387
663,201	540,231
11,653,341	11,813,658
724,617	1,022,142
108,475	114,015
7,843	16,939
$ 122,956,709	$ 113,089,637
$ 5,695,902	$ 5,495,883
3,762,575	3,584,091
482,255	615,669
182,800	201,497
10,123,532	9,897,140
87,674	262,751
29,140,566	28,118,004
29,228,240	28,380,755
116,318	130,954
25,763,272	22,043,339
31,936,864	27,967,806
25,788,483	24,669,643
83,604,937	74,811,742
$ 122,956,709	$ 113,089,637

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INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Total fund balances – governmental funds	$ 83,604,937	$ 74,811,742
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	246,878,578	243,325,664
Accumulated depreciation/amortization	(118,798,584)	(112,711,249)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	8,043,736	6,672,744
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(57,650,000)	(65,140,000)
Certificates of participation payable	(8,675,000)	(9,465,000)
Unamortized premium/discount	(215,542)	(237,618)
Lease liability	–	(107,010)
Subscription liability	(216,297)	(47,190)
Compensated absences payable	(2,123,885)	(2,082,427)
Net pension liability	(40,540,515)	(43,491,528)
The net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in governmental funds.	200,763	239,781
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(618,195)	(681,551)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	12,254,209	12,645,623
Deferred outflows of resources – OPEB plan deferments	785,953	1,062,354
Deferred inflows of resources – pension plan deferments	(15,785,532)	(15,630,094)
Deferred inflows of resources – OPEB plan deferments	(1,656,635)	(2,356,953)
Deferred inflows of resources – deferred charge on refunding	(992,695)	(1,069,056)
Deferred inflows of resources – unavailable revenue – delinquent taxes	87,674	262,751
Total net position – governmental activities	$ 104,582,970	$ 86,000,983

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	General Fund	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	$ 18,568,056	$ 9,042,252	$ 973,601
Investment earnings	2,280,296	456,786	391,050
Other	3,851,524	–	6,432,702
State sources	86,271,689	5,744	4,001,559
Federal sources	2,562,070	–	2,065,169
Total revenue	113,533,635	9,504,782	13,864,081
Expenditures			
Current			
Administration	3,981,379	–	–
District support services	2,353,750	–	–
Elementary and secondary regular instruction	45,883,715	–	–
Vocational education instruction	1,037,505	–	–
Special education instruction	24,091,799	–	–
Instructional support services	4,790,707	–	–
Pupil support services	10,984,764	–	–
Sites and buildings	11,492,566	–	–
Fiscal and other fixed cost programs	592,946	–	–
Food service	–	–	5,397,756
Community service	–	–	7,635,947
Capital outlay	–	–	209,614
Debt service			
Principal	1,031,897	7,490,000	–
Interest and fiscal charges	237,119	1,412,992	–
Total expenditures	106,478,147	8,902,992	13,243,317
Excess of revenue over expenditures	7,055,488	601,790	620,764
Other financing sources (uses)			
Sale of capital assets	–	–	–
Insurance recovery	211,159	–	–
Debt issued	303,994	–	–
Payment on refunded debt	–	–	–
Total other financing sources (uses)	515,153	–	–
Net change in fund balances	7,570,641	601,790	620,764
Fund balances			
Beginning of year	66,089,467	3,254,688	5,467,587
End of year	$ 73,660,108	$ 3,856,478	$ 6,088,351

See notes to basic financial statements

Total Governmental Funds	
2026	2025
$ 28,583,909	$ 28,058,289
3,128,132	3,997,216
10,284,226	9,844,115
90,278,992	88,621,690
4,627,239	4,652,078
136,902,498	135,173,388
3,981,379	3,531,687
2,353,750	2,277,980
45,883,715	43,190,633
1,037,505	973,994
24,091,799	23,086,080
4,790,707	5,556,076
10,984,764	10,049,783
11,492,566	15,711,083
592,946	565,943
5,397,756	4,964,480
7,635,947	7,286,137
209,614	1,090,995
8,521,897	9,279,305
1,650,111	2,394,556
128,624,456	129,958,732
8,278,042	5,214,656
–	13,839
211,159	67,089
303,994	–
–	(54,706,376)
515,153	(54,625,448)
8,793,195	(49,410,792)
74,811,742	124,222,534
$ 83,604,937	$ 74,811,742

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INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Total net change in fund balances – governmental funds	$ 8,793,195	$ (49,410,792)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlay	4,197,273	8,851,829
Depreciation/amortization expense	(6,715,673)	(6,431,436)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(16,021)	(33,183)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	1,370,992	616,559
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitutes long-term liabilities.	(303,994)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	7,490,000	71,250,000
Certificates of participation payable	790,000	770,000
Lease liability	107,010	104,527
Subscription liability	134,887	79,778
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	63,356	311,010
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	22,076	(7,778,261)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(41,458)	60,770
Net pension liability	2,951,013	12,908,455
Net OPEB asset	(39,018)	(673,840)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(391,414)	(385,477)
Deferred outflows of resources – OPEB plan deferments	(276,401)	278,165
Deferred inflows of resources – pension plan deferments	(155,438)	(9,576,553)
Deferred inflows of resources – OPEB plan deferments	700,318	1,121,851
Deferred inflows of resources – deferred charge on refunding	76,361	(1,069,056)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(175,077)	(31,985)
Change in net position – governmental activities	$ 18,581,987	$ 20,962,361

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Assets		
Current assets		
Cash and temporary investments	$ 8,396,273	$ 7,201,677
Receivables		
Accounts and interest	570,979	545,251
Prepaid items	162,060	137,135
Total current assets	9,129,312	7,884,063
Liabilities		
Current liabilities		
Accounts payable	280,796	485,827
Claims incurred, but not reported	801,500	719,300
Unearned revenue	3,280	6,192
Total current liabilities	1,085,576	1,211,319
Net position		
Unrestricted	$ 8,043,736	$ 6,672,744

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Operating revenues		
Charges for services	$ 13,528,485	$ 12,593,136
Operating expenses		
Health claims and fees	12,050,994	11,841,725
Dental claims and fees	612,448	598,807
Total operating expenses	12,663,442	12,440,532
Operating income	865,043	152,604
Other nonoperating revenues		
Investment earnings	505,949	463,955
Change in net position	1,370,992	616,559
Net position		
Beginning of year	6,672,744	6,056,185
End of year	$ 8,043,736	$ 6,672,744

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Cash flows from operating activities		
Received from assessments made to other funds	$ 13,499,845	$ 13,135,820
Health claims and fees payments	(12,203,143)	(11,667,727)
Dental claims and fees payments	(608,055)	(611,915)
Net cash flows from operating activities	688,647	856,178
Cash flows from investing activities		
Interest received on investments	505,949	463,955
Net change in cash and cash equivalents	1,194,596	1,320,133
Cash and temporary investments		
Beginning of year	7,201,677	5,881,544
End of year	$ 8,396,273	$ 7,201,677
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 865,043	$ 152,604
Adjustment to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(25,728)	536,492
Prepaid items	(24,925)	(28,832)
Accounts payable	(205,031)	142,422
Claims incurred, but not reported	82,200	47,300
Unearned revenue	(2,912)	6,192
Net cash flows from operating activities	$ 688,647	$ 856,178

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 12

Statement of Fiduciary Net Position
Post-Employment Benefits Trust Fund
as of June 30, 2026

Assets		
Cash and investments held by trustee		
Investments at fair value		
U.S. treasury securities	$	1,610,232
Mortgage-backed securities		169,536
U.S. agency securities		1,240,772
Corporate obligations		1,708,589
Equities		4,656,012
Real estate investment trusts		20,321
Mutual funds		183,724
Mutual funds – real assets		360,855
Total assets		9,950,041
Liabilities		
Due to other funds		724,617
Net position		
Restricted for OPEB	$	9,225,424

Statement of Changes in Fiduciary Net Position
Post-Employment Benefits Trust Fund
Year Ended June 30, 2026

Additions		
Investment earnings	$	922,807
Deductions		
Benefit payments		724,617
Administrative expenses		102,225
Total deductions		826,842
Change in net position		95,965
Net position		
Beginning of year		9,129,459
End of year	$	9,225,424

See notes to basic financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

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

D. Fund Financial Statement Presentation

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

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

Major Governmental Funds

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues.

Nonmajor Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Fund

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Actual spending exceeded final budgeted appropriations for fiscal 2026 by $100,314 in the Food Service Special Revenue Fund and by $34,306 in the Community Service Special Revenue Fund. These variances were funded by revenues exceeding budget and available fund balance.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

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

Due from the MDE and others	$ 10,862,670
Due from other Minnesota school districts	779,800
Due from Anoka County and others	10,871
Total	$ 11,653,341

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $571,462 of the property tax levy collectible in 2026 as revenue to the District in fiscal year 2025–2026. The remaining portion of the taxes collectible in 2026 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Subscription-Based Information Technology Arrangements (SBITAs)

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

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below the threshold, are capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capital asset policy of the District requires physical assets acquired with unit costs in excess of $10,000, group assets in excess of $50,000, building constructed assets and improvements in excess of $175,000 to be capitalized as property and equipment on the District's financial statements.

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

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

M. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment.

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

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

O. Severance Payable

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. Severance benefits for any individual cannot exceed one year's salary.

Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan established under Internal Revenue Code (IRC) Section 403(b). The amount of any severance benefits due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

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

P. State-Wide Pension Plans

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Deferred Outflows/Inflows of Resources

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

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.

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

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

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

S. Net Position

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

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

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

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

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

T. Fund Balance Classifications

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

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

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

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

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

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

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

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

U. Risk Management and Self-Insurance

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

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

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

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2025	$ 10,000	$ 598,807	$ (592,507)	$ 16,300
2026	$ 16,300	$ 612,448	$ (617,248)	$ 11,500

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2025	$ 662,000	$ 11,841,725	$ (11,800,725)	$ 703,000
2026	$ 703,000	$ 12,050,994	$ (11,963,994)	$ 790,000

V. Use of Estimates

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

W. Prior Period Comparative Financial Information/Reclassification

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Petty cash	$	7,750
Deposits		960,000
Investments		109,175,682
Total	$	110,143,432

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

Statement of Net Position		
Cash and temporary investments	$	100,193,391
Statement of Fiduciary Net Position		
Cash and investments held by trustee – Post-Employment Benefits Trust Fund		9,950,041
Total	$	110,143,432

B. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the District's deposits was $960,000. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements	Interest Rate Risk – Maturity Duration in Years: Less Than 1	1 to 5	6 to 10	Over 10	Total
U.S. treasury securities	N/A	N/A	Level 1	$ 127,228	$ 570,815	$ 477,170	$ 435,019	$ 1,610,232
Mortgage-backed securities	AAA	S&P	Level 1	$ –	$ 100,214	$ –	$ 69,322	169,536
U.S. agency securities	AA	S&P	Level 1	$ –	$ 86,389	$ 108,477	$ 1,045,906	1,240,772
Corporate obligations	AA	S&P	Level 1	$ –	$ –	$ 85,502	$ 71,754	157,256
Corporate obligations	A	S&P	Level 1	$ 50,650	$ 254,647	$ 269,716	$ 132,228	707,241
Corporate obligations	A	Moody's	Level 1	$ –	$ 136,283	$ 30,148	$ –	166,431
Corporate obligations	BBB	S&P	Level 1	$ –	$ 161,136	$ 337,736	$ 90,598	589,470
Corporate obligations	Baa	Moody's	Level 1	$ –	$ 88,191	$ –	$ –	88,191
Equities	N/R	N/A	Level 1					4,656,012
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund – Term Series	AAA	Fitch	Amortized Cost	$ 41,500,000	$ –	$ –	$ –	41,500,000
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost					57,668,650
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost					55,996
Mutual funds	AAA	S&P	Level 1					995
Real estate investment trusts	N/R	N/A	Level 1					20,321
Mutual funds	N/R	N/A	Level 1					183,724
Mutual funds – real assets	N/R	N/A	Level 1					360,855
Total investments								$ 109,175,682

N/A – Not Applicable
N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) and the MNTrust Investment Shares Portfolio are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District's investments in the MSDLAF and the MNTrust Investment Shares Portfolio are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For the MSDLAF, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class 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. For the MNTrust investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 6,062,629	$ 338,118	$ –	$ –	$ 6,400,747
Construction in progress	2,249,582	1,452,512	–	(3,702,094)	–
Total capital assets, not depreciated/amortized	8,312,211	1,790,630	–	(3,702,094)	6,400,747
Capital assets, depreciated/amortized					
Land improvements	11,079,407	–	–	2,226,324	13,305,731
Buildings	203,220,315	163,774	–	1,475,770	204,859,859
Furniture and equipment	19,950,575	1,846,319	(24,031)	–	21,772,863
Lease – furniture and equipment	511,791	–	(511,791)	–	–
Technology subscriptions	251,365	396,550	(108,537)	–	539,378
Total capital assets, depreciated/amortized	235,013,453	2,406,643	(644,359)	3,702,094	240,477,831
Less accumulated depreciation/amortization for					
Land improvements	(5,346,347)	(471,699)	–	–	(5,818,046)
Buildings	(96,595,313)	(4,690,196)	–	–	(101,285,509)
Furniture and equipment	(10,144,499)	(1,293,723)	8,010	–	(11,430,212)
Lease – furniture and equipment	(409,432)	(102,359)	511,791	–	–
Technology subscriptions	(215,658)	(157,696)	108,537	–	(264,817)
Total accumulated depreciation/amortization	(112,711,249)	(6,715,673)	628,338	–	(118,798,584)
Net capital assets, depreciated/amortized	122,302,204	(4,309,030)	(16,021)	3,702,094	121,679,247
Total capital assets, net	$ 130,614,415	$ (2,518,400)	$ (16,021)	$ –	$ 128,079,994

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

Administration	$ 20,740
District support services	62,024
Elementary and secondary regular instruction	707,300
Vocational education instruction	1,706
Special education instruction	956
Instructional support services	313,245
Pupil support services	113,099
Community service	5,514
Depreciation/amortization not included in other functions	5,491,089
Total depreciation/amortization expense	$ 6,715,673

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2016B Taxable OPEB Refunding Bonds	05/26/2016	1.500–3.050%	$ 11,250,000	02/01/2030	$ 5,875,000
2022A Taxable Refunding Bonds	02/09/2022	1.005–2.923%	$ 58,660,000	02/01/2039	51,775,000
Total general obligation bonds payable					$ 57,650,000

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

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2016A Certificates of Participation	02/16/2016	2.000–3.000%	$ 4,520,000	02/01/2031	$ 1,700,000
2016C Certificates of Participation	05/26/2016	2.000–3.500%	$ 1,200,000	02/01/2031	475,000
2020A Certificates of Participation	10/22/2020	2.000–3.000%	$ 8,300,000	02/01/2040	6,500,000
Total certificates of participation					$ 8,675,000

These certificates of participation were issued to finance improvements at the District's school buildings. The certificates of participation are paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

C. Subscription Liability

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Trafera – instructional subscription	07/01/2025	3.22%	$ 77,135	06/30/2028	$ 52,246
Heartland – non-instructional subscription	07/01/2025	3.32%	$ 122,329	06/01/2029	93,250
Edmentum – instructional subscription	07/01/2025	3.22%	$ 104,530	06/30/2028	70,801
Total subscription liability					$ 216,297

The District entered into certain multi-year agreements for the right to use software, which call for annual principal and interest payments through June 2029. The agreements are paid for by the General Fund. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 5,930,277	$ 2,326,660	$ 3,853,401	$ (164,993)
State-wide, multiple-employer – TRA	34,610,238	9,927,549	11,932,131	3,328,073
Total	$ 40,540,515	$ 12,254,209	$ 15,785,532	$ 3,163,080

E. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds payable, certificates of participation payable, and subscription liability are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 7,285,000	$ 1,281,337	$ 815,000	$ 202,331	$ 90,593	$ 5,715
2028	7,425,000	1,146,205	835,000	177,431	93,584	2,724
2029	7,565,000	998,030	860,000	156,081	32,120	580
2030	7,110,000	835,111	885,000	134,056	–	–
2031	5,470,000	675,185	900,000	111,356	–	–
2032–2036	20,635,000	1,574,136	2,340,000	349,381	–	–
2037–2040	2,160,000	127,735	2,040,000	105,625	–	–
	$ 57,650,000	$ 6,637,739	$ 8,675,000	$ 1,236,261	$ 216,297	$ 9,019

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	$ 65,140,000	$ –	$ 7,490,000	$ 57,650,000	$ 7,285,000
Certificates of participation payable	9,465,000	–	790,000	8,675,000	815,000
Unamortized premium/discount	237,618	–	22,076	215,542	–
Lease liability	107,010	–	107,010	–	–
Subscription liability	47,190	303,994	134,887	216,297	90,593
Compensated absences payable	2,082,427	358,444	316,986	2,123,885	627,103
Net pension liability	43,491,528	46,864,271	49,815,284	40,540,515	–
	$ 120,570,773	$ 47,526,709	$ 58,676,243	$ 109,421,239	$ 8,817,696

NOTE 5 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

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

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	$ 6,400,747
Depreciated/amortized, net of accumulated depreciation/amortization	121,679,247
Less capital-related long-term debt outstanding	(60,881,839)
Less deferred charge on refunding	(992,695)
Total net investment in capital assets	$ 66,205,460

The District's 2016B Taxable OPEB Refunding Bonds are not capital related and, therefore, have been excluded from the above calculation.

B. Governmental Fund Balance Classifications

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

Minimum Fund Balance Policy – The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned fund balance of 8.3 percent of the annual budget. At June 30, 2026, the unassigned fund balance of the General Fund was 24.2 percent of fiscal 2026 actual expenditures.

NOTE 5 – NET POSITION/FUND BALANCES (CONTINUED)

Classifications – At year-end, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	$ –	$ –	$ 108,475	$ 108,475
Prepaid items	7,843	–	–	7,843
Total nonspendable	7,843	–	108,475	116,318
Restricted for				
Student activities	147,588	–	–	147,588
Staff development	261,341	–	–	261,341
Literacy incentive aid	455,639	–	–	455,639
Operating capital	8,126,978	–	–	8,126,978
Quality compensation	285,201	–	–	285,201
Safe schools levy	173,834	–	–	173,834
Long-term facilities maintenance	5,054,580	–	–	5,054,580
Medical Assistance	1,421,757	–	–	1,421,757
Regular debt service	–	3,385,128	–	3,385,128
OPEB debt service	–	471,350	–	471,350
Food service	–	–	2,951,042	2,951,042
Community education programs	–	–	2,116,502	2,116,502
Early childhood family education programs	–	–	492,478	492,478
School readiness	–	–	361,332	361,332
Community service	–	–	58,522	58,522
Total restricted	15,926,918	3,856,478	5,979,876	25,763,272
Assigned for				
Subsequent year's budget	243,885	–	–	243,885
Learner activities	180,265	–	–	180,265
Contract commitments	654,391	–	–	654,391
Curriculum	3,855,216	–	–	3,855,216
District projects	9,771,273	–	–	9,771,273
Budget carryover	1,013,322	–	–	1,013,322
Class size reduction	3,475,092	–	–	3,475,092
Technology	3,146,321	–	–	3,146,321
Special education	1,075,000	–	–	1,075,000
Maintenance of equity	600,000	–	–	600,000
Compensated absences	2,123,885	–	–	2,123,885
Concessions	31,869	–	–	31,869
Sponsorships and advertising	232,737	–	–	232,737
Furniture, fixtures, and equipment	1,882,374	–	–	1,882,374
Future benefits	3,651,234	–	–	3,651,234
Total assigned	31,936,864	–	–	31,936,864
Unassigned	25,788,483	–	–	25,788,483
Total	$ 73,660,108	$ 3,856,478	$ 6,088,351	$ 83,604,937

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier I Benefits

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

With these provisions:

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

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

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

Or

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

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed 65 effective July 1, 2024. An early retirement reduction is applied to members retiring before age–65. Beginning June 30, 2025, new reduction factors will apply, including special factors for members retiring at age 60 or later with at least 30 years of service.

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2026 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2026, were $1,265,766. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2026 Coordinated Plan were 8.00 percent for the employee and 9.81 percent for the employer. Basic Plan rates were 11.50 percent for the employee and 13.00 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2026, were $4,205,359. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2026, the District reported a liability of $5,930,277 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $143,057.

District's proportionate share of the net pension liability	$ 5,930,277
State's proportionate share of the net pension liability associated with the District	143,057
Total	$ 6,073,334

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1790 percent at the end of the measurement period and 0.1775 percent for the beginning of the period.

For the year ended June 30, 2026, the District recognized negative pension expense of $143,050 for its proportionate share of the GERF's pension expense. The District also recognized an additional $21,943 as negative pension expense and negative grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16.0 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 565,026	$ –
Changes in actuarial assumptions	142,885	1,364,536
Net difference between projected and actual earnings on pension plan investments	–	2,359,714
Changes in proportion	352,983	129,151
District's contributions to the GERF subsequent to the measurement date	1,265,766	–
Total	$ 2,326,660	$ 3,853,401

The $1,265,766 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2027	$ (628,986)
2028	$ (950,553)
2029	$ (791,435)
2030	$ (421,533)

2. TRA Pension Costs

At June 30, 2026, the District reported a liability of $34,610,238 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.6039 percent at the end of the measurement period and 0.5812 percent for the beginning of the period.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

District's proportionate share of the net pension liability	$ 34,610,238
State's proportionate share of the net pension liability associated with the District	2,149,542
Total	$ 36,759,780

For the year ended June 30, 2026, the District recognized pension expense of $3,381,904. It also recognized $53,831 as a decrease to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2025, the state of Minnesota contributed $28.5 million to the Fund. The state of Minnesota is not included as a nonemployer contributing entity in the plan pension allocation schedules for the $28.5 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $171,890 for the year ended June 30, 2026 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,596,001	$ 339,909
Changes in actuarial assumptions	1,955,018	3,661,108
Net difference between projected and actual investment earnings on pension plan investments	–	6,949,539
Changes in proportion	2,171,171	981,575
District's contributions to the TRA subsequent to the measurement date	4,205,359	–
Total	$ 9,927,549	$ 11,932,131

The $4,205,359 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2027	$ 2,181,029
2028	$ (4,135,189)
2029	$ (3,124,709)
2030	$ (1,462,800)
2031	$ 331,728

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERF

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA

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

Actuarial Assumptions Used in Valuation of Total Pension Liability

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

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2025 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability (asset)	$ 14,403,713	$ 5,930,277	$ (943,586)
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 65,284,538	$ 34,610,238	$ 9,365,486

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

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

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's contributions in the current year totaled $724,617 as required on a pay-as-you-go basis to finance current year's benefits as described in the previous section. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	39
Active plan members	845
Total members	884

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

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

Total OPEB liability	$ 9,024,661
Plan fiduciary net position	(9,225,424)
District's net OPEB liability (asset)	$ (200,763)
Plan fiduciary net position as a percentage of the total OPEB liability	102.22%

F. Actuarial Method and Assumptions

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

Discount rate	5.40%
Expected long-term investment return	6.50%
20-year municipal bond yield	4.40%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.00% grading to 5.00% over 5 years, and then to 4.00% over the next 48 years

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

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

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	46.00 %	4.30 %
Domestic equity	36.00 %	8.50 %
International equity	12.00 %	8.40 %
Real estate	6.00 %	7.60 %
Total portfolio	100.00 %	6.50 %

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 10.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.40 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 5.50 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance	$ 8,889,678	$ 9,129,459	$ (239,781)
Changes for the year			
Service cost	338,755	–	338,755
Interest cost	487,904	–	487,904
Assumption changes	32,941	–	32,941
Projected investment return	–	593,415	(593,415)
Differences between expected and actual experience	–	329,392	(329,392)
Benefit payments	(724,617)	(724,617)	–
Administrative expenses	–	(102,225)	102,225
Total net changes	134,983	95,965	39,018
Ending balance	$ 9,024,661	$ 9,225,424	$ (200,763)

Changes in actuarial assumptions since the prior measurement date include the following:

- The expected long-term rate of return was changed from 6.30 percent to 6.50 percent.
- The discount rate was changed from 5.50 percent to 5.40 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.40%	5.40%	6.40%
Net OPEB liability (asset)	$ 189,466	$ (200,763)	$ (584,569)

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

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB medical trend rate	5.00% grading to 4.00% , then 3.00%	6.00% grading to 5.00%, then 4.00%	7.00% grading to 6.00%, then 5.00%
Net OPEB liability (asset)	$ (944,062)	$ (200,763)	$ 632,671

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

For the current year ended, the District recognized negative OPEB expense of $384,899. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 717,301	$ 342,669
Changes in actuarial assumptions	68,652	777,134
Net difference between projected and actual investment earnings on OPEB plan investments	–	536,832
Total	$ 785,953	$ 1,656,635

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2027	$ (358,069)
2028	$ (378,535)
2029	$ (278,166)
2030	$ 34,354
2031	$ 105,029
Thereafter	$ 4,705

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by an independent contract administrator for child care and medical expense reimbursements. The flexible benefit plan is included in the financial statements within the District's General Fund.

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

NOTE 9 – INTERFUND BALANCES AND TRANSACTIONS

Interfund Receivables and Payables

At year-end, the General Fund reported a balance of $724,617 due from the Post-Employment Benefits Trust Fund, representing the amount due from the trust for allowable OPEB expenditures. Interfund balances and transactions are reported in the fund financial statements, but are eliminated in the government-wide financial statements to the extent possible.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

On June 30, 2026, the District had commitments totaling $1,975,788 under various construction contracts for which work was not yet completed.

B. Federal and State Programs

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

C. Legal Claims

The District had the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 12

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Final Budget Over (Under)	Actual	Actual Amounts Over (Under)
	Original	Final	Original Budget	Amounts	Final Budget
Revenue					
Local sources					
Property taxes	$ 18,896,046	$ 18,647,704	$ (248,342)	$ 18,568,056	$ (79,648)
Investment earnings	1,444,000	1,350,000	(94,000)	2,280,296	930,296
Other	2,385,566	2,699,798	314,232	3,851,524	1,151,726
State sources	82,263,694	84,622,099	2,358,405	86,271,689	1,649,590
Federal sources	2,208,848	2,298,358	89,510	2,562,070	263,712
Total revenue	107,198,154	109,617,959	2,419,805	113,533,635	3,915,676
Expenditures					
Current					
Administration	3,739,922	3,889,572	149,650	3,981,379	91,807
District support services	2,612,303	2,651,734	39,431	2,353,750	(297,984)
Elementary and secondary regular instruction	48,189,377	46,770,042	(1,419,335)	45,883,715	(886,327)
Vocational education instruction	921,134	993,964	72,830	1,037,505	43,541
Special education instruction	24,002,079	26,060,138	2,058,059	24,091,799	(1,968,339)
Instructional support services	5,085,466	5,127,955	42,489	4,790,707	(337,248)
Pupil support services	9,528,159	10,551,543	1,023,384	10,984,764	433,221
Sites and buildings	12,947,767	13,333,500	385,733	11,492,566	(1,840,934)
Fiscal and other fixed cost programs	512,500	612,500	100,000	592,946	(19,554)
Debt service					
Principal	895,000	895,000	–	1,031,897	136,897
Interest and fiscal charges	235,131	235,131	–	237,119	1,988
Total expenditures	108,668,838	111,121,079	2,452,241	106,478,147	(4,642,932)
Excess (deficiency) of revenue over expenditures	(1,470,684)	(1,503,120)	(32,436)	7,055,488	8,558,608
Other financing sources					
Insurance recovery	–	–	–	211,159	211,159
Debt issued	–	–	–	303,994	303,994
Total other financing sources	–	–	–	515,153	515,153
Net change in fund balances	$ (1,470,684)	$ (1,503,120)	$ (32,436)	7,570,641	$ 9,073,761
Fund balances					
Beginning of year				66,089,467	
End of year				$ 73,660,108	

BUDGETARY COMPARISON SCHEDULE

BUDGETARY PROCESS AND LEGAL COMPLIANCE

The School Board adopts an annual budget for all of Independent School District No. 12's (the District) governmental funds, which are prepared on the same modified accrual basis of accounting as the fund financial statements in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. Budgeted expenditure appropriations lapse at year-end.

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

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

- Actual spending exceeded final budgeted appropriations for fiscal 2026 by $100,314 in the Food Service Special Revenue Fund and by $34,306 in the Community Service Special Revenue Fund. These variances were funded by revenues exceeding budget and available fund balance.

SIGNIFICANT VARIANCES IN BUDGETARY COMPARISON SCHEDULE

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

- **a.** Overall, the revision reflects updated assumptions and estimates based on updated information, new settlements, staffing adjustments, and prior year audit results. The General Fund deficit is a combination of long-term capital improvement spending from reserves and the voter-approved operating referendum plan.
- **b.** Revenue adjustments were due to updated information on assumptions and prior year results updated to current year's estimates.
- **c.** Expenditure adjustments were due to finalized contract settlements, staffing needs and assignments, and consideration of prior results to current expenditure trend information.
- **d.** Expenditure adjustments also improved the spread of benefits by program that are originally budgeted overall in the elementary and secondary regular instruction program.

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

- **a.** Revenues for investment earnings and other local sources reported actual results more than budget. This is due to the District's practice of taking a conservative budgeting approach for actual amounts to be reported for these sources.
- **b.** State sources reported the largest variance with actual amounts exceeding budget. Special education was better than anticipated with conservative estimates due to volatility with state-wide funding implications for this funding source.
- **c.** Spending was under budget primarily with less spending than anticipated in elementary and secondary regular instruction, special education instruction, and in the function for sites and buildings.
- **d.** Elementary and secondary regular instruction spending was under budget due to open positions impacting under spending for salaries and related benefits.
- **e.** Special education instruction was less than projected as the District anticipated reporting more costs from tuition billing costs to other districts.
- **f.** Sites and buildings functional spending was under budget due to the timing of long-term facilities maintenance spending that was delayed later than planned with the current budget.

INDEPENDENT SCHOOL DISTRICT NO. 12

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2017	06/30/2016	0.2015%	$ 16,360,801	$ 213,645	$ 16,574,446	$ 12,632,427	129.51%	68.90%
06/30/2018	06/30/2017	0.1864%	$ 11,899,654	$ 149,640	$ 12,049,294	$ 12,010,668	99.08%	75.90%
06/30/2019	06/30/2018	0.1877%	$ 10,412,828	$ 341,635	$ 10,754,463	$ 12,618,394	82.52%	79.50%
06/30/2020	06/30/2019	0.1838%	$ 10,161,891	$ 315,820	$ 10,477,711	$ 13,001,278	78.16%	80.20%
06/30/2021	06/30/2020	0.1867%	$ 11,193,519	$ 345,066	$ 11,538,585	$ 13,312,198	84.08%	79.10%
06/30/2022	06/30/2021	0.1742%	$ 7,439,121	$ 227,150	$ 7,666,271	$ 12,545,719	59.30%	87.00%
06/30/2023	06/30/2022	0.1768%	$ 14,002,618	$ 410,553	$ 14,413,171	$ 13,245,095	105.72%	76.70%
06/30/2024	06/30/2023	0.1682%	$ 9,405,556	$ 259,373	$ 9,664,929	$ 13,377,786	70.31%	83.10%
06/30/2025	06/30/2024	0.1775%	$ 6,560,214	$ 169,634	$ 6,729,848	$ 15,018,517	43.68%	89.08%
06/30/2026	06/30/2025	0.1790%	$ 5,930,277	$ 143,057	$ 6,073,334	$ 16,207,291	36.59%	90.78%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2017	$ 900,642	$ 900,642	$ –	$ 12,010,668	7.50%
06/30/2018	$ 946,410	$ 946,410	$ –	$ 12,618,394	7.50%
06/30/2019	$ 975,225	$ 975,225	$ –	$ 13,001,278	7.50%
06/30/2020	$ 998,417	$ 998,417	$ –	$ 13,312,198	7.50%
06/30/2021	$ 940,506	$ 940,506	$ –	$ 12,545,719	7.50%
06/30/2022	$ 993,029	$ 993,029	$ –	$ 13,245,095	7.50%
06/30/2023	$ 1,003,385	$ 1,003,385	$ –	$ 13,377,786	7.50%
06/30/2024	$ 1,126,390	$ 1,126,390	$ –	$ 15,018,517	7.50%
06/30/2025	$ 1,215,549	$ 1,215,549	$ –	$ 16,207,291	7.50%
06/30/2026	$ 1,265,766	$ 1,265,766	$ –	$ 16,876,949	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 12

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2017	06/30/2016	0.6907%	$164,748,429	$ 16,535,829	$181,284,258	$ 35,929,587	458.53%	44.88%
06/30/2018	06/30/2017	0.5438%	$108,552,344	$ 10,493,980	$119,046,324	$ 29,274,943	370.80%	51.57%
06/30/2019	06/30/2018	0.6098%	$ 38,301,148	$ 3,598,550	$ 41,899,698	$ 33,693,440	113.68%	78.07%
06/30/2020	06/30/2019	0.5898%	$ 37,593,976	$ 3,326,977	$ 40,920,953	$ 33,487,311	112.26%	78.21%
06/30/2021	06/30/2020	0.5909%	$ 43,656,484	$ 3,658,430	$ 47,314,914	$ 34,337,666	127.14%	75.48%
06/30/2022	06/30/2021	0.5926%	$ 25,933,948	$ 2,187,309	$ 28,121,257	$ 35,456,241	73.14%	86.63%
06/30/2023	06/30/2022	0.5643%	$ 45,186,159	$ 3,350,689	$ 48,536,848	$ 34,879,548	129.55%	76.17%
06/30/2024	06/30/2023	0.5692%	$ 46,994,427	$ 3,292,047	$ 50,286,474	$ 36,194,081	129.84%	76.42%
06/30/2025	06/30/2024	0.5812%	$ 36,931,314	$ 2,415,409	$ 39,346,723	$ 38,503,642	95.92%	82.07%
06/30/2026	06/30/2025	0.6039%	$ 34,610,238	$ 2,149,542	$ 36,759,780	$ 42,005,117	82.40%	84.51%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2017	$ 2,196,141	$ 2,196,141	$ –	$ 29,274,943	7.50%
06/30/2018	$ 2,526,625	$ 2,526,625	$ –	$ 33,693,440	7.50%
06/30/2019	$ 2,581,926	$ 2,581,926	$ –	$ 33,487,311	7.71%
06/30/2020	$ 2,719,482	$ 2,719,482	$ –	$ 34,337,666	7.92%
06/30/2021	$ 2,882,684	$ 2,882,684	$ –	$ 35,456,241	8.13%
06/30/2022	$ 2,909,077	$ 2,909,077	$ –	$ 34,879,548	8.34%
06/30/2023	$ 3,093,803	$ 3,093,803	$ –	$ 36,194,081	8.55%
06/30/2024	$ 3,368,252	$ 3,368,252	$ –	$ 38,503,642	8.75%
06/30/2025	$ 3,675,410	$ 3,675,410	$ –	$ 42,005,117	8.75%
06/30/2026	$ 4,205,359	$ 4,205,359	$ –	$ 42,869,298	9.81%

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total OPEB liability				
Service cost	$ 621,966	$ 607,690	$ 475,502	$ 547,306
Interest cost	621,006	643,634	690,406	437,598
Assumption changes	–	(285,979)	(3,073,593)	323,378
Differences between expected and actual experience	–	–	(2,665,547)	–
Benefit payments	(705,560)	(647,485)	(1,038,162)	(497,027)
Net change in total OPEB liability	537,412	317,860	(5,611,394)	811,255
Total OPEB liability – beginning of year	14,873,769	15,411,181	15,729,041	10,117,647
Total OPEB liability – end of year	15,411,181	15,729,041	10,117,647	10,928,902
Plan fiduciary net position				
Contributions	297,212	217,523	–	–
Projected investment return	713,401	740,415	651,228	579,546
Differences between expected and actual experience	–	–	13,194	(99,386)
Benefit payments	(705,560)	(647,485)	(1,038,162)	(497,027)
Administrative expenses	(88,519)	(103,777)	(110,163)	(109,482)
Net change in plan fiduciary net position	216,534	206,676	(483,903)	(126,349)
Plan fiduciary net position – beginning	11,205,837	11,422,371	11,629,047	11,145,144
Plan fiduciary net position – ending	11,422,371	11,629,047	11,145,144	11,018,795
Net OPEB liability (asset)	$ 3,988,810	$ 4,099,994	$ (1,027,497)	$ (89,893)
Plan fiduciary net position as a percentage of the total OPEB liability	74.12%	73.93%	110.16%	100.82%
Covered-employee payroll	$ 41,070,427	$ 42,302,540	$ 41,070,343	$ 42,302,453
Net OPEB liability (asset) as a percentage of covered-employee payroll	9.71%	9.69%	(2.50%)	(0.21%)

2021	2022	2023	2024	2025	2026
$ 575,927	$ 511,882	$ 324,663	$ 328,998	$ 323,562	$ 338,755
391,922	377,439	453,578	421,832	422,405	487,904
(1,140,825)	(375,579)	(986,253)	(33,602)	(90,666)	32,941
1,056,578	–	(799,565)	–	792,909	–
(619,456)	(1,217,717)	(1,021,287)	(713,827)	(1,022,142)	(724,617)
264,146	(703,975)	(2,028,864)	3,401	426,068	134,983
10,928,902	11,193,048	10,489,073	8,460,209	8,463,610	8,889,678
11,193,048	10,489,073	8,460,209	8,463,610	8,889,678	9,024,661
–	–	–	–	–	–
561,959	688,587	602,642	563,727	590,766	593,415
1,447,390	(1,775,384)	39,544	233,555	286,651	329,392
(619,456)	(1,217,717)	(1,021,287)	(713,827)	(1,022,142)	(724,617)
(112,484)	(112,336)	(104,797)	(101,680)	(103,047)	(102,225)
1,277,409	(2,416,850)	(483,898)	(18,225)	(247,772)	95,965
11,018,795	12,296,204	9,879,354	9,395,456	9,377,231	9,129,459
12,296,204	9,879,354	9,395,456	9,377,231	9,129,459	9,225,424
$ (1,103,156)	$ 609,719	$ (935,247)	$ (913,621)	$ (239,781)	$ (200,763)
109.86%	94.19%	111.05%	110.79%	102.70%	102.22%
$ 45,404,716	$ 46,766,858	$ 45,782,807	$ 47,156,291	$ 52,103,152	$ 53,666,246
(2.43%)	1.30%	(2.04%)	(1.94%)	(0.46%)	(0.37%)

INDEPENDENT SCHOOL DISTRICT NO. 12

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

District Fiscal Year-End Date	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	6.40 %
2018	6.50 %
2019	5.70 %
2020	4.30 %
2021	18.20 %
2022	(8.80) %
2023	6.50 %
2024	8.50 %
2025	9.40 %
2026	10.10 %

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2025 CHANGES IN PLAN PROVISIONS

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

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN PLAN PROVISIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2026 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return was changed from 6.30 percent to 6.50 percent.
- The discount rate was changed from 5.50 percent to 5.40 percent.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return was changed from 6.00 percent to 6.30 percent.
- The discount rate was changed from 5.10 percent to 5.50 percent.
- The healthcare trend rates were updated.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return was changed from 6.10 percent to 6.00 percent.
- The discount rate was changed from 5.00 percent to 5.10 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return was changed from 5.60 percent to 6.10 percent.
- The discount rate was changed from 4.40 percent to 5.00 percent.
- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, retiree plan participation percentage for future retirees who will be eligible to receive a subsidy, and withdrawal rates were updated.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term rate of return was changed from 5.10 percent to 5.60 percent.
- The discount rate was changed from 3.40 percent to 4.40 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.20 percent to 5.10 percent.
- The discount rate was changed from 3.50 percent to 3.40 percent.
- The healthcare trend rates, mortality tables, salary increase rates, retiree plan participation percentage for future retirees who will be eligible to receive a subsidy, and the percentage of future married retirees electing spouse coverage were updated.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.60 percent to 5.20 percent.
- The discount rate was changed from 4.20 percent to 3.50 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.80 percent to 5.60 percent.
- The discount rate was changed from 4.40 percent to 4.20 percent.
- The healthcare trend rates, including the trend of lump sums payable to the Health Reimbursement Account, and the mortality tables were updated.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.00 percent to 5.80 percent.
- The discount rate was changed from 4.10 percent to 4.40 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.00 percent to 4.10 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire under the Rule of 90 were also updated.

SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 3,054,682	$ 3,855,382	$ 6,910,064
Receivables			
Current taxes	–	717,514	717,514
Delinquent taxes	–	2,694	2,694
Accounts and interest	–	3,882	3,882
Due from other governmental units	38,064	200,714	238,778
Inventory	108,475	–	108,475
Total assets	$ 3,201,221	$ 4,780,186	$ 7,981,407
Liabilities			
Salaries and compensated absences payable	$ 4,697	$ 331,276	$ 335,973
Accounts and contracts payable	66,038	138,161	204,199
Due to other governments	–	38	38
Unearned revenue	70,969	87,365	158,334
Total liabilities	141,704	556,840	698,544
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	2,699	2,699
Property taxes levied for subsequent year	–	1,191,813	1,191,813
Total deferred inflows of resources	–	1,194,512	1,194,512
Fund balances			
Nonspendable	108,475	–	108,475
Restricted	2,951,042	3,028,834	5,979,876
Total fund balances	3,059,517	3,028,834	6,088,351
Total liabilities, deferred inflows of resources, and fund balances	$ 3,201,221	$ 4,780,186	$ 7,981,407

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 973,601	$ 973,601
Investment earnings	171,679	219,371	391,050
Other	581,629	5,851,073	6,432,702
State sources	3,190,409	811,150	4,001,559
Federal sources	2,065,169	–	2,065,169
Total revenue	6,008,886	7,855,195	13,864,081
Expenditures			
Current			
Food service	5,397,756	–	5,397,756
Community service	–	7,635,947	7,635,947
Capital outlay	209,165	449	209,614
Total expenditures	5,606,921	7,636,396	13,243,317
Net change in fund balances	401,965	218,799	620,764
Fund balances			
Beginning of year	2,657,552	2,810,035	5,467,587
End of year	$ 3,059,517	$ 3,028,834	$ 6,088,351

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Assets		
Cash and temporary investments	$ 77,749,691	$ 69,025,417
Receivables		
Current taxes	12,240,867	11,032,873
Delinquent taxes	54,524	103,951
Accounts and interest	659,319	540,231
Due from other governmental units	11,413,989	11,748,014
Due from other funds	724,617	1,022,142
Prepaid items	7,843	16,939
Total assets	$ 102,850,850	$ 93,489,567
Liabilities		
Salaries and compensated absences payable	$ 5,359,929	$ 5,144,396
Accounts and contracts payable	3,555,976	3,398,079
Due to other governmental units	482,217	615,669
Unearned revenue	24,466	100,623
Total liabilities	9,422,588	9,258,767
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	56,302	163,135
Property taxes levied for subsequent year	19,711,852	17,978,198
Total deferred inflows of resources	19,768,154	18,141,333
Fund balances		
Nonspendable for prepaid items	7,843	16,939
Restricted for student activities	147,588	118,052
Restricted for staff development	261,341	90,834
Restricted for literacy incentive aid	455,639	590,572
Restricted for operating capital	8,126,978	6,645,210
Restricted for quality compensation	285,201	402,352
Restricted for safe schools levy	173,834	222,256
Restricted for literacy aid	–	120,998
Restricted for long-term facilities maintenance	5,054,580	4,191,834
Restricted for Medical Assistance	1,421,757	1,052,971
Assigned for subsequent year's budget	243,885	1,004,828
Assigned for learner activities	180,265	243,518
Assigned for contract commitments	654,391	823,568
Assigned for curriculum	3,855,216	2,500,000
Assigned for district projects	9,771,273	7,091,858
Assigned for budget carryover	1,013,322	958,563
Assigned for class size reduction	3,475,092	3,475,092
Assigned for technology	3,146,321	3,639,006
Assigned for special education	1,075,000	1,457,374
Assigned for maintenance of equity	600,000	600,000
Assigned for compensated absences	2,123,885	2,082,427
Assigned for concessions	31,869	26,878
Assigned for sponsorships and advertising	232,737	170,015
Assigned for READ Act	–	200,000
Assigned for furniture, fixtures, and equipment	1,882,374	–
Assigned for future benefits	3,651,234	3,694,679
Unassigned	25,788,483	24,669,643
Total fund balances	73,660,108	66,089,467
Total liabilities, deferred inflows of resources, and fund balances	$ 102,850,850	$ 93,489,567

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 18,647,704	$ 18,568,056	$ (79,648)	$ 18,027,003
Investment earnings	1,350,000	2,280,296	930,296	2,702,424
Other	2,699,798	3,851,524	1,151,726	4,063,112
State sources	84,622,099	86,271,689	1,649,590	84,926,213
Federal sources	2,298,358	2,562,070	263,712	2,706,977
Total revenue	109,617,959	113,533,635	3,915,676	112,425,729
Expenditures				
Current				
Administration				
Salaries	2,573,886	2,662,285	88,399	2,420,763
Employee benefits	1,099,880	1,136,005	36,125	974,365
Purchased services	100,853	105,394	4,541	51,634
Supplies and materials	35,863	12,661	(23,202)	18,185
Capital expenditures	1,820	471	(1,349)	–
Other expenditures	77,270	64,563	(12,707)	66,740
Total administration	3,889,572	3,981,379	91,807	3,531,687
District support services				
Salaries	1,260,860	1,246,975	(13,885)	1,214,387
Employee benefits	624,855	601,325	(23,530)	545,842
Purchased services	529,295	389,498	(139,797)	430,912
Supplies and materials	131,554	89,223	(42,331)	51,875
Capital expenditures	81,170	13,300	(67,870)	19,745
Other expenditures	24,000	13,429	(10,571)	15,219
Total district support services	2,651,734	2,353,750	(297,984)	2,277,980
Elementary and secondary regular instruction				
Salaries	28,175,042	27,468,384	(706,658)	27,120,153
Employee benefits	12,362,986	11,750,525	(612,461)	10,949,955
Purchased services	3,087,644	3,044,857	(42,787)	2,462,498
Supplies and materials	2,534,237	2,884,606	350,369	2,180,888
Capital expenditures	419,333	571,801	152,468	289,786
Other expenditures	190,800	163,542	(27,258)	187,353
Total elementary and secondary regular instruction	46,770,042	45,883,715	(886,327)	43,190,633

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	539,745	548,105	8,360	474,240
Employee benefits	202,137	207,824	5,687	157,226
Purchased services	173,860	191,462	17,602	225,469
Supplies and materials	76,222	75,528	(694)	95,903
Capital expenditures	–	12,007	12,007	18,406
Other expenditures	2,000	2,579	579	2,750
Total vocational education instruction	993,964	1,037,505	43,541	973,994
Special education instruction				
Salaries	16,085,278	15,552,191	(533,087)	14,942,520
Employee benefits	6,448,437	6,361,906	(86,531)	5,768,086
Purchased services	3,287,000	1,899,775	(1,387,225)	2,106,350
Supplies and materials	169,423	125,792	(43,631)	197,383
Capital expenditures	–	81,246	81,246	–
Other expenditures	70,000	70,889	889	71,741
Total special education instruction	26,060,138	24,091,799	(1,968,339)	23,086,080
Community service				
Purchased services	–	–	–	34,949
Instructional support services				
Salaries	2,811,671	2,652,002	(159,669)	2,944,988
Employee benefits	965,536	914,433	(51,103)	978,486
Purchased services	467,006	282,718	(184,288)	252,989
Supplies and materials	772,742	802,025	29,283	759,873
Capital expenditures	100,000	128,167	28,167	609,387
Other expenditures	11,000	11,362	362	10,353
Total instructional support services	5,127,955	4,790,707	(337,248)	5,556,076
Pupil support services				
Salaries	1,884,106	1,805,391	(78,715)	1,762,807
Employee benefits	723,512	709,757	(13,755)	646,663
Purchased services	7,868,240	8,410,907	542,667	7,576,981
Supplies and materials	69,871	50,001	(19,870)	55,816
Other expenditures	5,814	8,708	2,894	7,516
Total pupil support services	10,551,543	10,984,764	433,221	10,049,783

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,742,677	3,473,699	(268,978)	3,251,382
Employee benefits	1,627,781	1,523,833	(103,948)	1,414,748
Purchased services	2,843,857	2,748,128	(95,729)	2,939,199
Supplies and materials	583,060	622,985	39,925	569,749
Capital expenditures	4,513,687	3,092,852	(1,420,835)	7,500,266
Other expenditures	22,438	31,069	8,631	35,739
Total sites and buildings	13,333,500	11,492,566	(1,840,934)	15,711,083
Fiscal and other fixed cost programs				
Purchased services	612,500	592,946	(19,554)	565,943
Debt service				
Principal	895,000	1,031,897	136,897	954,305
Interest and fiscal charges	235,131	237,119	1,988	255,115
Total debt service	1,130,131	1,269,016	138,885	1,209,420
Total expenditures	111,121,079	106,478,147	(4,642,932)	106,187,628
Excess (deficiency) of revenue over expenditures	(1,503,120)	7,055,488	8,558,608	6,238,101
Other financing sources				
Sale of capital assets	–	–	–	13,839
Insurance recovery	–	211,159	211,159	67,089
Debt issued	–	303,994	303,994	–
Total other financing sources	–	515,153	515,153	80,928
Net change in fund balances	$ (1,503,120)	7,570,641	$ 9,073,761	6,319,029
Fund balances				
Beginning of year		66,089,467		59,770,438
End of year		$ 73,660,108		$ 66,089,467

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,054,682	$ 2,638,999
Receivables		
Due from other governmental units	38,064	37,594
Inventory	108,475	114,015
Total assets	$ 3,201,221	$ 2,790,608
Liabilities		
Salaries and compensated absences payable	$ 4,697	$ 9,073
Accounts and contracts payable	66,038	55,334
Unearned revenue	70,969	68,649
Total liabilities	141,704	133,056
Fund balances		
Nonspendable for inventory	108,475	114,015
Restricted for food service	2,951,042	2,543,537
Total fund balances	3,059,517	2,657,552
Total liabilities and fund balances	$ 3,201,221	$ 2,790,608

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 80,000	$ 171,679	$ 91,679	$ 159,696
Other – primarily meal sales	521,830	581,629	59,799	584,454
State sources	2,725,000	3,190,409	465,409	2,922,690
Federal sources	1,884,500	2,065,169	180,669	1,945,101
Total revenue	5,211,330	6,008,886	797,556	5,611,941
Expenditures				
Current				
Salaries	1,513,812	1,539,444	25,632	1,520,774
Employee benefits	658,895	562,805	(96,090)	587,228
Purchased services	425,400	441,970	16,570	203,943
Supplies and materials	2,645,500	2,840,827	195,327	2,642,185
Other expenditures	13,000	12,710	(290)	10,350
Capital outlay	250,000	209,165	(40,835)	1,076,597
Total expenditures	5,506,607	5,606,921	100,314	6,041,077
Net change in fund balances	$ (295,277)	401,965	$ 697,242	(429,136)
Fund balances				
Beginning of year		2,657,552		3,086,688
End of year		$ 3,059,517		$ 2,657,552

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,855,382	$ 3,687,224
Receivables		
Current taxes	717,514	585,855
Delinquent taxes	2,694	4,227
Accounts and interest	3,882	–
Due from other governmental units	200,714	27,474
Total assets	$ 4,780,186	$ 4,304,780
Liabilities		
Salaries and compensated absences payable	$ 331,276	$ 342,414
Accounts and contracts payable	138,161	128,278
Due to other governments	38	–
Unearned revenue	87,365	32,225
Total liabilities	556,840	502,917
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	2,699	6,670
Property taxes levied for subsequent year	1,191,813	985,158
Total deferred inflows of resources	1,194,512	991,828
Fund balances		
Restricted for community education programs	2,116,502	1,876,124
Restricted for early childhood family education programs	492,478	561,590
Restricted for school readiness	361,332	312,626
Restricted for community service	58,522	59,695
Total fund balances	3,028,834	2,810,035
Total liabilities, deferred inflows of resources, and fund balances	$ 4,780,186	$ 4,304,780

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 985,154	$ 973,601	$ (11,553)	$ 717,548
Investment earnings	110,000	219,371	109,371	217,236
Other – primarily tuition and fees	4,895,000	5,851,073	956,073	5,196,549
State sources	813,534	811,150	(2,384)	767,031
Total revenue	6,803,688	7,855,195	1,051,507	6,898,364
Expenditures				
Current				
Salaries	4,700,572	4,584,356	(116,216)	4,459,003
Employee benefits	1,504,984	1,447,027	(57,957)	1,316,898
Purchased services	1,139,549	1,421,675	282,126	1,285,450
Supplies and materials	225,608	179,080	(46,528)	187,023
Other expenditures	2,626	3,809	1,183	2,814
Capital outlay	28,751	449	(28,302)	14,398
Total expenditures	7,602,090	7,636,396	34,306	7,265,586
Net change in fund balances	$ (798,402)	218,799	$ 1,017,201	(367,222)
Fund balances				
Beginning of year		2,810,035		3,177,257
End of year		$ 3,028,834		$ 2,810,035

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INDEPENDENT SCHOOL DISTRICT NO. 12

Debt Service Fund
Balance Sheet by Account
as of June 30, 2026
(With Comparative Totals as of June 30, 2025)

	Regular Debt Service Account	OPEB Debt Service Account	Totals 2026	Totals 2025
Assets				
Cash and temporary investments	$ 6,046,406	$ 1,090,957	$ 7,137,363	$ 6,997,802
Receivables				
Current taxes	4,021,928	936,985	4,958,913	5,444,095
Delinquent taxes	23,055	4,547	27,602	62,209
Due from other governmental units	561	13	574	576
Total assets	$ 10,091,950	$ 2,032,502	$ 12,124,452	$ 12,504,682
Liabilities				
Accounts and contracts payable	$ 2,400	$ –	$ 2,400	$ 2,400
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	23,884	4,789	28,673	92,946
Property taxes levied for subsequent year	6,680,538	1,556,363	8,236,901	9,154,648
Total deferred inflows of resources	6,704,422	1,561,152	8,265,574	9,247,594
Fund balances				
Restricted for debt service	3,385,128	471,350	3,856,478	3,254,688
Total liabilities, deferred inflows of resources, and fund balances	$ 10,091,950	$ 2,032,502	$ 12,124,452	$ 12,504,682

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	2026			
		Actual		
	Budget	Regular Debt Service Account	OPEB Debt Service Account	Total
Revenue				
Local sources				
Property taxes	$ 9,154,645	$ 7,464,643	$ 1,577,609	$ 9,042,252
Investment earnings	220,000	388,204	68,582	456,786
State sources	–	5,611	133	5,744
Total revenue	9,374,645	7,858,458	1,646,324	9,504,782
Expenditures				
Debt service				
Principal	7,490,000	6,125,000	1,365,000	7,490,000
Interest	1,410,591	1,202,982	207,610	1,410,592
Fiscal charges and other	13,000	2,400	–	2,400
Total expenditures	8,913,591	7,330,382	1,572,610	8,902,992
Excess (deficiency) of revenue over expenditures	461,054	528,076	73,714	601,790
Other financing sources (uses)				
Payment on refunded debt	–	–	–	–
Net change in fund balance	$ 461,054	528,076	73,714	601,790
Fund balances				
Beginning of year		2,857,052	397,636	3,254,688
End of year		$ 3,385,128	$ 471,350	$ 3,856,478

	2025
Over (Under) Budget	Actual
$ (112,393)	$ 9,313,738
236,786	917,860
5,744	5,756
130,137	10,237,354
–	8,325,000
1	2,136,291
(10,600)	3,150
(10,599)	10,464,441
140,736	(227,087)
–	(54,706,376)
$ 140,736	(54,933,463)
	58,188,151
	$ 3,254,688

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INTERNAL SERVICE FUNDS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Medical Self-Insurance	Dental Self-Insurance	Totals 2026	Totals 2025
Assets				
Current assets				
Cash and temporary investments	$ 8,140,101	$ 256,172	$ 8,396,273	$ 7,201,677
Receivables				
Accounts and interest	570,979	–	570,979	545,251
Prepaid items	162,060	–	162,060	137,135
Total current assets	8,873,140	256,172	9,129,312	7,884,063
Liabilities				
Current liabilities				
Accounts payable	258,477	22,319	280,796	485,827
Claims incurred, but not reported	790,000	11,500	801,500	719,300
Unearned revenue	1,123	2,157	3,280	6,192
Total current liabilities	1,049,600	35,976	1,085,576	1,211,319
Net position				
Unrestricted	$ 7,823,540	$ 220,196	$ 8,043,736	$ 6,672,744

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Medical Self-Insurance	Dental Self-Insurance	Totals 2026	Totals 2025
Operating revenues				
Charges for services	$ 12,881,048	$ 647,437	$ 13,528,485	$ 12,593,136
Operating expenses				
Health claims and fees	12,050,994	–	12,050,994	11,841,725
Dental claims and fees	–	612,448	612,448	598,807
Total operating expenses	12,050,994	612,448	12,663,442	12,440,532
Operating income	830,054	34,989	865,043	152,604
Other nonoperating revenues				
Investment earnings	490,260	15,689	505,949	463,955
Change in net position	1,320,314	50,678	1,370,992	616,559
Net position				
Beginning of year	6,503,226	169,518	6,672,744	6,056,185
End of year	$ 7,823,540	$ 220,196	$ 8,043,736	$ 6,672,744

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Medical Self-Insurance	Dental Self-Insurance	Totals 2026	Totals 2025
Cash flows from operating activities				
Received from assessments made to other funds	$ 12,853,188	$ 646,657	$ 13,499,845	$ 13,135,820
Health claims and fees payments	(12,203,143)	–	(12,203,143)	(11,667,727)
Dental claims and fees payments	–	(608,055)	(608,055)	(611,915)
Net cash flows from operating activities	650,045	38,602	688,647	856,178
Cash flows from investing activities				
Interest received on investments	490,260	15,689	505,949	463,955
Net change in cash and cash equivalents	1,140,305	54,291	1,194,596	1,320,133
Cash and temporary investments				
Beginning of year	6,999,796	201,881	7,201,677	5,881,544
End of year	$ 8,140,101	$ 256,172	$ 8,396,273	$ 7,201,677
Reconciliation of operating income to net cash flows from operating activities				
Operating income	$ 830,054	$ 34,989	$ 865,043	$ 152,604
Adjustment to reconcile operating income to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	(25,728)	–	(25,728)	536,492
Prepaid items	(24,925)	–	(24,925)	(28,832)
Accounts payable	(214,224)	9,193	(205,031)	142,422
Claims incurred, but not reported	87,000	(4,800)	82,200	47,300
Unearned revenue	(2,132)	(780)	(2,912)	6,192
Net cash flows from operating activities	$ 650,045	$ 38,602	$ 688,647	$ 856,178

STATISTICAL SECTION

(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 12's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Fiscal Year			
	2017	2018	2019	2020
Governmental activities				
Net investment in capital assets	$ 29,790,809	$ 32,315,862	$ 31,559,639	$ 34,579,960
Restricted	3,416,948	2,314,291	5,731,631	7,879,104
Unrestricted	(73,406,107)	(87,704,585)	(69,305,037)	(65,427,871)
Total governmental activities net position	$ (40,198,350)	$ (53,074,432)	$ (32,013,767)	$ (22,968,807)

2021	2022	2023	2024	2025	2026
$ 38,539,157	$ 41,830,688	$ 45,451,762	$ 53,344,343	$ 61,788,541	$ 66,205,460
11,422,521	16,203,497	19,443,630	18,974,350	21,575,419	25,284,924
(59,773,249)	(46,678,386)	(24,726,254)	(7,280,071)	2,637,023	13,092,586
$ (9,811,571)	$ 11,355,799	$ 40,169,138	$ 65,038,622	$ 86,000,983	$ 104,582,970

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Fiscal Year			
	2017	2018	2019	2020
Governmental activities				
Expenses				
Administration	$ 4,339,111	$ 3,896,144	$ 2,320,139	$ 3,475,205
District support services	4,067,576	3,545,262	3,307,931	3,521,744
Elementary and secondary regular instruction	50,028,053	43,262,744	21,428,949	36,828,963
Vocational education instruction	967,130	1,060,852	688,735	1,022,428
Special education instruction	23,909,549	22,406,193	14,612,480	20,782,804
Instructional support services	2,944,421	2,772,236	1,761,107	2,368,975
Pupil support services	7,124,878	7,391,101	7,142,282	6,827,030
Sites and buildings	7,450,111	7,083,908	7,619,549	7,874,536
Fiscal and other fixed cost programs	230,873	242,979	261,422	273,901
Food service	3,346,776	3,299,840	3,195,028	3,394,870
Community service	4,464,764	4,627,273	4,284,247	4,792,378
Depreciation/amortization not included in other functions	3,252,183	4,013,919	4,295,107	4,215,358
Interest and fiscal charges	3,647,286	3,034,689	3,472,948	3,088,339
Total governmental activities expenses	115,772,711	106,637,140	74,389,924	98,466,531
Program revenues				
Charges for services				
Food service	2,105,578	2,148,231	2,115,819	1,472,473
Community service	3,272,585	3,679,252	4,050,256	3,337,414
All other	832,317	917,966	1,019,614	871,953
Operating grants and contributions	16,397,531	16,840,789	17,240,617	20,401,762
Total governmental activities program revenues	22,608,011	23,586,238	24,426,306	26,083,602
Net (expense) revenue	(93,164,700)	(83,050,902)	(49,963,618)	(72,382,929)
General revenues and other changes in net position				
Taxes				
Property taxes levied for general purposes	9,779,104	9,544,281	10,358,532	14,891,308
Property taxes levied for community service	422,331	577,848	591,731	632,181
Property taxes levied for debt service	6,906,169	5,863,331	7,043,980	8,886,179
General grants and aids	52,565,301	51,971,877	50,334,809	54,064,056
Other general revenues	1,993,612	1,802,277	2,007,541	1,676,626
Investment earnings	402,333	415,206	687,690	1,122,344
Total general revenues and other changes in net position	72,068,850	70,174,820	71,024,283	81,272,694
Change in net position	$ (21,095,850)	$ (12,876,082)	$ 21,060,665	$ 8,889,765

2021	2022	2023	2024	2025	2026
$ 3,990,923	$ 2,740,270	$ 2,436,265	$ 3,205,314	$ 3,447,368	$ 3,802,486
1,507,029	1,551,255	2,013,186	2,072,239	2,281,415	2,299,048
37,464,548	32,421,316	27,996,467	36,549,907	41,506,504	43,628,599
1,163,439	1,010,157	685,680	769,120	951,840	1,020,447
19,273,374	17,530,375	15,688,515	21,360,614	22,599,822	23,130,293
5,315,340	4,255,983	3,584,691	3,999,572	5,151,920	4,684,466
6,709,885	7,672,042	8,060,107	8,735,615	10,076,366	10,994,717
6,424,138	7,039,527	9,026,155	8,823,446	9,173,990	8,900,526
298,296	315,490	376,058	476,828	565,943	592,946
3,196,521	3,848,612	3,839,148	4,430,672	4,894,678	5,334,995
4,256,675	4,535,684	4,955,327	6,457,485	7,162,093	7,347,173
4,278,316	4,976,798	5,095,416	5,101,979	5,380,116	5,491,089
3,247,971	4,054,810	3,915,107	3,846,284	2,712,239	1,488,318
97,126,455	91,952,319	87,672,122	105,829,075	115,904,294	118,715,103
81,571	433,718	2,001,176	566,945	584,454	581,629
2,641,716	4,021,311	4,548,371	5,078,025	5,196,549	5,851,073
1,126,686	1,313,927	1,324,003	1,306,951	1,783,369	2,011,687
22,525,651	23,884,474	19,714,147	28,387,114	30,577,408	30,734,656
26,375,624	29,653,430	27,587,697	35,339,035	38,141,780	39,179,045
(70,750,831)	(62,298,889)	(60,084,425)	(70,490,040)	(77,762,514)	(79,536,058)
15,453,444	16,161,962	15,913,573	17,346,571	18,008,392	18,461,223
644,134	677,591	654,960	653,735	716,706	969,630
9,660,530	9,314,943	9,273,988	9,065,297	9,301,206	8,977,979
56,682,845	54,735,615	58,039,436	60,218,744	63,909,912	64,024,136
1,447,331	2,111,847	1,634,535	1,931,763	2,327,488	2,050,996
19,783	464,301	3,381,272	4,992,296	4,461,171	3,634,081
83,908,067	83,466,259	88,897,764	94,208,406	98,724,875	98,118,045
$ 13,157,236	$ 21,167,370	$ 28,813,339	$ 23,718,366	$ 20,962,361	$ 18,581,987

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INDEPENDENT SCHOOL DISTRICT NO. 12

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

Fiscal Year	Property Tax			
	General Purposes	Community Service	Debt Service	Total
2017	$ 9,779,104	$ 422,331	$ 6,906,169	$ 17,107,604
2018	9,544,281	577,848	5,863,331	15,985,460
2019	10,358,532	591,731	7,043,980	17,994,243
2020	14,891,308	632,181	8,886,179	24,409,668
2021	15,453,444	644,134	9,660,530	25,758,108
2022	16,161,962	677,591	9,314,943	26,154,496
2023	15,913,573	654,960	9,273,988	25,842,521
2024	17,346,571	653,735	9,065,297	27,065,603
2025	18,008,392	716,706	9,301,206	28,026,304
2026	18,461,223	969,630	8,977,979	28,408,832

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Fiscal Year			
	2017	2018	2019	2020
General Fund				
Nonspendable	$ 234,292	$ 294,991	$ 56,825	$ –
Restricted	1,063,202	591,305	2,880,293	4,867,611
Assigned	1,508,210	1,973,009	3,263,875	6,331,521
Unassigned	7,813,366	7,613,743	8,078,652	11,640,833
Total General Fund	$ 10,619,070	$ 10,473,048	$ 14,279,645	$ 22,839,965
All other governmental funds				
Nonspendable	$ 28,770	$ 24,218	$ 221,033	$ 207,671
Restricted	19,654,128	13,465,515	22,350,397	8,236,082
Total all other governmental funds	$ 19,682,898	$ 13,489,733	$ 22,571,430	$ 8,443,753
Total all governmental funds	$ 30,301,968	$ 23,962,781	$ 36,851,075	$ 31,283,718

2021	2022	2023	2024	2025	2026
$ –	$ 195,045	$ 210,060	$ 237,560	$ 16,939	$ 7,843
7,553,960	10,513,772	12,757,454	11,361,825	13,435,079	15,926,918
10,701,985	13,668,375	16,250,531	24,377,182	27,967,806	31,936,864
14,642,908	18,719,605	21,512,482	23,793,871	24,669,643	25,788,483
$ 32,898,853	$ 43,096,797	$ 50,730,527	$ 59,770,438	$ 66,089,467	$ 73,660,108
$ 81,397	$ 81,837	$ 87,812	$ 108,806	$ 114,015	$ 108,475
11,685,394	65,651,600	63,897,536	64,343,290	8,608,260	9,836,354
$ 11,766,791	$ 65,733,437	$ 63,985,348	$ 64,452,096	$ 8,722,275	$ 9,944,829
$ 44,665,644	$ 108,830,234	$ 114,715,875	$ 124,222,534	$ 74,811,742	$ 83,604,937

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Fiscal Year			
	2017	2018	2019	2020
Revenues				
Local sources				
Property taxes	$ 17,125,640	$ 16,016,605	$ 18,009,127	$ 24,321,932
Investment earnings	368,246	357,372	563,053	1,017,181
Other	8,204,092	8,547,726	9,204,769	7,358,466
State sources	64,195,087	65,870,639	67,456,237	70,846,536
Federal sources	2,677,799	2,960,008	2,819,496	3,601,530
Total revenues	92,570,864	93,752,350	98,052,682	107,145,645
Expenditures				
Current				
Administration	3,185,216	3,154,461	3,204,342	3,308,145
District support services	3,485,707	3,354,201	3,481,885	3,497,703
Elementary and secondary regular instruction	33,087,025	33,830,500	33,427,036	34,652,944
Vocational education instruction	716,280	900,039	885,396	978,194
Special education instruction	17,638,685	18,566,036	19,645,117	19,875,431
Instructional support services	2,266,139	2,369,486	2,278,271	2,274,251
Pupil support services	6,572,344	7,061,856	7,495,765	6,794,222
Sites and buildings	7,623,124	9,403,919	7,333,568	8,816,363
Fiscal and other fixed cost programs	230,873	242,979	261,422	273,901
Food service	3,200,436	3,276,741	3,211,897	3,488,733
Community service	3,874,747	4,279,060	4,673,100	4,718,514
Capital outlay	28,926,448	5,978,532	3,270,205	15,060,230
Debt service				
Principal	6,607,763	5,999,713	6,039,319	7,369,526
Interest and fiscal charges	2,415,199	1,674,014	1,898,110	1,760,040
Total expenditures	119,829,986	100,091,537	97,105,433	112,868,197
Excess (deficiency) of revenue over expenditures	(27,259,122)	(6,339,187)	947,249	(5,722,552)
Other financing sources (uses)				
Sale of capital assets	–	–	11,573	–
Insurance recovery	–	–	–	–
Debt issued	–	–	20,955,000	–
Refunding debt issued	17,245,000	–	–	–
Premium/(discount) on debt issued	643,031	–	1,564,472	–
Payment on refunded debt	(17,605,000)	–	(10,590,000)	–
Transfers in	–	–	–	150,000
Transfers out	–	–	–	(150,000)
Total other financing sources (uses)	283,031	–	11,941,045	–
Net change in fund balances	$ (26,976,091)	$ (6,339,187)	$ 12,888,294	$ (5,722,552)
Debt service as a percentage of noncapital expenditures	10.0%	8.4%	8.4%	9.4%

2021	2022	2023	2024	2025	2026
$ 25,763,393	$ 26,156,063	$ 25,811,040	$ 26,990,404	$ 28,058,289	$ 28,583,909
12,189	453,586	3,124,638	4,608,037	3,997,216	3,128,132
5,259,780	7,880,803	9,479,339	8,883,684	9,844,115	10,284,226
70,936,017	70,930,434	71,849,571	82,882,925	88,621,690	90,278,992
8,165,997	7,967,700	5,626,771	5,502,646	4,652,078	4,627,239
110,137,376	113,388,586	115,891,359	128,867,696	135,173,388	136,902,498
3,349,613	3,271,112	3,236,606	3,368,024	3,531,687	3,981,379
1,825,898	1,803,824	1,877,960	1,985,897	2,277,980	2,353,750
36,065,970	35,594,751	37,929,995	40,353,612	43,190,633	45,883,715
1,164,073	1,077,797	930,245	839,388	973,994	1,037,505
19,465,247	18,749,003	19,902,421	22,510,029	23,086,080	24,091,799
4,501,438	4,449,124	4,136,234	4,496,662	5,556,076	4,790,707
6,637,397	7,759,595	8,341,691	8,800,761	10,049,783	10,984,764
8,543,301	8,688,738	9,994,372	10,657,355	15,711,083	11,492,566
298,296	315,490	376,058	476,828	565,943	592,946
3,197,782	3,970,768	3,626,906	4,409,973	4,964,480	5,397,756
4,274,571	4,742,874	5,124,668	6,535,532	7,286,137	7,635,947
6,083,846	6,911,727	856,241	3,251,724	1,090,995	209,614
8,091,166	8,716,302	8,959,843	9,151,389	9,279,305	8,521,897
1,828,196	2,344,682	2,672,589	2,523,863	2,394,556	1,650,111
105,326,794	108,395,787	107,965,829	119,361,037	129,958,732	128,624,456
4,810,582	4,992,799	7,925,530	9,506,659	5,214,656	8,278,042
37,524	–	28,746	–	13,839	–
–	–	–	–	67,089	211,159
8,300,000	511,791	251,365	–	–	303,994
–	58,660,000	–	–	–	–
233,820	–	–	–	–	–
–	–	(2,320,000)	–	(54,706,376)	–
440,000	–	–	2,815,000	–	–
(440,000)	–	–	(2,815,000)	–	–
8,571,344	59,171,791	(2,039,889)	–	(54,625,448)	515,153
$ 13,381,926	$ 64,164,590	$ 5,885,641	$ 9,506,659	$ (49,410,792)	$ 8,793,195
10.2%	11.1%	11.0%	10.4%	9.6%	8.2%

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INDEPENDENT SCHOOL DISTRICT NO. 12

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

Fiscal Year	Property Tax			
	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
2017	$ 9,786,917	$ 422,854	$ 6,915,869	$ 17,125,640
2018	9,557,276	578,063	5,881,266	16,016,605
2019	10,368,101	592,173	7,048,853	18,009,127
2020	14,835,105	630,055	8,856,772	24,321,932
2021	15,458,107	644,381	9,660,905	25,763,393
2022	16,160,853	677,623	9,317,587	26,156,063
2023	15,893,303	654,259	9,263,478	25,811,040
2024	17,297,970	651,942	9,040,492	26,990,404
2025	18,027,003	717,548	9,313,738	28,058,289
2026	18,568,056	973,601	9,042,252	28,583,909

INDEPENDENT SCHOOL DISTRICT NO. 12

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation				
			Fiscal Disparities		
	Agricultural	Nonagricultural	Contribution	Distribution	Tax Increment
2017	$ 159,401	$ 31,105,060	$ (2,562,669)	$ 4,806,595	$ (335,582)
2018	144,868	34,061,013	(2,980,281)	5,102,111	(465,445)
2019	115,945	36,687,605	(3,161,771)	5,491,628	(597,179)
2020	148,707	40,042,562	(3,320,489)	5,827,254	(587,717)
2021	147,530	43,575,062	(3,606,657)	6,176,115	(812,618)
2022	146,936	45,305,084	(4,084,725)	6,500,782	(814,659)
2023	111,513	55,090,026	(4,088,920)	6,022,650	(1,036,295)
2024	122,244	62,581,449	(4,685,662)	6,122,370	(1,913,156)
2025	122,983	62,750,785	(5,671,928)	6,823,920	(1,488,895)
2026	126,296	64,176,004	(6,062,601)	6,950,948	(1,325,189)

Source: State of Minnesota School Tax Report

Total Taxable	Total Direct Tax Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value
$ 33,172,805	29.097 %	$ 2,880,559,100	1.15 %
35,862,266	34.970	3,136,397,900	1.14
38,536,228	35.984	3,360,382,600	1.15
42,110,317	34.059	3,653,032,759	1.15
45,479,432	31.572	3,921,509,724	1.16
47,053,418	31.074	4,098,165,558	1.15
56,098,974	25.188	4,958,397,300	1.13
62,227,245	23.564	5,437,928,943	1.14
62,536,865	25.162	5,483,478,553	1.14
63,865,458	25.650	5,612,758,896	1.14

INDEPENDENT SCHOOL DISTRICT NO. 12

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

	Levy Year/Collection Year			
Governmental Unit	2016/2017	2017/2018	2018/2019	2019/2020
ISD No. 12, Centennial				
Net tax capacity based tax rate	29.0970%	34.9700%	35.9840%	34.0590%
Market value based tax rate	0.17495%	0.15137%	0.28318%	0.25716%
Overlapping governments				
Anoka County With Library	36.8410%	35.3340%	34.4730%	33.0780%
City of Blaine	34.9460%	35.9890%	35.9520%	35.8420%
City of Centerville	69.6540%	64.1380%	57.4830%	52.9600%
City of Circle Pines	59.4840%	55.9930%	56.4340%	52.7370%
City of Lexington	63.6650%	68.6960%	54.9200%	56.7560%
City of Lino Lakes	45.1400%	42.8260%	41.8170%	39.8700%
Metropolitan Council	0.8660%	0.8410%	0.6270%	0.5960%
Metropolitan Mosquito Control District	0.4670%	0.4530%	0.4150%	0.3980%
Metro Transit District	1.4160%	1.3620%	1.3880%	1.3600%
Blaine HRA	1.0380%	0.8540%	0.8560%	0.9610%
Rice Creek Watershed	1.8270%	1.7780%	1.7500%	1.7950%
Anoka County RR Authority	0.8020%	0.7380%	0.6850%	0.4940%
Anoka County HRA	1.5360%	1.5080%	1.5040%	1.5130%

Source: Anoka County

2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
31.5720%	31.0740%	25.1880%	23.5640%	25.1620%	25.6500%
0.24786%	0.23695%	0.21941%	0.21595%	0.21134%	0.21145%
31.0860%	29.2540%	24.1760%	25.6290%	30.2450%	31.7623%
35.1300%	35.1130%	31.8000%	33.3190%	38.2320%	40.3790%
51.0600%	51.4300%	41.2780%	40.1160%	40.3160%	43.7689%
50.0280%	50.2550%	44.0350%	42.8050%	46.9970%	49.0796%
44.7040%	53.4100%	42.2840%	38.8320%	40.9000%	42.4491%
40.1090%	40.1540%	34.9740%	36.0980%	39.3720%	43.2656%
0.6450%	0.6510%	0.5550%	0.6430%	0.5600%	0.6021%
0.3870%	0.3720%	0.3200%	0.3260%	0.3280%	0.3353%
1.2480%	1.1750%	1.0090%	0.9380%	1.0390%	0.9833%
0.7060%	0.7630%	0.8800%	0.7610%	0.8940%	0.9083%
1.7570%	1.7150%	1.4880%	1.5050%	1.5510%	1.4974%
0.4810%	0.3510%	0.3060%	0.0000%	0.0000%	0.0000%
1.5730%	1.5050%	1.3260%	1.5740%	1.6630%	1.6126%

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INDEPENDENT SCHOOL DISTRICT NO. 12

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2026 Tax Capacity	2026 Rank	2026 Percent of Total Tax Capacity	2017 Tax Capacity	2017 Rank	2017 Percent of Total Tax Capacity
Nicola MSP 1 Ltd Partnership	Commercial	$ 972,681	1	1.52 %	$ –		– %
Walmart	Commercial	897,035	2	1.40	322,648	3	0.97
ERG-CP Naples South Owner, LLC	Commercial	839,383	3	1.31	–		–
Stag Industrial Holdings	Commercial	674,658	4	1.06	–		–
TREFCM CCDD	Commercial	639,250	5	1.00	–		–
Blaine Partners, LLC	Commercial	584,806	6	0.92	–		–
Lynglomsten at Lino Lakes, LLC	Commercial	566,492	7	0.89	–		–
Exeter 8611 35W Service, LP	Commercial	547,891	8	0.86	–		–
Blaine Apartments Group, LLC	Commercial	544,764	9	0.85	–		–
Biynah MN WI, LLC	Commercial	434,848	10	0.68	–		–
Blaine Associates, LLC	Commercial	–	–	–	496,796	1	1.50
Connexus Energy	Commercial	–	–	–	346,640	2	1.04
Blaine Partners	Commercial	–	–	–	305,721	4	0.92
Mills Properties, Inc.	Commercial	–	–	–	276,966	5	0.83
Infinite Campus	Commercial	–	–	–	260,070	6	0.78
Menards	Commercial	–	–	–	249,842	7	0.75
SNH Blaine, Inc.	Commercial	–	–	–	236,948	8	0.71
Target Corporation	Commercial	–	–	–	202,952	9	0.61
Xcel Energy	Commercial	–	–	–	190,733	10	0.57
Total		$ 6,701,808		10.49 %	$ 2,889,316		8.68 %

Source: 2025 ACFR for City of Lino Lakes, Minnesota and City of Blaine, Minnesota

INDEPENDENT SCHOOL DISTRICT NO. 12

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

For Taxes Collectible	Original Levy			First Year Levy Recognized		Collections Received in Subsequent Years
	Local Spread	Fiscal Disparities	Total Spread	Amount	Percentage of Levy	
2017	$ 13,327,095	$ 2,695,009	$ 16,022,104	$ 15,967,720	99.7 %	$ 54,384
2018	15,616,576	2,391,001	18,007,577	17,923,872	99.5	83,705
2019	21,472,697	2,768,001	24,240,698	24,088,616	99.4	152,082
2020	21,813,773	3,774,952	25,588,725	25,372,657	99.2	226,044
2021	22,148,374	3,702,766	25,851,140	25,712,406	99.5	131,282
2022	22,397,647	3,660,069	26,057,716	25,923,822	99.5	122,690
2023	23,590,836	3,313,663	26,904,499	26,752,875	99.4	138,622
2024	25,065,144	2,872,189	27,937,333	28,011,624	100.3	(77,691)
2025	25,596,224	3,036,303	28,632,527	28,572,789	99.8	–
2026	26,517,164	3,194,864	29,712,028	11,794,734	39.7	–

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

Source: State of Minnesota School Tax Report

Total to Date		Uncollected Taxes Receivable as of June 30, 2026			
		Delinquent		Current	
Amount	Percentage of Levy	Amount	Percent	Amount	Percent
$ 16,022,104	100.0 %	$ –	– %	$ –	– %
18,007,577	100.0	–	–	–	–
24,240,698	100.0	–	–	–	–
25,598,701	100.0	(9,976)	–	–	–
25,843,688	100.0	7,452	–	–	–
26,046,512	100.0	11,204	–	–	–
26,891,497	100.0	13,002	–	–	–
27,933,933	100.0	3,400	–	–	–
28,572,789	99.8	59,738	0.2	–	–
11,794,734	39.7	–	–	17,917,294	60.3
		$ 84,820		$ 17,917,294	

INDEPENDENT SCHOOL DISTRICT NO. 12

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Premium (Discount) on Debt	Leases, SBITAs, and Other	Total Primary Government		
2017	$119,405,000	$ 5,860,000	$ (18,905,328)	$ 257,607	$106,617,279	0.62 %	$ 3,153
2018	114,245,000	5,125,000	(17,513,361)	152,894	102,009,533	0.56	2,892
2019	118,955,000	4,785,000	(14,484,824)	108,575	109,363,751	0.59	3,101
2020	111,970,000	4,435,000	(13,128,957)	74,049	103,350,092	0.52	2,972
2021	104,270,000	12,380,000	(11,542,930)	37,883	105,144,953	0.48	2,977
2022	155,015,000	11,715,000	(10,196,053)	413,372	156,947,319	0.70	4,341
2023	144,610,000	10,985,000	(8,916,067)	519,894	147,198,827	0.63	4,030
2024	136,390,000	10,235,000	(7,540,643)	338,505	139,422,862	0.57	3,817
2025	65,140,000	9,465,000	237,618	154,200	74,996,818	N/A	2,068
2026	57,650,000	8,675,000	215,542	216,297	66,756,839	N/A	1,759

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 12

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Taxable Market Value	Percentage of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2017	$ 100,499,672	$ 12,535,888	$ 87,963,784	$ 2,880,559,100	3.05 %	33,819	$ 2,601
2018	96,731,639	11,905,227	84,826,412	3,136,397,900	2.70	35,271	2,405
2019	104,470,176	1,506,413	102,963,763	3,360,382,600	3.06	35,271	2,919
2020	98,841,043	1,868,931	96,972,112	3,653,032,759	2.65	34,775	2,789
2021	92,727,070	2,295,658	90,431,412	3,921,509,724	2.31	35,321	2,560
2022	144,818,947	60,755,584	84,063,363	4,098,165,558	2.05	36,156	2,325
2023	135,693,933	58,384,541	77,309,392	4,958,397,300	1.56	36,526	2,117
2024	128,849,357	58,188,151	70,661,206	5,437,928,943	1.30	36,526	1,935
2025	65,140,000	3,254,688	61,885,312	5,483,478,553	1.13	36,266	1,706
2026	57,650,000	3,856,478	53,793,522	5,612,758,896	0.96	37,951	1,417

Source: Estimated population from annual school district census and U.S. Census

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INDEPENDENT SCHOOL DISTRICT NO. 12

Direct and Overlapping Debt
as of June 30, 2026

Governmental Unit	Gross Bonded Debt	Percent Allocable to ISD No. 12	Portion Allocable to ISD No. 12
Independent School District No. 12	$ 57,650,000	100.00%	$ 57,650,000
Overlapping debt			
Anoka County	$ 43,690,000	0.9150%	399,764
City of Blaine	$ 173,760,799	6.2140%	10,797,496
City of Centerville	$ 857,181	3.1470%	26,975
City of Circle Pines	$ 20,975,000	4.3600%	914,510
City of Lexington	$ 1,188,849	3.8120%	45,319
City of Lino Lakes	$ 37,192,000	3.2380%	1,204,277
Metropolitan Council	$ 1,564,245,118	0.0200%	312,849
Total overlapping debt			13,701,190
Total direct and overlapping debt			$ 71,351,190

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Anoka County

INDEPENDENT SCHOOL DISTRICT NO. 12

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt limit	$ 432,083,865	$ 470,459,685	$ 504,057,390	$ 547,954,914
Total net debt applicable to the limit	106,869,112	102,339,773	117,448,587	110,101,069
Legal debt margin	$ 325,214,753	$ 368,119,912	$ 386,608,803	$ 437,853,845
Total net debt applicable to the limit as a percentage of debt limit	24.73%	21.75%	23.30%	20.09%

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

Source: District finance department

2021	2022	2023	2024	2025	2026
$ 588,226,459	$ 614,724,834	$ 743,759,595	$ 815,689,341	$ 822,521,783	$ 841,913,834
101,974,342	94,259,416	86,225,459	78,201,849	61,885,312	53,793,522
$ 486,252,117	$ 520,465,418	$ 657,534,136	$ 737,487,492	$ 760,636,471	$ 788,120,312
17.34%	15.33%	11.59%	9.59%	7.52%	6.39%

Legal Debt Margin Calculation for Fiscal Year 2026

Market value	$ 5,612,758,896
Debt limit (15% of market value)	841,913,834
Debt applicable to limit	
General obligation bonds	57,650,000
Less amount set aside for repayment of general obligation debt	3,856,478
Total net debt applicable to the limit	53,793,522
Legal debt margin	$ 788,120,312

INDEPENDENT SCHOOL DISTRICT NO. 12

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Anoka County Population (1)	Anoka County Personal Income (1)	Anoka County Per Capita Personal Income (1)	Total ISD No. 12 Population (2)	School Enrollment (3)	Anoka County Unemployment Rate (3)
2017	345,957	$17,107,249,000	$ 49,449	33,819	6,499	3.6 %
2018	352,674	18,135,923,000	51,424	35,271	6,560	3.0
2019	353,813	18,649,149,000	52,709	35,271	6,576	3.4
2020	356,921	20,045,489,000	56,162	34,775	6,654	9.6
2021	363,887	21,799,730,000	59,908	35,321	6,488	4.3
2022	367,018	22,268,689,000	60,675	36,156	6,483	2.7
2023	368,684	23,439,608,000	63,576	36,526	6,470	3.3
2024	376,840	24,459,050,000	64,906	36,526	6,478	4.0
2025	381,605	N/A	N/A	36,266	6,627	3.9
2026	N/A	N/A	N/A	37,951	6,617	4.7

N/A – Not Available

Sources:
(1) Anoka County, Minnesota 2025 ACFR
(2) Annual school district census and U.S. Census
(3) ISD No. 12 and the Bureau of Economic Analysis

INDEPENDENT SCHOOL DISTRICT NO. 12

Principal Employers
Current Year and Nine Years Ago

	2026			2017		
Employer	Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Independent School District No. 12	965	1	22.44 %	–	–	– %
Infinite Campus	650	2	15.11	450	2	12.63
State of Minnesota Corrections	480	3	11.16	447	3	12.55
Cub Foods (4 locations)	466	4	10.83	366	5	10.28
Moline Concrete	350	5	8.14	–	–	–
Target Corporation	320	6	7.44	371	4	10.42
Home Depot (2 locations)	306	7	7.11	–	–	–
Aveda Corporation	300	8	6.98	650	1	18.25
City of Blaine	257	9	5.98	–	–	–
Carley Foundry, Inc.	207	10	4.81	350	6	9.83
National Sports Center	–	–	–	250	7	7.02
Walmart Stores, Inc.	–	–	–	230	8	6.46
PTC Technology	–	–	–	230	8	6.46
Bermo, Inc.	–	–	–	218	10	6.12
Total	4,301		100.00 %	3,562		100.00 %

Note: The percentage represents the percentage of the top 10 listed.

Source: 2025 ACFR for City of Lino Lakes, Minnesota and City of Blaine, Minnesota

INDEPENDENT SCHOOL DISTRICT NO. 12

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year 2017 (2)	2018	2019	2020
District directors/superintendent	N/A	14	14	13
Principals	N/A	12	12	12
Teachers, nurses, and counselors (3)	N/A	428	431	449
Coordinators, supervisors, specialists, and technical support	N/A	39	44	37
Administrative assistants (3)	N/A	35	34	34
Paraprofessionals (3)	N/A	256	252	260
Food service (3)	N/A	53	53	55
Custodians (3)	N/A	46	46	46
Community education leads and assistants	N/A	67	72	78
Total	–	950	958	984

N/A – Not Available

(1) This schedule is a headcount based on contract group; if an employee has multiple contract groups, they are reflected multiple times. Full-time and part-time employees count the same.

(2) Data not available due to software conversion.

(3) Headcount based on seniority list.

Source: District Business and Human Resource Office

2021	2022	2023	2024	2025	2026
13	12	12	13	13	14
12	12	12	12	12	12
454	445	442	443	441	442
36	37	43	45	48	45
33	34	33	33	33	34
224	217	222	226	226	230
44	48	46	57	59	60
48	47	48	49	46	50
59	60	79	86	79	78
923	912	937	964	957	965

INDEPENDENT SCHOOL DISTRICT NO. 12
Operating Indicators by Function

Standardized Testing Rates
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020 (2)
Standardized tests				
MCA Reading (1)				
Grade 3	72 %	70 %	75 %	– %
Grade 4	63	67	68	–
Grade 5	80	75	82	–
Grade 6	63	71	65	–
Grade 7	68	63	65	–
Grade 8	63	67	61	–
Grade 10	68	61	62	–
MCA Math (1)				
Grade 3	82	80	84	–
Grade 4	82	84	78	–
Grade 5	78	73	77	–
Grade 6	65	69	67	–
Grade 7	66	66	60	–
Grade 8	70	77	72	–
Grade 11	59	59	58	–
ACT				
Average composite score	23.1	22.1	23.6	23.2

N/A – Not Available

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment (MCA) test.

(2) Due to the COVID-19 pandemic, no 2020 summarized assessment data for MCA tests is available and the ACT test was postponed to Fall 2020.

Source: District testing and technology and Minnesota Department of Education

2021	2022	2023	2024	2025	2026
64 %	63 %	60 %	57 %	67 %	58 %
68	59	61	61	57	62
75	74	72	75	73	67
62	67	65	66	64	55
61	52	57	59	57	47
49	52	57	57	59	55
54	67	70	63	63	52
72	78	77	73	77	72
78	75	73	73	69	73
64	71	65	68	62	59
44	57	59	52	51	44
49	50	54	58	47	44
50	60	56	60	65	52
54	50	44	53	50	52
23.9	23.5	22.9	23.2	23.0	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 12

School Facilities
as of June 30, 2026

Facility	Use	Constructed	Years of Addition	Grades	Square Footage
Blue Heron Elementary	School	2002		K–5	100,730
Centennial Elementary	School	1964	1985, 1987, 1997	K–5	93,408
Centerville Elementary	School	1959	1966, 1969, 1990, 2002, 2022	K–5	97,630
Golden Lake Elementary	School	1970		K–5	70,574
Rice Lake Elementary	School	1992	2017	K–5	113,473
Centennial Middle	School	1997		6–8	264,500
Centennial High	School	1957	1958, 1959, 1960, 1964, 1965 1966, 1970, 1971, 1992, 1993 1997, 2002, 2020	9–12	465,941
Centennial Arena	Arena	1992	2020	N/A	52,375
Grounds Building	Storage	2020		N/A	9,950

N/A – Not Applicable

Source: Minnesota Department of Education – Average Building Age Report

INDEPENDENT SCHOOL DISTRICT NO. 12

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Meals	Number of Meals Served 2017	2018	2019	2020 (1)
Lunches served				
Full price lunch	446,160	424,549	406,398	285,218
Reduced-price lunch	37,279	38,154	39,170	30,818
Free lunch	118,472	109,231	102,146	124,748
Adult lunch	11,168	11,444	10,859	6,977
Total	613,079	583,378	558,573	447,761
Breakfasts served				
Full price breakfast	67,517	71,465	69,916	49,665
Reduced-price breakfast	8,708	11,258	10,034	7,321
Free breakfast	37,550	36,386	32,848	79,525
Adult breakfast	260	216	183	128
Total	114,035	119,325	112,981	136,639
Percentage of students eligible for free lunch	14%	13%	13%	12%
Percentage of students eligible for reduced-price lunch	4%	4%	4%	5%

(1) Due to the ongoing COVID-19 pandemic and shifts in learning models throughout the year, the program operated under the USDA Summer Food Service Program for the end of fiscal year 2020 and all of fiscal years 2021 and 2022, under which all student meals were provided for free.

(2) Under the Minnesota Free School Meals bill introduced in fiscal year 2024, all meals were free, with costs being covered by the state. This continued in fiscal year 2025 and 2026.

Source: Minnesota Department of Education – Cyber-Linked Interactive Child Nutrition System (CLiCS) and the District's Food Service Department

2021 (1)	2022 (1)	2023	2024 (2)	2025 (2)	2026 (2)
–	–	397,237	535,524	575,277	610,280
–	–	48,314	42,017	45,253	44,794
574,910	647,327	149,693	179,083	176,734	170,471
–	1,905	10,476	9,573	9,732	10,964
574,910	649,232	605,720	766,197	806,996	836,509
–	–	88,489	201,165	238,728	246,328
–	–	14,652	18,246	21,282	20,950
525,343	349,394	47,044	77,154	83,046	82,632
–	–	1,891	3,466	3,981	5,002
525,343	349,394	152,076	300,031	347,037	354,912
11%	10%	12%	20%	22%	20%
5%	3%	3%	6%	5%	5%

INDEPENDENT SCHOOL DISTRICT NO. 12

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Administration	$ 490	$ 481	$ 487	$ 497
District support services	536	511	529	526
Elementary and secondary regular instruction	5,091	5,157	5,083	5,208
Vocational education instruction	110	137	135	147
Special education instruction	2,714	2,830	2,987	2,987
Instructional support services	349	361	346	342
Pupil support services	1,011	1,077	1,140	1,021
Sites and buildings	1,173	1,434	1,115	1,325
Fiscal and other fixed cost programs	36	37	40	41
Food service	492	500	488	524
Community service	596	652	711	709
Capital outlay	4,451	911	497	2,263
Debt service	1,388	1,170	1,207	1,372
Total expenditures	$ 18,438	$ 15,258	$ 14,767	$ 16,962
Average daily membership	6,499	6,560	6,576	6,654

Note: Includes all governmental fund expenditures.

Source: District Business Office and Minnesota Department of Education – District ADM Report

2021	2022	2023	2024	2025	2026
$ 516	$ 505	$ 500	$ 520	$ 533	$ 602
281	278	290	307	344	356
5,559	5,490	5,862	6,229	6,517	6,934
179	166	144	130	147	157
3,000	2,892	3,076	3,475	3,484	3,641
694	686	639	694	838	724
1,023	1,197	1,289	1,359	1,516	1,660
1,317	1,340	1,545	1,645	2,371	1,737
46	49	58	74	85	90
493	612	561	681	749	816
659	732	792	1,009	1,099	1,154
938	1,066	132	502	165	32
1,529	1,706	1,798	1,802	1,762	1,537
$ 16,234	$ 16,720	$ 16,687	$ 18,426	$ 19,610	$ 19,438
6,488	6,483	6,470	6,478	6,627	6,617

INDEPENDENT SCHOOL DISTRICT NO. 12

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2017	44	458	2,884	3,113	6,499	7,122
2018	55	460	2,960	3,085	6,560	7,177
2019	56	467	2,980	3,073	6,576	7,190
2020	65	497	2,994	3,098	6,654	7,274
2021	59	420	2,935	3,074	6,488	7,103
2022	71	484	2,901	3,027	6,483	7,089
2023	68	460	3,000	2,942	6,470	7,059
2024	73	441	3,002	2,962	6,478	7,071
2025	56	472	2,959	3,140	6,627	7,255
2026	64	433	2,951	3,169	6,617	7,251

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

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

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–6	Secondary 7–12+
Fiscal 2017 through 2026	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system