INDEPENDENT SCHOOL DISTRICT 719
PRIOR LAKE-SAVAGE AREA SCHOOLS
PRIOR LAKE, MINNESOTA

2025-2026
Annual Comprehensive
Financial Report
Year Ended June 30, 2026

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

INDEPENDENT SCHOOL DISTRICT NO. 719
PRIOR LAKE-SAVAGE AREA SCHOOLS

4540 Tower Street SE
Prior Lake, MN 55372

Prepared by:

District Business Office

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INDEPENDENT SCHOOL DISTRICT NO. 719

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INTRODUCTORY SECTION

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November 2, 2026

To the Citizens, School Board, and Staff of Prior Lake-Savage Area Schools:

PREFACE

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 719, Prior Lake-Savage Area Schools (the District) is submitted for the fiscal year ended June 30, 2026. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

The District, also known as Prior Lake-Savage Area Schools (PLSAS), is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the District. A superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

These financial statements incorporate the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* This standard, issued in June 1999, creates a reporting model of financial information and disclosure, which is comprehensive and attempts to closely reflect the reporting model required for private industry. The reader will notice that two entity-wide basic financial statements created by this standard, the Statement of Net Position and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into statements which tend to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net position should help the reader in answering that question.

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

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, a Certificate of Excellence in Financial Reporting, and this transmittal letter. The financial section includes the independent auditor's report, MD&A, basic financial statements, and individual fund statements and related schedules. The report of the Independent Certified Public Accountants is also included in the financial section. Notes to the basic financial statements are provided to enhance the reader's understanding of the District's accounting policies and procedures. The statistical section incorporates GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. GASB Statement No. 44 offers a wealth of descriptive and illustrative material designed to minimize the possibility of misinterpretation. The GASB established five broad objectives, which are used to organize the statistical section:

1) Financial trends
2) Revenue capacity
3) Debt capacity
4) Demographics and economics information
5) Operating indicators

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Uniform Guidance. Information related to the Single Audit is issued separately and is not included in this report.

DISTRICT STRATEGIC ROADMAP

The School Board approved a revised strategic roadmap for the District in 2024, which serves as a compass to shape yearly improvement goals and guide the District's educational programs, services, and applied resources. The Strategic Plan is grounded in four foundational pillars – Academic Excellence, Optimizing Resources, Positive Learning Environments, and Community Partnerships – which collectively guide our priorities to help ensure the success of all students.

School District Mission

Inspire and empower each student to reach their full potential.

Vision

A world-class district centered on students, driven by results.

Our Priorities

- Academic Excellence – Students receive challenging, rigorous, and relevant instruction for their unique learning needs and goals, and to develop essential skills to be successful.
- Optimize Resources – Prioritize efficient and effective use of fiscal, human, and capital resources through excellence in governance, administration, and staff.
- Positive Learning Environments – Foster a welcoming, inclusive, and safe learning environment, where staff are valued, and students can fully engage in learning.
- Community Partnerships – Develop a culture of engagement through shared responsibility, and collaboration among students, staff, families and community partners.

Core Beliefs

- **Accountability -** We are transparent, take responsibility for actions and decisions, answer to our community, and uphold commitments and standards of excellence.
- **Respect -** We appreciate the value, feelings, and rights of others, fostering an environment of mutual understanding and consideration.
- **Unity –** We support each other, cultivating a sense of belonging, and collective strength, ensuring everyone is seen, valued, and heard as we pursue our common goals together.
- **Stewardship –** We responsibly manage resources, ensuring their sustainability, and ethical use for the benefit of current and future generations.

Commitment to Equity and Inclusion

Prior Lake-Savage Area Schools is committed to creating a welcoming, inclusive, and equitable learning environment for all students, staff, and families. We believe that equity is the shared responsibility of our entire school community. Through intentional practices, meaningful partnerships, and continuous reflection, we strive to ensure everyone receives what they uniquely need to succeed.

DISTRICT FISCAL FRAMEWORK

In accordance with School Board Policy 701.2, the District strives to maintain a minimum total unassigned general fund balance of at least 8.00 percent of the annual budget. For the fiscal year ending June 30, 2026, the unassigned general fund balance was 9.3 percent of fiscal 2026 General Fund expenditure, above the policy minimum. The increase primarily reflects the reimbursement of special education expenditures incurred in fiscal 2025 and received in fiscal 2026. The District continues to monitor and manage fund balances to ensure compliance with Board policy in future fiscal years. Several factors influence the District's fiscal management and fund balance position.

- Districts received an additional increase of 2.75 percent on the basic funding formula in 2025–2026. The basic formula is $7,481. Weighting for students K–6 is 1.0, for students Grade 7–12, the weighting factor is 1.2. For students that attend the Alternative Learning Center (ALC), the number of seat hours is calculated to determine their average daily membership (ADM).
- In 2013, the District and PLSAS voted to implement Quality Compensation (Q-Comp) programs in the District and it was approved for implementation by the Minnesota Department of Education (MDE) for the 2013–2014 school year. Q-Comp supports professional development and improves student achievement. Q-Comp meets the requirements of the Teacher Evaluation Plan. The District continues to utilize Q-Comp throughout the District.
- In 2020–2021, the School Board approved levy and aid funding for Achievement and Integration to allow the District to provide expanded services in this area.
- The 2024 Omnibus Education Finance Bill provided Minnesota school districts with clarifications and details related to the use of the additional funding for READ Act and other categorical funds that had been added the previous year. Sustained funding was provided through the extension of the Compensatory hold harmless beyond fiscal year 2027.
- The District continues to utilize enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. There continues to be a focus on transparency and having community feedback.

MEASURES OF ACADEMIC PROGRESS

The MCA-III

Each year, students attending PLSAS take the Minnesota Comprehensive Assessment (MCA) in math, reading, and science. The MDE's State-Wide Testing webpage (https://education.mn.gov/MDE/dse/test/) lists the purpose of these tests as follows:

1. Measure student performance on Minnesota's academic standards,
2. Measure the academic progress of students over time, and
3. Provide Minnesota graduates a score related to career and college readiness.

Students in Grades 3 through 8 are tested in both math and reading. Students in Grade 10 are tested in reading, and students in Grade 11 are tested in math.

All students completed the test online unless other accommodations were warranted. Both the reading and math assessments are adaptive, meaning each item a student is tasked with is based on the student's response to an earlier item. If a student answers an item correctly, they will see more difficult items; if a student responds incorrectly, they will see less difficult items.

The Minnesota Test of Academic Skills is an alternative test for specific students receiving special education services. Results of this assessment are not included in the information presented here.

October 1 enrollment filters are not activated for these results.

Results are reported in four levels: not meeting standards, partially meeting standards, meeting standards, and exceeding standards. The meeting and exceeding standards levels are considered to be at or above grade level and together, constitute the percentage of students who are proficient. All scores listed in this report are rounded to whole numbers and indicate the percentage of students achieving proficiency on the MCA-III assessments, measuring current Minnesota academic standards.

District Overview

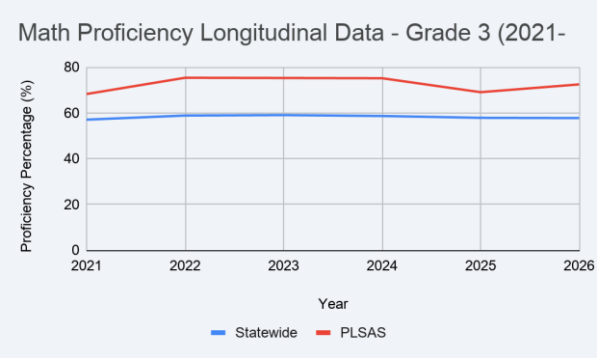
Mathematics

- **2026 Overall Proficiency: PLSAS achieved a strong 60.4 percent proficiency rate, demonstrating high institutional standards.**
- **Statewide Gap: Outperformed the state average of 44.7 percent by a significant 15.7 percentage point margin.**
- **Historical Trend: Maintained a commanding lead over state baseline benchmarks every single year since 2021.**

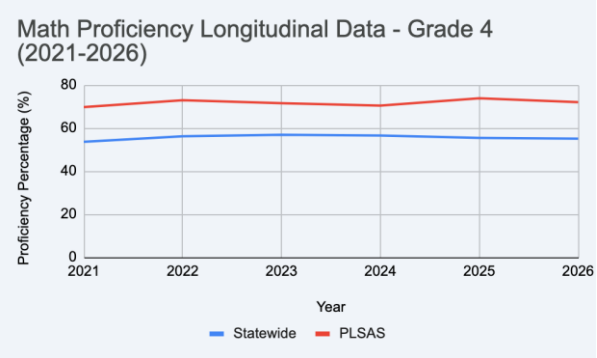
We do not have Reading proficiency data at this time, because the test changed from Version 3 to Version 4, and results will not be released until later this fall.

The following graphs provide trends of MCA-III results by subject and grade level in PLSAS and the state of Minnesota.

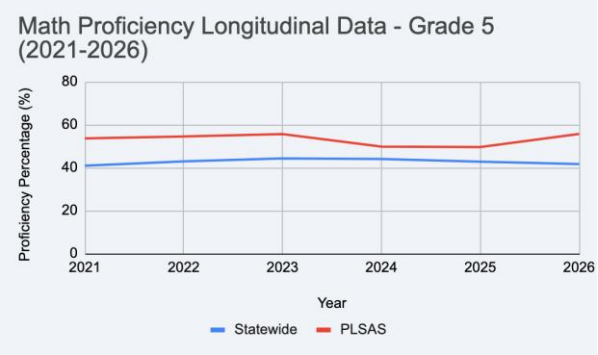
Math, 3rd Grade



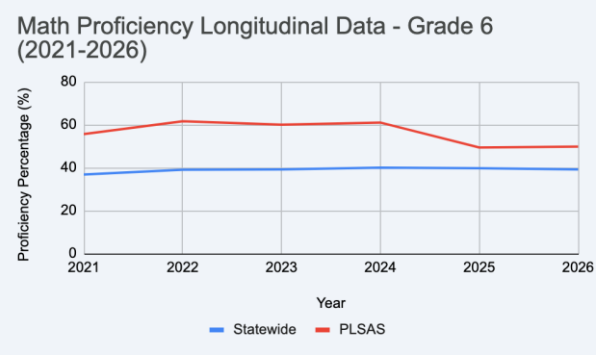
Math, 4th Grade



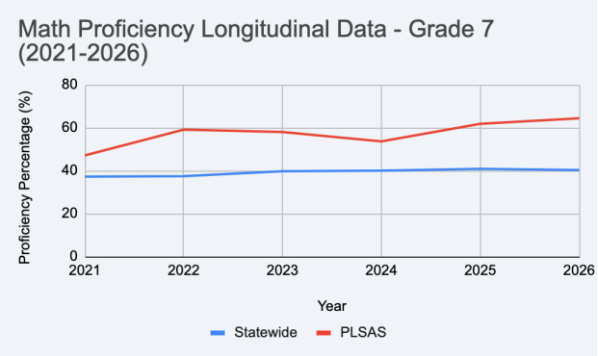
Math, 5th Grade



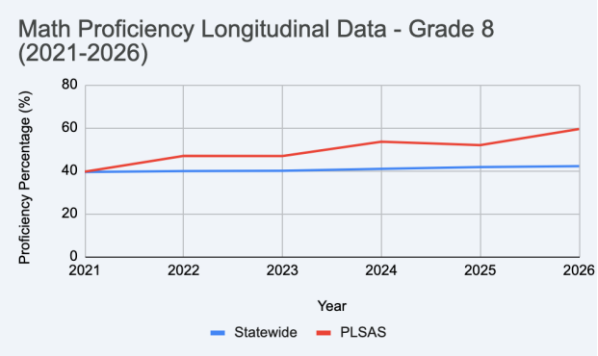
Math, 6th Grade



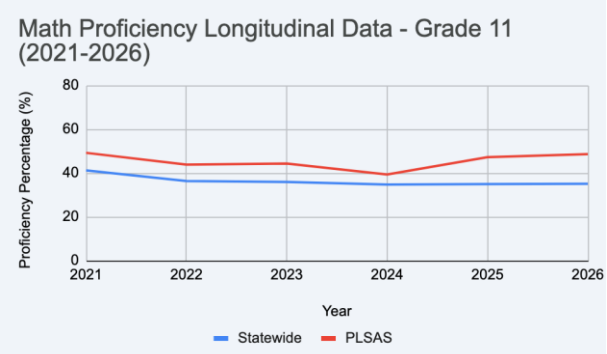
Math, 7th Grade



Math, 8th Grade



Math, 11th Grade



MEASURES OF ACADEMIC PROGRESS

Reading and Science MCA-IV

The Minnesota Comprehensive Assessments (MCAs) are statewide, standards-based assessments administered annually. They provide a summative measure of how well students demonstrate the knowledge and skills described in Minnesota's academic standards. MCA results serve as one indicator of student learning and should be considered alongside district, school, and classroom assessment data.

Reading MCA-IV

Spring 2026 marked the first administration of the Reading MCA-IV, which is aligned with the Reading strand of the 2020 Minnesota Academic Standards in English Language Arts. Students in Grades 3 through 8 and Grade 10 take the Reading MCA-IV.

The assessment measures Standards R4–R9, including students' abilities to:

1. Understand central ideas, themes, details, and vocabulary;
2. Cite evidence, make inferences, draw conclusions, and summarize;
3. Analyze text structure, author identity, perspective, purpose, and bias;
4. Evaluate arguments, sources, relevance, and credibility; and
5. Interpret information presented through visual images and media.

The Reading MCA-IV is administered primarily online and is adaptive, meaning the difficulty of the questions adjusts based on a student's responses to earlier questions. Paper and other accommodated formats are available when appropriate.

Because the Reading MCA-IV measures revised standards and uses newly established performance expectations, 2026 results establish a new baseline. Results should not be directly compared with Reading MCA-III results from 2025 or earlier. MDE Reading MCA-IV: Updates and Resources

Reporting of Results

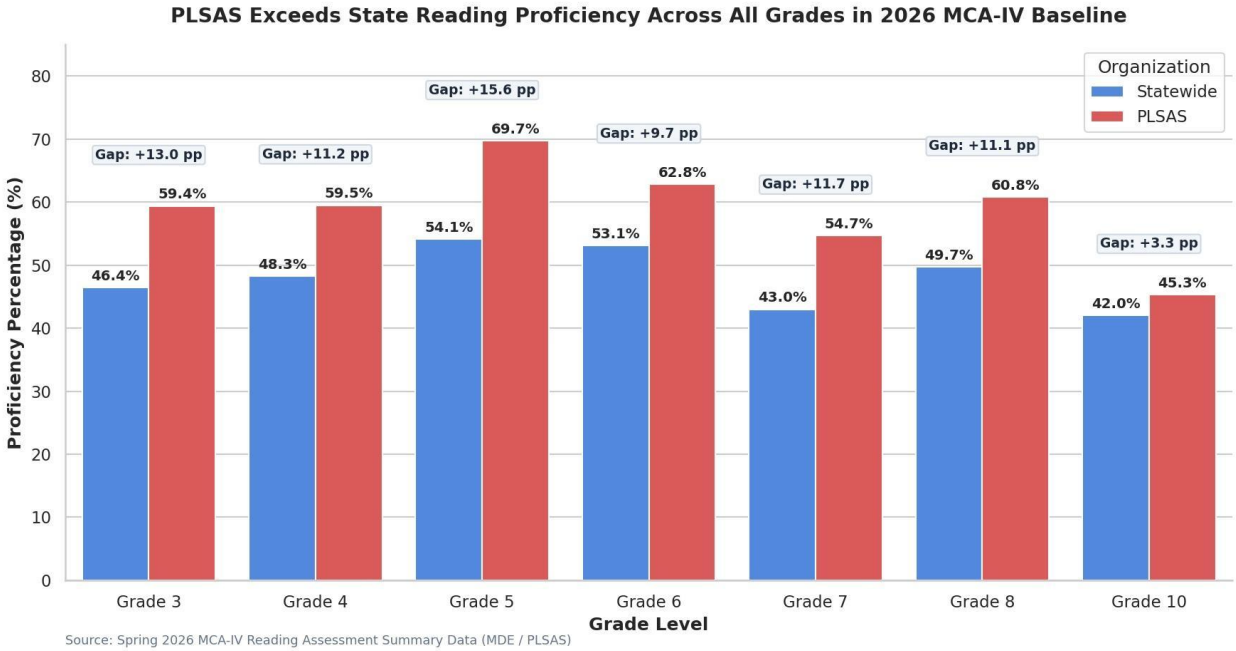
Student performance on both the Reading and Science MCA-IV is reported using four performance levels:

1. Beginning;
2. Intermediate;
3. Meets; and
4. Advanced.

Students performing at the Meets or Advanced levels are considered proficient in the knowledge and skills described in the applicable Minnesota Academic Standards.

The Reading and Science Alternate MCA is available for students with the most significant cognitive disabilities who meet the state's eligibility requirements. Alternate MCA results are not included in the information presented in this report.

All percentages presented in this report are rounded to whole numbers. October 1 enrollment filters were not applied to these results.



Science MCA-IV

Spring 2025 marked the first administration of the Science MCA-IV, which is aligned with the 2019 Minnesota Academic Standards in Science. The assessment is administered in Grades 5 and 8 and once in high school. The Grade 5 assessment measures standards from Grades 3–5, the Grade 8 assessment measures standards from Grades 6–8, and the high school assessment measures life science standards.

The Science MCA-IV reflects the multidimensional design of Minnesota's science standards. Students are expected to integrate:

1. Science and engineering practices;
2. Disciplinary core ideas; and
3. Crosscutting concepts.

The Science MCA-IV is an online, fixed-form assessment. Unlike an adaptive assessment, students assigned the same test form receive the same questions. Questions are organized around observable scientific phenomena and may include text, graphics, data, models, animations, or simulations. Students must apply scientific knowledge, analyze and interpret evidence, develop or evaluate explanations and models, and use scientific reasoning to address questions and engineering problems.

Because the Science MCA-IV measures substantially revised standards, results from 2025 and later should not be directly compared with Science MCA-III results from 2024 or earlier. Results from 2025 and 2026 may be examined together because both administrations used the MCA-IV assessment series. MDE Science MCA-IV Test Specifications

Reporting of Results

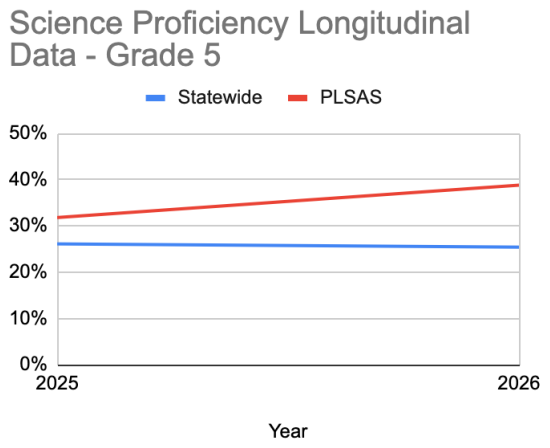
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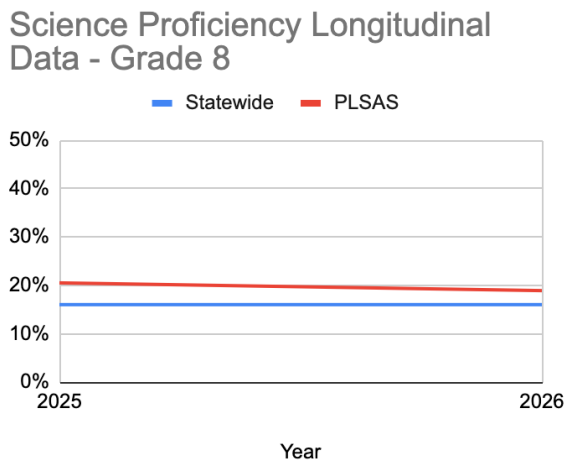
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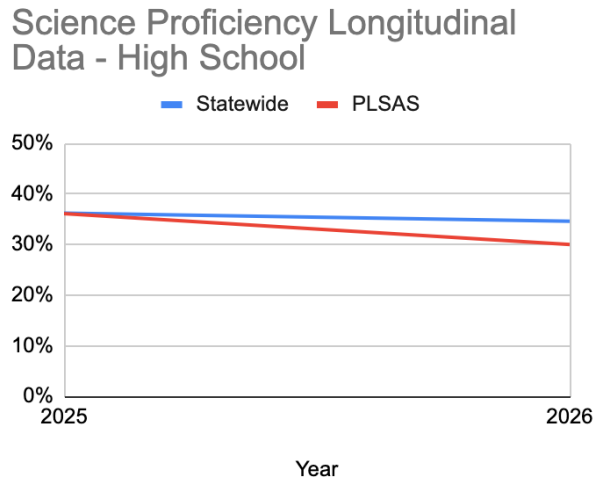
Science, 5th Grade



Science, 8th Grade



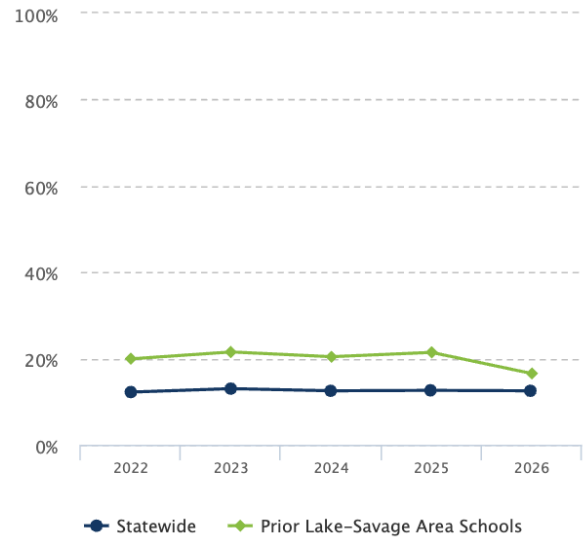
Science, High School



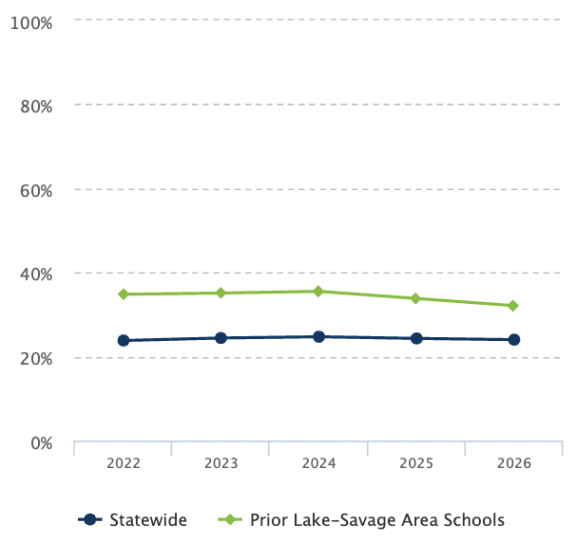
Student Groups by Subject

Any group of students present in PLSAS, yet not reported, is due to either fewer than 10 students in the group or a score profile which would identify students.

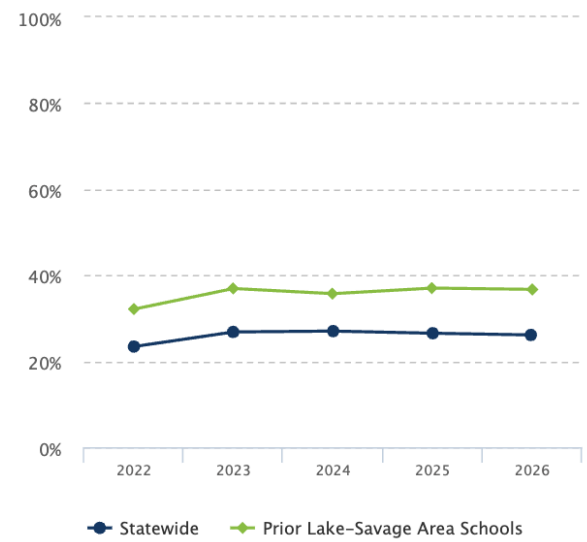
Math, English Learners



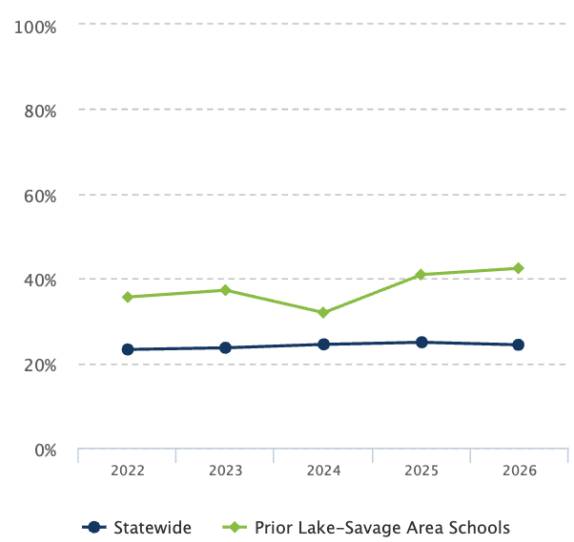
Math, Special Education



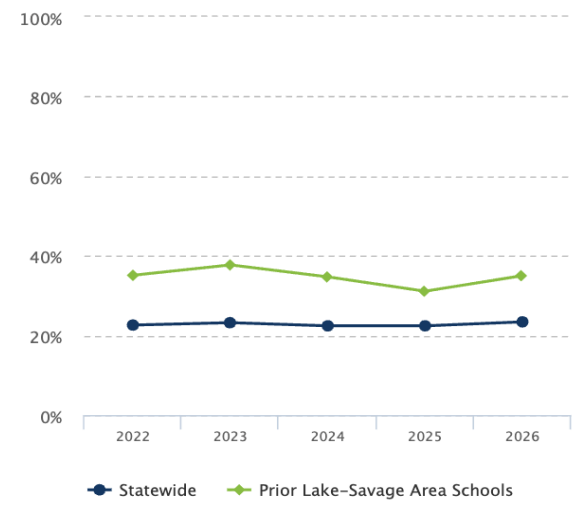
Math, Free and Reduced-Priced Meals



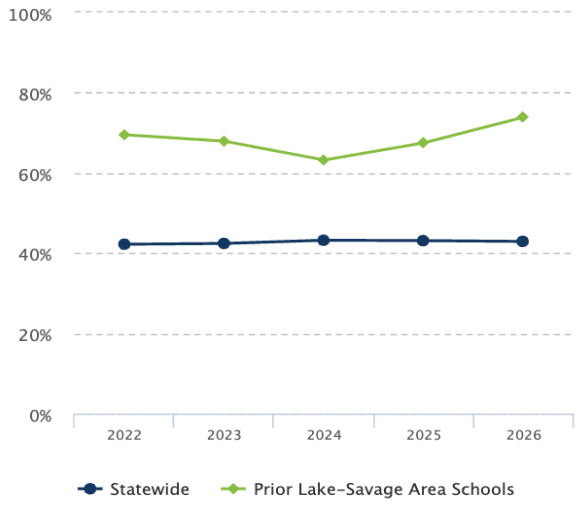
Math, American Indian



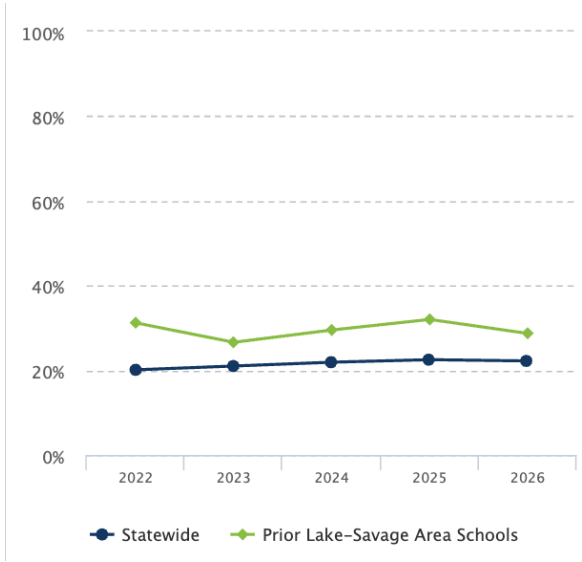
Math, Hispanic/Latino



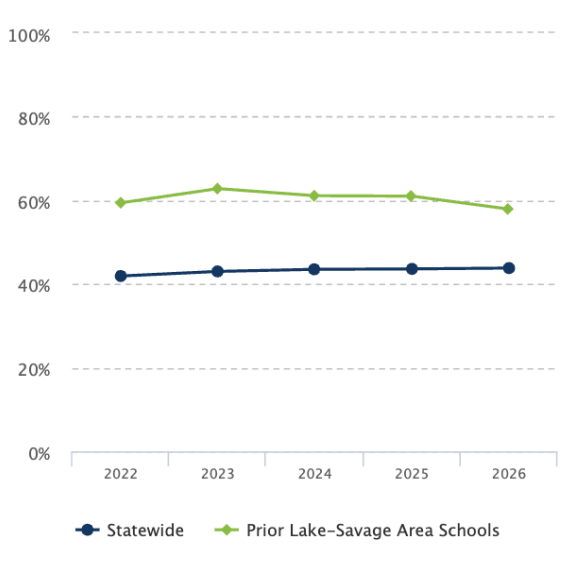
Math, Asian



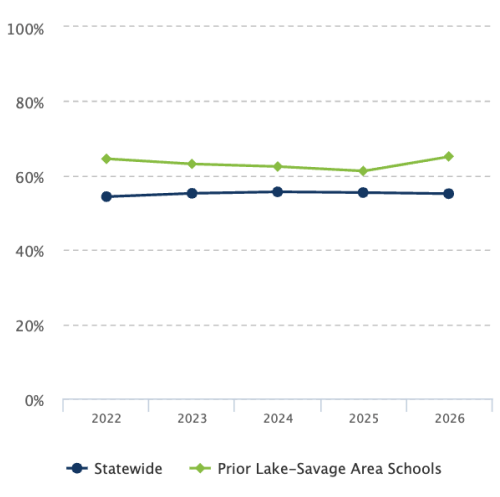
Math, Black/African American



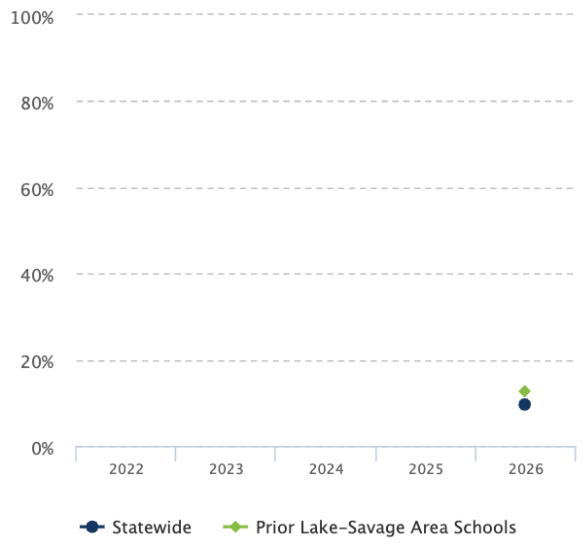
Math, Two+ Races



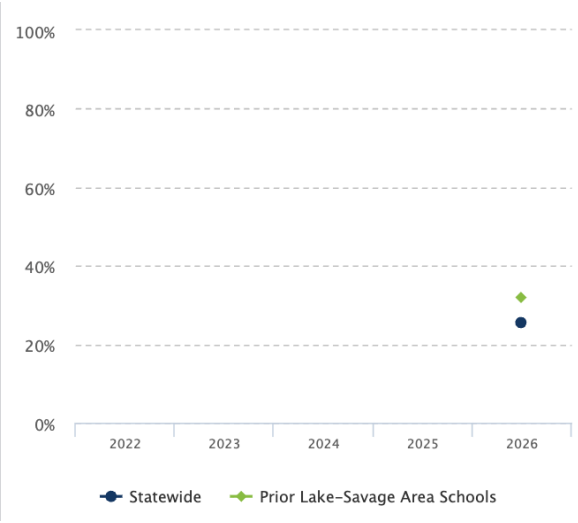
Math, White



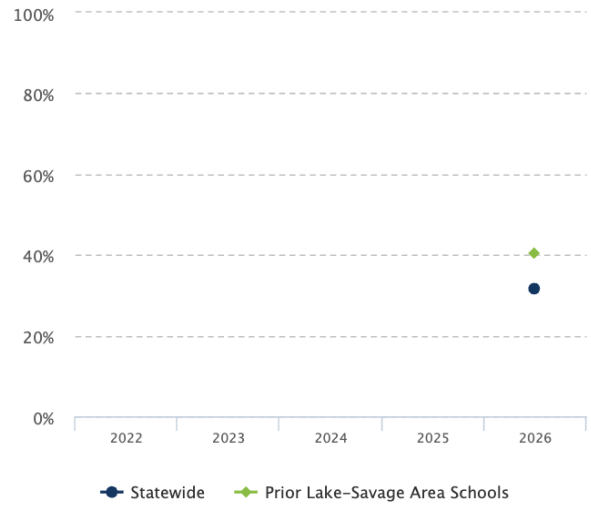
Reading, English Learners



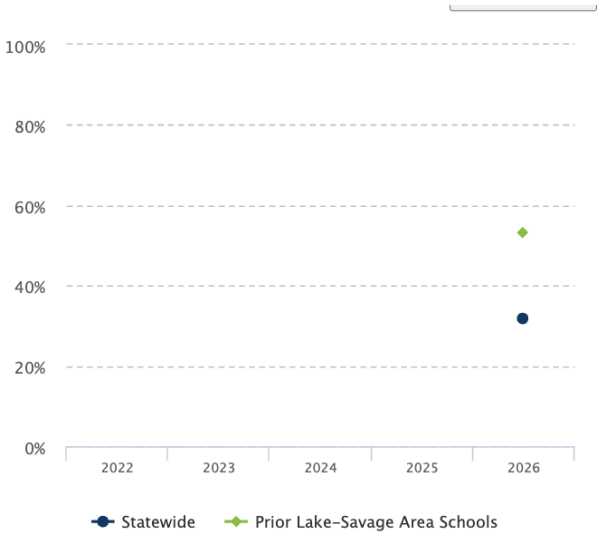
Reading, Special Education



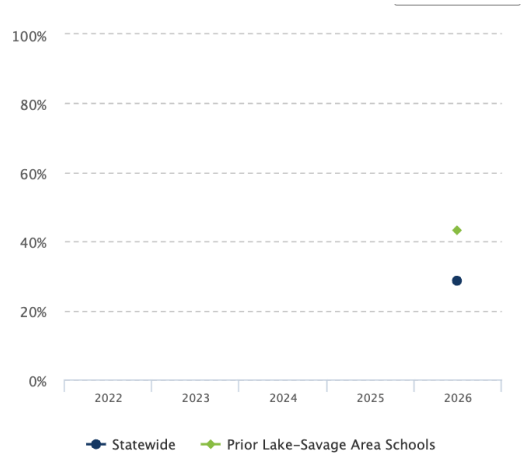
Reading, Free and Reduced-Priced Meals



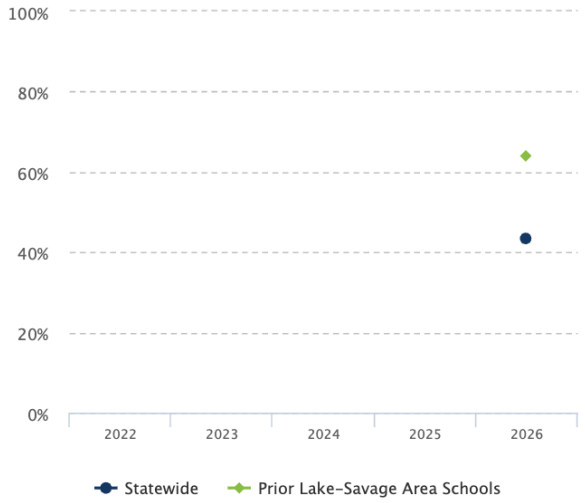
Reading, American Indian



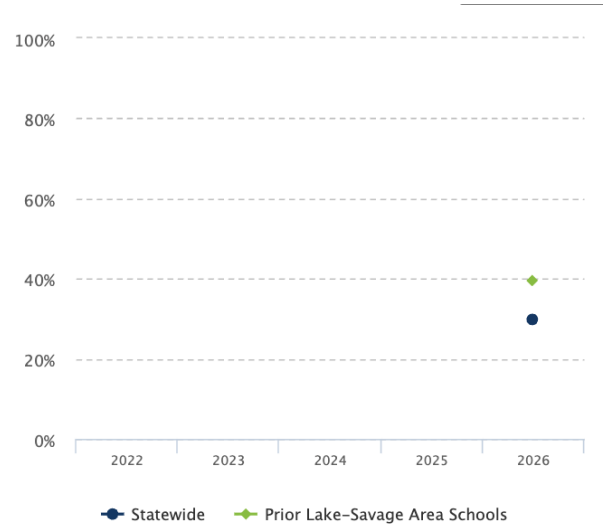
Reading, Hispanic/Latino



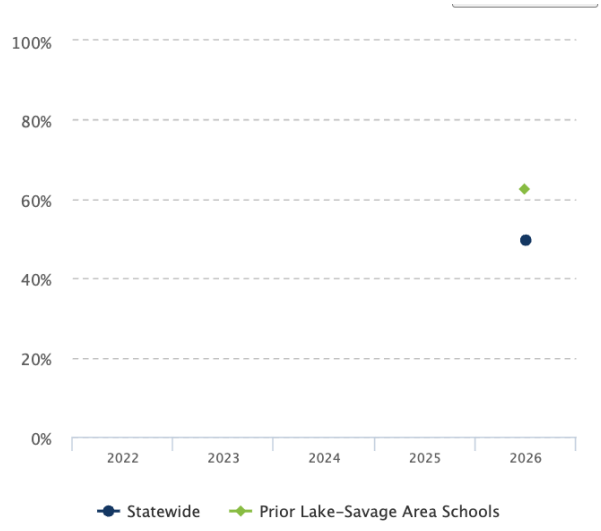
Reading, Asian



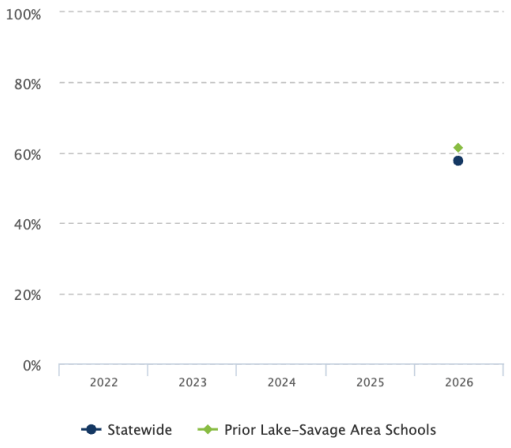
Reading, Black/African American



Reading, Two+ Races



Reading, White



Next Steps

- PLSAS compares results with those of neighboring and comparable school districts.
- Building Instructional Leadership Teams (BILT) analyze grade and cohort data, which will fuel the selection of research-based strategies for implementation in the SCIP.
- Learning Teams work with BILTs to further analyze and act upon MCA results through SCIP goals, SCIP strategies, and Learning Team goals.
- BILTs and Learning Teams analyze MCA-III/MCA-IV data by student group (race/ethnicity, students receiving free or reduced-priced meals, special education services, or who are English Learners) to find and determine how to decrease gaps.

School Level

- Buildings analyze grade level, cohort level, and student-level data through the work of their BILTs. This analysis fuels the research-based strategies selected for implementation in the SCIP.
- BILTs and Learning Teams analyze MCA-III/MCA-IV Benchmark Reports to determine school-wide areas of strength and areas of growth. SCIPs contain goals that build on the strengths of the school itself and close the gaps where areas of opportunity exist.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The cities the District serves are all or part of Prior Lake, Savage, Credit River, and also small sections of Shakopee and Jordan. The townships the District serves are all or part of Spring Lake, Cedar Lake, and Sand Creek in Scott County, encompassing 44.6 square miles. However, the vast majority of the District's households are concentrated within the cities of Prior Lake and Savage which together account for roughly 81% of all households in the district.

Growth rates in both cities peaked during the rapid residential expansion of the 2000s and 2010s. Over the past five years, growth has moderated due to high existing build-out (particularly in Savage) and broader housing market shifts. Prior Lake has experienced steady residential growth, driven by on-going single family and townhome developments in the southern and western portion of the city. Savage is closer to full municipal build-out than Prior Lake, meaning growth over the last decade has leaned more heavily on re-zoning, high-density multi-family housing, and fill-in residential lots.

Rate of Growth	Prior Lake	Savage
Over past 10 years	14.5%	11%
Over past 5 years	4.2%	2.8%
Over past year	0.8%	0.4%

Learners in the District attend 12 educational sites, with 1,688,592 square feet of space. The average age of the buildings in the District is 28 years. The District has 7 elementary schools for students in Grades K–5, 1 dual campus middle school for students in Grades 6–8, and Prior Lake High School (PLHS) for students Grades 9–12. In addition, the District has Bridges ALC for students in Grades 9–12, and Edgewood School offering preschool education opportunities for district families. SAGE Academy, located at West Wood Elementary, is the home of the gifted and talented program for students in Grades 4–5.

District expenditures per pupil are consistently among the lowest in the seven-county metro area. The District spends less per student than the seven-county metro average and has one of the lowest administrative costs per student in the metro area. Approximately 81 percent of the budget is spent in areas related to teaching and learning, including salaries and instructional supplies.

The District employs 1374 staff members. Our staff is focused on our mission: **"Our mission is to inspire and empower each student to reach their full potential."**

Parents continue to move into the District boundaries in order for their child(ren) to attend the schools within the District. This is due to the success of the progressive programs that are offered at the District, including: digital learning, Spanish Immersion, an E-STEM focus, Bridges ALC, MNCAPS, Advanced Placement classes, College in the Schools, Environmental Pre-School program, Personalized Learning, along with many other opportunities and programs.

The District enrollment was 8,535 in fiscal 2026. Enrollment has leveled in the last four years. Fiscal 2025 showed a small decrease in enrollment, with a decrease of 1.3 percent for fiscal 2026 and a decrease of just over 1.4 percent forecasted for 2027.

Students have the opportunity to enjoy homemade breakfast and lunch made in-house in each of our buildings through the District's child nutrition services. All students receive one breakfast and one lunch free of charge.

Our bus service is contracted with local vendors. Buildings and grounds staff members are responsible for maintaining the facilities inside and out. A dedicated auxiliary staff includes a wide variety of positions, such as lunchroom/playground supervisors, technology integrationists, digital learning specialists, special education support paraprofessionals, secretarial/clerical staff, and health support.

Prior Lake-Savage Community Education Services' mission is to enhance the quality of life for all citizens by providing opportunities for individuals to reach their full potential and contribute to their communities. Community education also provides an opportunity for local citizens and community schools, agencies and institutions to become active partners in addressing education and community concerns. Community education brings community members together to identify and link community needs and resources. Community education components consist of early learning (screening, early childhood family education, and preschool), youth enrichment programs, adult enrichment and leisure activities, childcare, aquatics, and use of school facilities. Programming is offered before and after school, as well as evenings and weekends.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the MDE by December 31, subsequent to year-end on June 30.

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Debt Service Fund. Budgeted expenditure allocations unspent at year-end are included in fund balance. The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or loss. Reasonable assurance means the cost of controls is weighted against the benefits received. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line-item budgets when issued. Specific expenditure, revenue, and detail transaction reports are available online for each department or school budget. The School Board receives detailed transaction reports for all expenditures each month.

To accurately track and report financial activities with a focus on site-based accounting, approximately 23,000 accounts have been defined in the District's chart of accounts.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. This requirement has been complied with and the opinion of LB Carlson, LLP is included in this report.

CERTIFICATE OF EXCELLENCE AND OTHER INFORMATION

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program has been a long-time goal of the District's business office and provides a clear indication of the District's high standards for financial reporting. The District intends to submit this ACFR to the ASBO Certificate Program for consideration. The District has received the ASBO Certificate of Excellence in Financial Reporting for its ACFR for the fiscal years ended June 30, 2009 through June 30, 2025.

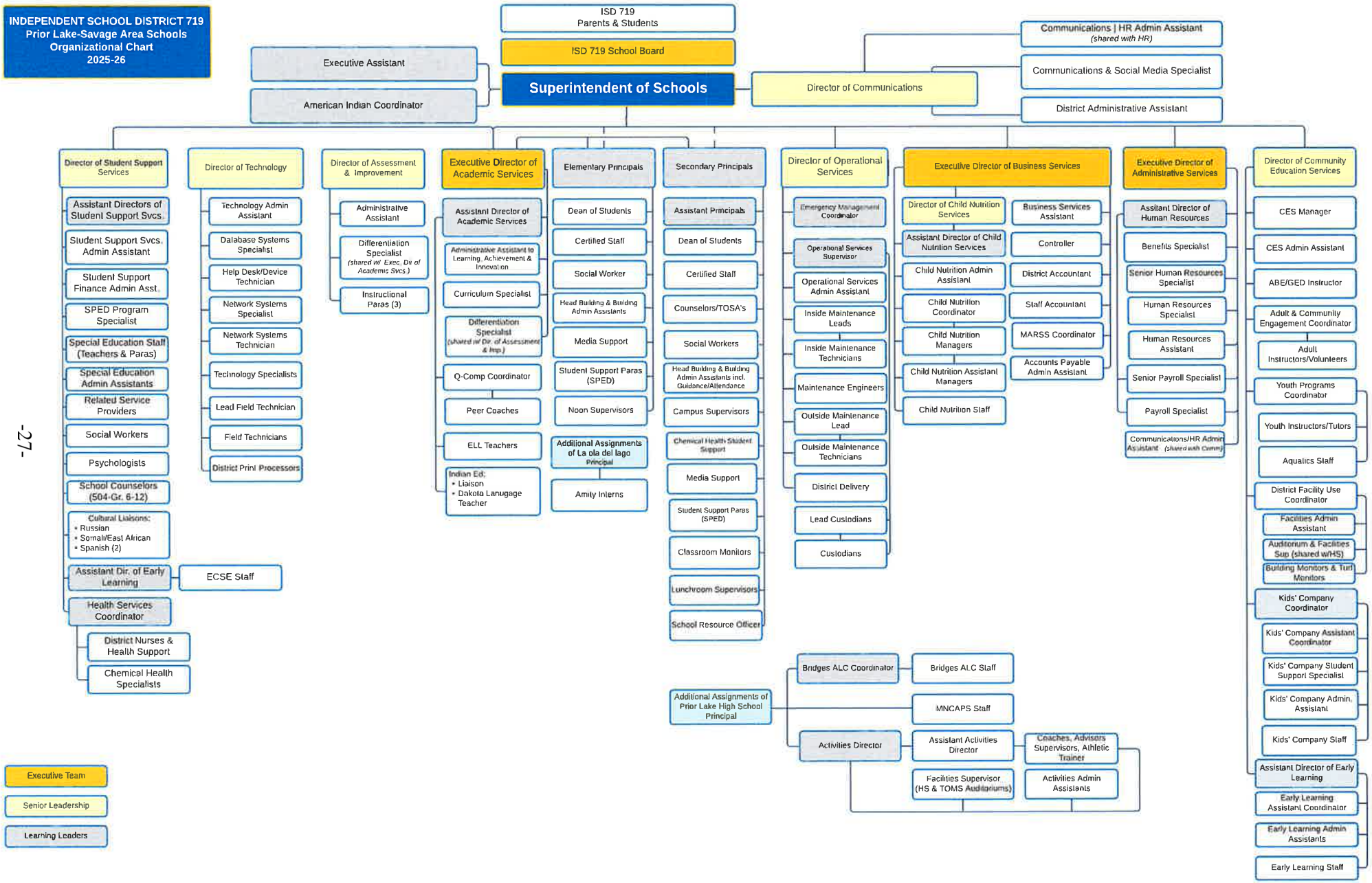
ACKNOWLEDGMENTS

We acknowledge the efforts of the entire business office staff in providing complete and accurate data for this ACFR.

Sincerely,

Lisa Rider
Executive Director of Business Services

Dr. Jim Wagner
Superintendent


INDEPENDENT SCHOOL DISTRICT 719
Prior Lake-Savage Area Schools
Organizational Chart
2025-26
ISD 719
Parents & Students
ISD 719 School Board
Superintendent of Schools
Executive Assistant
American Indian Coordinator
Director of Communications
Communications | HR Admin Assistant
(shared with HR)
Communications & Social Media Specialist
District Administrative Assistant
Director of Student Support Services
Assistant Directors of Student Support Svcs.
Student Support Svcs. Admin Assistant
Student Support Finance Admin Asst.
SPED Program Specialist
Special Education Staff (Teachers & Paras)
Special Education Admin Assistants
Related Service Providers
Social Workers
Psychologists
School Counselors (504-Gr. 6-12)
Cultural Liaisons:
• Russian
• Somali/East African
• Spanish (2)
Assistant Dir. of Early Learning
ECSE Staff
Health Services Coordinator
District Nurses & Health Support
Chemical Health Specialists
Director of Technology
Technology Admin Assistant
Database Systems Specialist
Help Desk/Device Technician
Network Systems Specialist
Network Systems Technician
Technology Specialists
Lead Field Technician
Field Technicians
District Print Processors
Director of Assessment & Improvement
Administrative Assistant
Differentiation Specialist
(shared w/ Exec. Dir of Academic Svcs.)
Instructional Paras (3)
Executive Director of Academic Services
Assistant Director of Academic Services
Administrative Assistant to Learning, Achievement & Innovation
Curriculum Specialist
Differentiation Specialist
(shared w/ Dir. of Assessment & Imp.)
Q-Comp Coordinator
Peer Coaches
ELL Teachers
Indian Ed:
• Liaison
• Dakota Lanugage Teacher
Elementary Principals
Dean of Students
Certified Staff
Social Worker
Head Building & Building Admin Assistants
Media Support
Student Support Paras (SPED)
Noon Supervisors
Additional Assignments of La ola del lago Principal
Amity Interns
Secondary Principals
Assistant Principals
Dean of Students
Certified Staff
Counselors/TOSA's
Social Workers
Head Building & Building Admin Assistants incl. Guidance/Attendance
Campus Supervisors
Chemical Health Student Support
Media Support
Student Support Paras (SPED)
Classroom Monitors
Lunchroom Supervisors
School Resource Officer
Director of Operational Services
Emergency Management Coordinator
Operational Services Supervisor
Operational Services Admin Assistant
Inside Maintenance Leads
Inside Maintenance Technicians
Maintenance Engineers
Outside Maintenance Lead
Outside Maintenance Technicians
District Delivery
Lead Custodians
Custodians
Executive Director of Business Services
Director of Child Nutrition Services
Assistant Director of Child Nutrition Services
Child Nutrition Admin Assistant
Child Nutrition Coordinator
Child Nutrition Managers
Child Nutrition Assistant Managers
Child Nutrition Staff
Business Services Assistant
Controller
District Accountant
Staff Accountant
MARSS Coordinator
Accounts Payable Admin Assistant
Executive Director of Administrative Services
Assitant Director of Human Resources
Benefits Specialist
Senior Human Resources Specialist
Human Resources Specialist
Human Resources Assistant
Senior Payroll Specialist
Payroll Specialist
Communications/HR Admin Assistant (shared with Comm)
Director of Community Education Services
CES Manager
CES Admin Assistant
ABE/GED Instructor
Adult & Community Engagement Coordinator
Adult Instructors/Volunteers
Youth Programs Coordinator
Youth Instructors/Tutors
Aquatics Staff
District Facility Use Coordinator
Facilities Admin Assistant
Auditorium & Facilities Sup (shared w/HS)
Building Monitors & Turf Monitors
Kids' Company Coordinator
Kids' Company Assistant Coordinator
Kids' Company Student Support Specialist
Kids' Company Admin. Assistant
Kids' Company Staff
Assistant Director of Early Learning
Early Learning Assistant Coordinator
Early Learning Admin Assistants
Early Learning Staff
Additional Assignments of Prior Lake High School Principal
Bridges ALC Coordinator
Bridges ALC Staff
MNCAPS Staff
Activities Director
Assistant Activities Director
Facilities Supervisor (HS & TOMS Auditoriums)
Coaches, Advisors Supervisors, Athletic Trainer
Activities Admin Assistants
Executive Team
Senior Leadership
Learning Leaders

INDEPENDENT SCHOOL DISTRICT NO. 719

School Board and Administration
as of June 30, 2026

SCHOOL BOARD

	Board Position
Amy Bullyan	Chairperson
Jessica Olstad	Vice Chairperson/Clerk
Jessica Mason	Treasurer
Lisa Atkinson	Director
Mary Frantz	Director
Charles Johnson	Director
Dustin Smith	Director

ADMINISTRATION

Dr. Michael Thomas	Superintendent of Schools
Lisa Rider	Executive Director of Business Services
District Services Center	Independent School District No. 719 Prior Lake-Savage Area Schools 4540 Tower Street SE Prior Lake, MN 55372

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

ISD 719 Prior Lake Savage Area Schools

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

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FINANCIAL SECTION

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LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 719,
Prior Lake-Savage Area Schools
Prior Lake, 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. 719, Prior Lake-Savage Area Schools (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.

Emphasis of Matter

CHANGE IN ACCOUNTING PRINCIPLE

In 2026, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2025 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 3, 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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 2, 2026

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. 719'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 financial report (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 Independent School District No. 719, Prior Lake-Savage Area Schools, 4540 Tower Street SE, Prior Lake, Minnesota 55372.

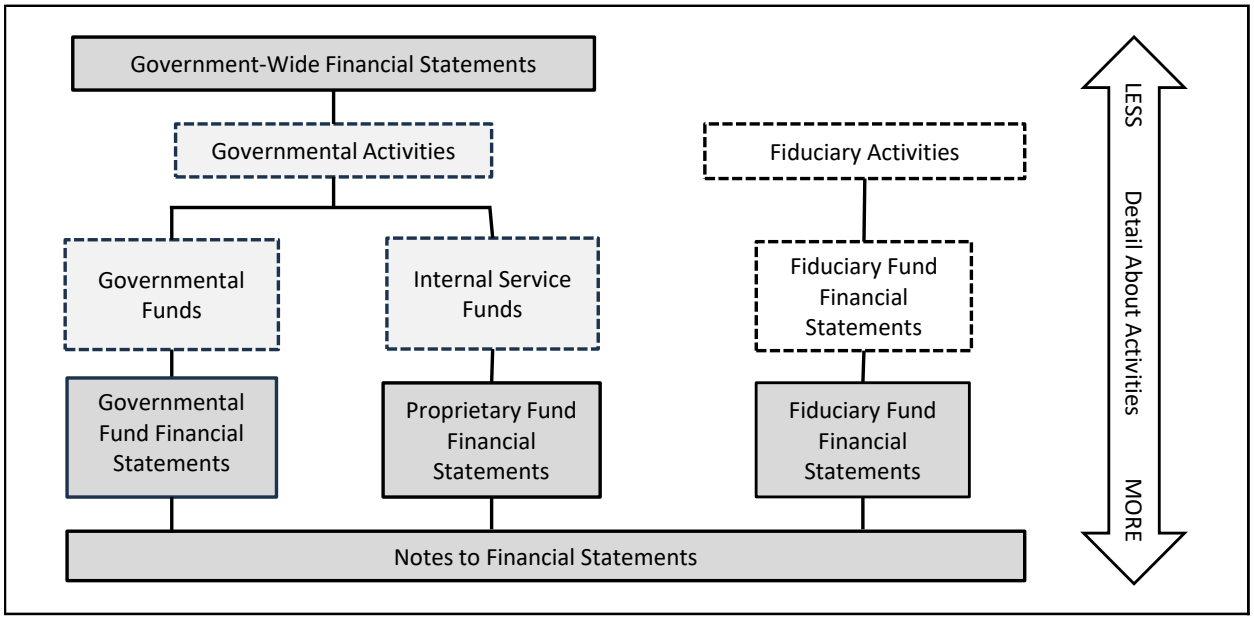
OVERVIEW OF THE FINANCIAL STATEMENTS

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 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.

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 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 and other post-employment 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 and scholarship activity. 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	$ 92,702,666	$ 84,972,009	9.1 %
Restricted assets	7,893,261	7,792,641	1.3 %
Capital assets, net	239,976,801	246,961,594	(2.8) %
Total assets	$ 340,572,728	$ 339,726,244	0.2 %
Deferred outflows of resources	$ 19,838,339	$ 17,075,575	16.2 %
Liabilities			
Current and other liabilities	$ 18,390,235	$ 18,494,034	(0.6) %
Long-term liabilities	200,776,514	215,683,412	(6.9) %
Total liabilities	$ 219,166,749	$ 234,177,446	(6.4) %
Deferred inflows of resources	$ 60,598,337	$ 60,212,959	0.6 %
Net position			
Net investment in capital assets	$ 113,251,507	$ 106,049,812	6.8 %
Restricted	17,624,228	13,784,088	27.9 %
Unrestricted	(50,229,754)	(57,422,486)	12.5 %
Total net position	$ 80,645,981	$ 62,411,414	29.2 %

Total net position improved by $18,234,567 in the current year, with improvement in all components of net position as shown above.

Current and other assets were higher than last year, primarily due positive operating results. These results also impacted unrestricted net position. Depreciation 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. Restricted net position increased in amounts restricted for community service and Medical Assistance.

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

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

	Governmental Activities		Percentage
	2026	2025	Change
Revenues			
Program revenues			
Charges for services	$ 10,937,436	$ 10,294,726	6.2 %
Operating grants and contributions	35,991,448	31,170,182	15.5
Capital grants and contributions	1,206,044	1,155,307	4.4
General revenues			
Property taxes	34,523,841	36,211,558	(4.7)
General grants and aids	76,720,218	75,642,564	1.4
Other	3,364,847	4,068,400	(17.3)
Total revenues	162,743,834	158,542,737	2.6
Expenses			
Administration	2,804,908	3,344,526	(16.1)
District support services	5,226,722	5,970,176	(12.5)
Elementary and secondary regular instruction	60,171,777	62,977,332	(4.5)
Vocational education instruction	1,414,797	984,276	43.7
Special education instruction	25,913,596	25,277,911	2.5
Instructional support services	9,559,310	10,056,298	(4.9)
Pupil support services	12,359,813	12,029,904	2.7
Sites and buildings	9,671,393	8,935,536	8.2
Fiscal and other fixed cost programs	908,625	1,043,100	(12.9)
Food service	6,061,634	6,334,230	(4.3)
Community service	7,283,680	7,108,100	2.5
Interest and fiscal charges	3,133,012	4,033,535	(22.3)
Total expenses	144,509,267	148,094,924	(2.4)
Change in net position	18,234,567	10,447,813	74.5
Net position – beginning	62,411,414	51,963,601	20.1
Net position – ending	$ 80,645,981	$ 62,411,414	29.2

Governmental activities revenues exceeded expenses in the current year, resulting in an increase of $18,234,567 in total net position. Revenues were higher than the prior year, increasing by $4,201,097 (2.6 percent) and expenses were lower than the prior year, decreasing by $3,585,657 (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:

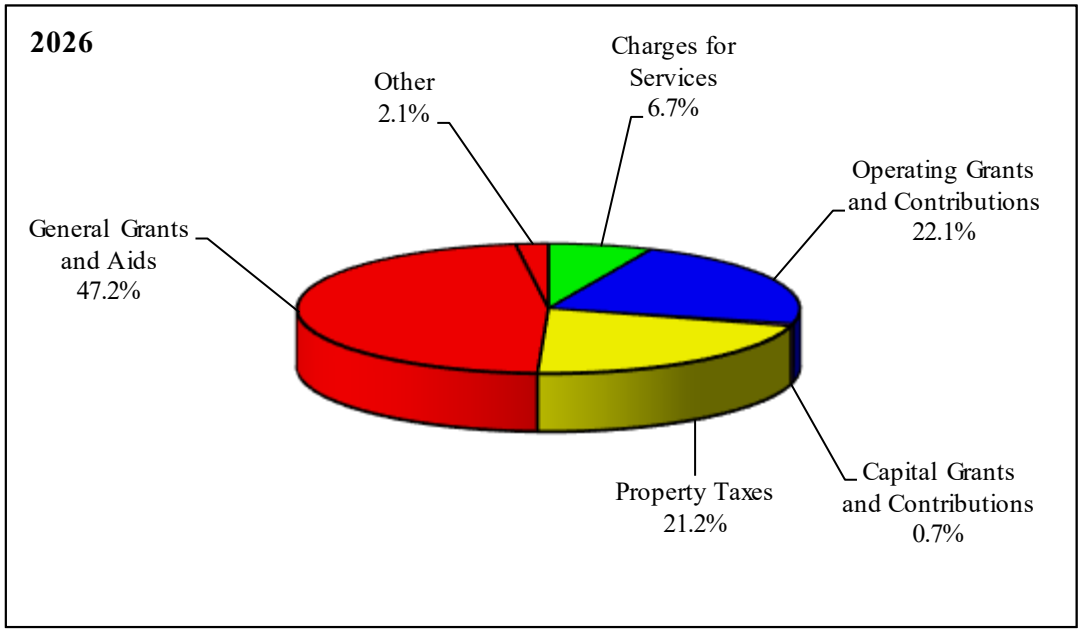
Revenues

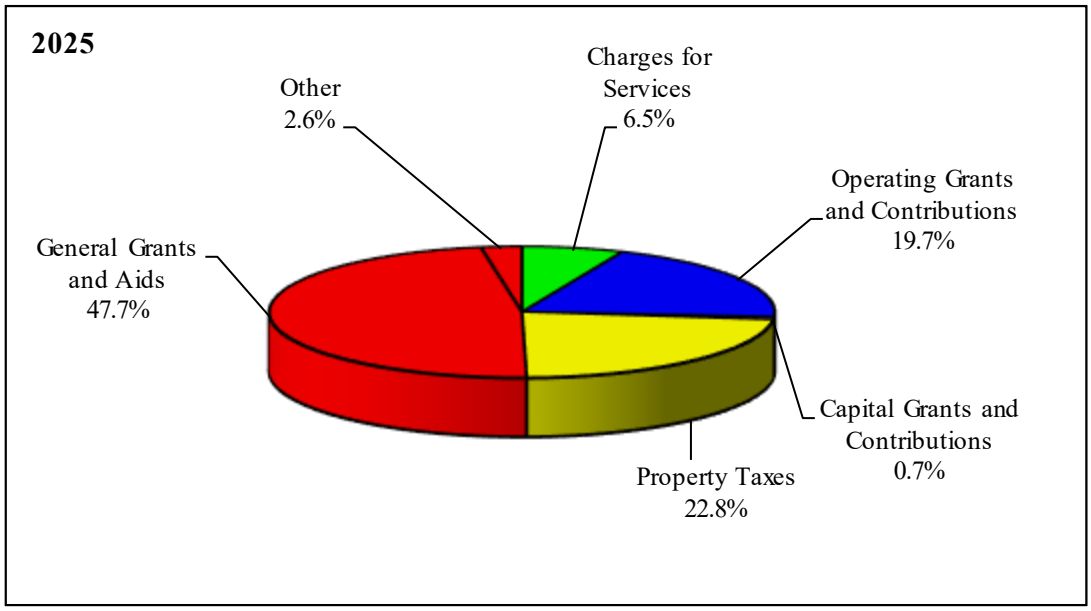
- Operating grants and contributions were up with increased state funding for special education.
- A decrease of 4.7 percent in the property taxes due to the change in certified levy, mainly in levy adjustments for OPEB, facilities maintenance, and equipment.
- The increase in general grants and aids was from increases in general education state aid.

Expenses

- Contractual improvements negotiated for salaries and related benefits.
- Spending in elementary and secondary regular instruction was down with a reduction in the number of certified and non-certified employees.
- Changes in pension expense for the District's proportionate shares of the PERA and the TRA state-wide pension plans.
- Higher costs for fuel and contract transportation services impacted pupil support services.
- Spending in sites and buildings increased following intentionally reduced spending in prior years to build fund balance.
- Spending was up in community service with more participation this year.
- Interest and fiscal charges were down in line with scheduled payments on outstanding debt.

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

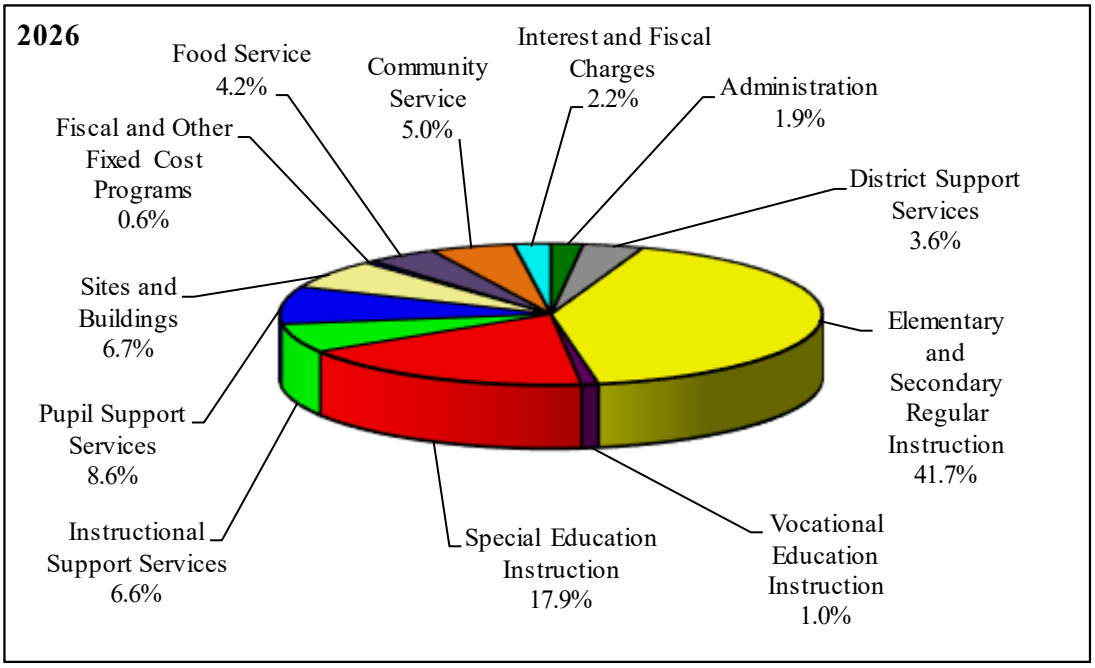


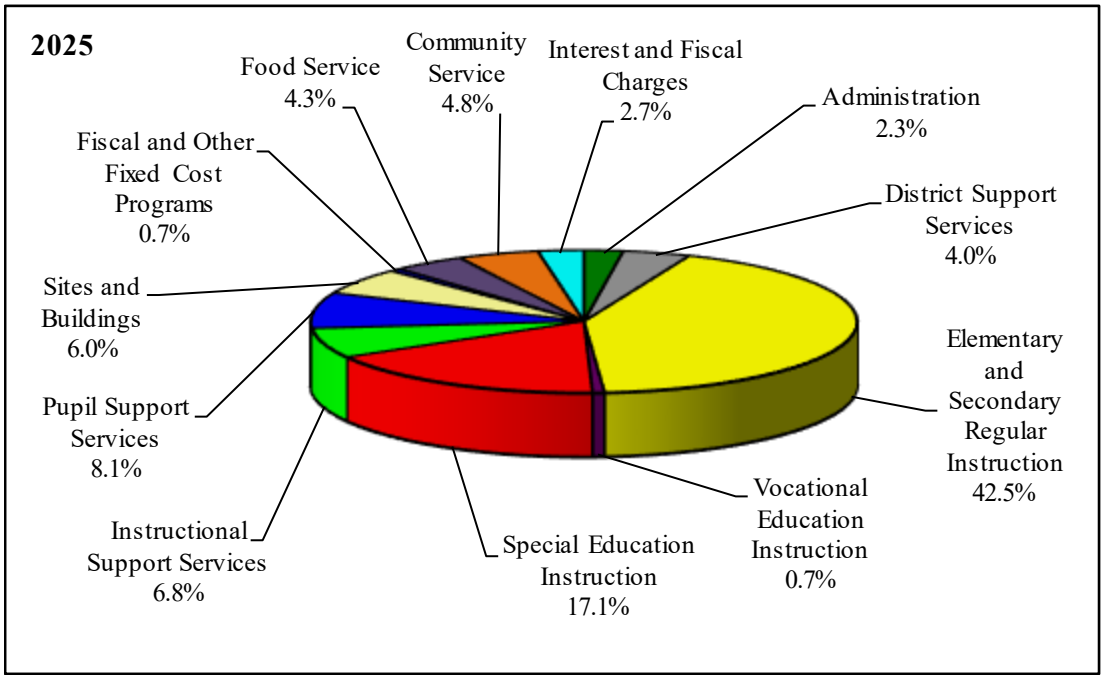


The largest share of the District's revenue is received from the state, including the majority of both the general grants and aids and the operating grants and contributions as shown in Figure C above. As seen in the above graphs, the split of revenues by source remained mostly consistent between the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

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 mostly consistent to the prior year as seen in the above graphs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

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

	2026	2025	Change
Major funds			
General	$ 17,723,433	$ 13,530,161	$ 4,193,272
Food Service	3,825,388	3,118,109	707,279
Community Service	6,334,378	5,119,871	1,214,507
Debt Service	4,482,112	4,539,046	(56,934)
Total governmental funds	$ 32,365,311	$ 26,307,187	$ 6,058,124

At June 30, 2026, the District's governmental funds reported combined fund balances of $32,365,311, an increase of $6,058,124 in comparison with the prior year. The majority of the increase was in the General Fund.

Unassigned fund balance at year-end was $11,709,066, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – $265,949 2) externally restricted for particular purposes – $19,637,612, or 3) internally assigned for particular purposes – $752,684.

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

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

	General Fund		Food Service Fund		Community Service Fund		Debt Service Fund	
	2026	2025	2026	2025	2026	2025	2026	2025
Total revenues	$ 129,729,669	$ 124,482,274	$ 7,035,172	$ 6,644,481	$ 8,829,469	$ 8,526,843	$ 16,843,741	$ 16,817,914
Total expenditures	126,280,817	125,906,358	6,358,073	6,449,867	7,614,962	7,369,869	16,900,675	16,392,449
Excess (deficiency) of revenues over expenditures	3,448,852	(1,424,084)	677,099	194,614	1,214,507	1,156,974	(56,934)	425,465
Other financing sources (uses)								
Issuance of financed purchase	774,600	–	–	–	–	–	–	–
Insurance recoveries	–	1,594	–	–	–	–	–	–
Transfers in	–	–	30,180	–	–	–	–	–
Transfers (out)	(30,180)	–	–	–	–	–	–	–
Total other financing sources (uses)	744,420	1,594	30,180	–	–	–	–	–
Net change in fund balances	$ 4,193,272	$ (1,422,490)	$ 707,279	$ 194,614	$ 1,214,507	$ 1,156,974	$ (56,934)	$ 425,465

General Fund

The total fund balances of the General Fund increased by $4,193,272 during the current year. General Fund revenues were $5,247,395 higher than the prior year in total, mainly from increased state aids for special education and general education. General Fund expenditures were $374,459 higher than the previous year. The majority of the overall increase was in capital outlay with more projects in the current year. This was partially offset by a decrease in salaries due to staffing reductions.

Food Service Fund

The total fund balances of the Food Service Fund increased by $707,279 during the current year. Revenues were $390,691 higher than the prior year due to a large increase in state sources with the high school switch to the federal meal program in January 2026. Expenditures decreased $91,794 compared to the prior year mainly due to high school food expenditures decreased from the prior year.

Community Service Fund

The total fund balances of the Community Service Fund increased by $1,214,507 during the current year. Revenues were $302,626 higher than the prior year due to an increase in approved levy and more classes offered with increased enrollments. Expenditures increased $245,093 compared to the prior year mainly due to increases in salaries and employee benefits.

Debt Service Fund

Debt Service Fund expenditures exceeded revenues by $56,934, decreasing fund balance to $4,482,112 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 increased by $25,827 compared to last year, and expenditures increased by $508,226 which was due to scheduled principal and interest payments in the current year.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The total carrying value – original cost minus accumulated depreciation/amortization – of the District's governmental activities capital asset was $239,976,801 at year-end, which represents a net decrease of $6,984,793, or 2.8 percent, from the previous year-end.

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

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

	2026	2025	Change
Land	$ 12,483,938	$ 12,483,938	$ –
Land improvements	6,174,042	8,496,387	(2,322,345)
Buildings	329,997,316	326,736,048	3,261,268
Furniture and equipment	29,867,796	31,020,098	(1,152,302)
Technology subscriptions	680,499	680,499	–
Lease assets – equipment	706,033	1,308,238	(602,205)
Less accumulated depreciation/amortization	(139,932,823)	(133,763,614)	(6,169,209)
Total	$ 239,976,801	$ 246,961,594	$ (6,984,793)
Depreciation/amortization expense	$ 8,571,726	$ 9,104,485	$ (532,759)

Most of the activity in capital assets is related to building improvements, computer equipment, and land improvements. More detailed information about capital assets can be found in Note 3 of the notes to basic financial statements.

During fiscal 2026, the District transferred certain capital assets from land improvements to buildings as these capital assets were previously misclassified.

Long-Term Financing Activity

The District's outstanding bonds and other long-term financing agreements totaled $126,505,425 at year-end, a decrease of $13,671,846, or 9.8 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	$ 122,695,000	$ 136,550,000	$ (13,855,000)
Unamortized premium/discount	(1,041,570)	(1,610,288)	568,718
Financed purchases payable	4,697,093	4,934,927	(237,834)
Lease liability	154,902	302,632	(147,730)
Total	$ 126,505,425	$ 140,177,271	$ (13,671,846)

The overall decrease in long-term liabilities was due to scheduled debt service payments in the current year with a financed purchase issued for computer hardware.

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). Net district debt applicable to this limit of $122,695,000 at year-end was well below this limit.

Table 7
Limitations on Debt

District's market value	$ 9,556,377,686
Limit rate	15.0%
Legal debt limit	$ 1,433,456,653

Additional details of the District's long-term debt activity can be found in Note 4 of the notes to basic financial statements.

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 and have been incorporated into next year's budget:

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 2.0 percent for fiscal year 2027.

2) The amount of funding the 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 8,535 students. Students enrolling into the District was 1,192 more than students enrolling out of the District. Future enrollment projections show a small, stable decline trend for the District.

3) Our current operating referendum expires at the end of June 30, 2027. A referendum revoke and replace has been placed on the November, 2026 election ballot. Should the revoke and replace not pass, the school board will need to determine if they will approve the extension of our current referendum for another 10 years. This decision must be made by the school board by June 15, 2027.

4) As of June 30, 2026, The collective bargaining agreement with the PLSEA was settled through June 30, 2027. All other contract settlements 2026–2028 have begun and are expected to be complete by December 31, 2026.

5) Health insurance premiums for 2026-2027 school year have been increased by thirteen percent (13%). Health insurance is self-insured within our district. This increase is being monitored and considered when building assumptions for projections that are used for making future budget decisions.

6) Fiscal years 2024–2025; 2025–2026; and 2026–2027 budgets were developed with approximately $4 million dollars of reductions identified each year to control expenditure budgets. The total of budget reductions identified over these three years are approximately $12.25 million.

7) The building that has housed the District Administrative Staff known as the DSC or District Service Center has been placed for sale. Once sold, the District Administrative Staff will move to the Educational Services Center at Grainwood located at 5061 Minnesota Street SE in Prior Lake, which has been used as an elementary school through June 30, 2026. The building will be shared with Community Education and the new Laker Launch program that opens for the 2026–2027 school year. The Laker Launch is our Transition program serving our students aged 18–22.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Total Governmental Activities	
	2026	2025
Assets		
Cash and temporary investments	$ 64,202,714	$ 56,036,287
Receivables		
Current taxes	16,934,013	16,389,239
Delinquent taxes	165,174	151,529
Accounts and interest	478,821	499,425
Due from other governmental units	10,655,995	11,656,318
Inventory	254,241	227,338
Prepaids	11,708	11,873
Restricted assets – temporarily restricted		
Cash and investments for OPEB	7,893,261	7,792,641
Capital assets		
Not depreciated/amortized	12,483,938	12,483,938
Depreciated/amortized, net of accumulated depreciation/amortization	227,492,863	234,477,656
Capital assets, net	239,976,801	246,961,594
Total assets	340,572,728	339,726,244
Deferred outflows of resources		
OPEB plan deferments	1,561,370	1,639,901
Pension plan deferments	18,276,969	15,435,674
Total deferred outflows of resources	19,838,339	17,075,575
Total assets and deferred outflows of resources	$ 360,411,067	$ 356,801,819
Liabilities		
Salaries payable	$ 9,394,138	$ 10,173,892
Accounts and contracts payable	2,791,995	2,467,060
Due to other governmental units	70,141	53,738
Unearned revenue	3,920,110	3,483,748
Accrued interest payable	2,213,851	2,315,596
Long-term liabilities		
Due within one year	17,161,988	16,349,626
Due in more than one year	183,614,526	199,333,786
Total long-term liabilities	200,776,514	215,683,412
Total liabilities	219,166,749	234,177,446
Deferred inflows of resources		
Property taxes levied for subsequent year	34,134,691	32,790,416
OPEB plan deferments	2,487,358	2,380,220
Deferred gain on refunding	219,869	734,511
Pension plan deferments	23,756,419	24,307,812
Total deferred inflows of resources	60,598,337	60,212,959
Net position		
Net investment in capital assets	113,251,507	106,049,812
Restricted for		
Debt service	2,344,522	2,281,960
Food service	3,825,388	3,118,109
Community service	6,338,088	5,123,231
Other purposes (state funding restrictions)	5,116,230	3,260,788
Unrestricted	(50,229,754)	(57,422,486)
Total net position	80,645,981	62,411,414
Total liabilities, deferred inflows of resources, and net position	$ 360,411,067	$ 356,801,819

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 719

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	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	$ 2,804,908	$ –	$ –	$ –	$ (2,804,908)	$ (3,344,526)
District support services	5,226,722	–	–	–	(5,226,722)	(5,970,176)
Elementary and secondary regular instruction	60,171,777	1,367,819	4,026,556	–	(54,777,402)	(57,120,293)
Vocational education instruction	1,414,797	–	–	–	(1,414,797)	(984,276)
Special education instruction	25,913,596	1,403,132	24,614,605	–	104,141	(4,423,395)
Instructional support services	9,559,310	5,169	428,898	–	(9,125,243)	(9,711,272)
Pupil support services	12,359,813	324,490	9,482	–	(12,025,841)	(11,727,303)
Sites and buildings	9,671,393	–	57,725	1,206,044	(8,407,624)	(7,722,359)
Fiscal and other fixed cost programs	908,625	–	47,275	–	(861,350)	(1,043,100)
Food service	6,061,634	1,568,183	5,349,164	–	855,713	196,009
Community service	7,283,680	6,268,643	1,457,743	–	442,706	409,517
Interest and fiscal charges	3,133,012	–	–	–	(3,133,012)	(4,033,535)
Total governmental activities	$ 144,509,267	$ 10,937,436	$ 35,991,448	$ 1,206,044	(96,374,339)	(105,474,709)
General revenues						
Taxes						
Property taxes, levied for general purposes					18,492,712	20,330,917
Property taxes, levied for community service					841,951	755,673
Property taxes, levied for debt service					15,189,178	15,124,968
General grants and aids					76,720,218	75,642,564
Other general revenues					1,217,100	1,734,376
Investment earnings					2,147,747	2,334,024
Total general revenues					114,608,906	115,922,522
Change in net position					18,234,567	10,447,813
Net position – beginning of year					62,411,414	51,963,601
Net position – ending					$ 80,645,981	$ 62,411,414

See notes to basic financial statements

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FUND FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	General	Food Service Special Revenue	Community Service Special Revenue
Assets			
Cash and temporary investments	$ 25,905,906	$ 3,881,951	$ 7,410,566
Receivables			
Current taxes	8,627,811	–	368,424
Delinquent taxes	85,203	–	3,710
Accounts and interest	393,240	23,780	26,726
Due from other governmental units	10,255,356	105,068	168,230
Inventory	144,873	109,361	7
Prepaids	580	–	11,128
Total assets	$ 45,412,969	$ 4,120,160	$ 7,988,791
Liabilities			
Salaries and benefits payable	$ 8,895,755	$ 152,120	$ 346,263
Accounts and contracts payable	1,343,696	37,425	180,858
Due to other governmental units	70,141	–	–
Unearned revenue	655,600	105,227	350,787
Total liabilities	10,965,192	294,772	877,908
Deferred inflows of resources			
Property taxes levied for subsequent year	16,639,141	–	772,795
Unavailable revenue – delinquent taxes	85,203	–	3,710
Total deferred inflows of resources	16,724,344	–	776,505
Fund balances			
Nonspendable	145,453	109,361	11,135
Restricted	5,116,230	3,716,027	6,323,243
Assigned	752,684	–	–
Unassigned	11,709,066	–	–
Total fund balances	17,723,433	3,825,388	6,334,378
Total liabilities, deferred inflows of resources, and fund balances	$ 45,412,969	$ 4,120,160	$ 7,988,791

See notes to basic financial statements

Debt Service	Total Governmental Activities 2026	2025
$ 13,139,748	$ 50,338,171	$ 42,476,721
7,937,778	16,934,013	16,389,239
76,261	165,174	151,529
–	443,746	480,926
127,341	10,655,995	11,656,318
–	254,241	227,338
–	11,708	11,873
$ 21,281,128	$ 78,803,048	$ 71,393,944
$ –	$ 9,394,138	$ 10,173,892
–	1,561,979	948,461
–	70,141	53,738
–	1,111,614	968,721
–	12,137,872	12,144,812
16,722,755	34,134,691	32,790,416
76,261	165,174	151,529
16,799,016	34,299,865	32,941,945
–	265,949	239,211
4,482,112	19,637,612	15,932,767
–	752,684	525,332
–	11,709,066	9,609,877
4,482,112	32,365,311	26,307,187
$ 21,281,128	$ 78,803,048	$ 71,393,944

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INDEPENDENT SCHOOL DISTRICT NO. 719

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	$ 32,365,311	$ 26,307,187
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	379,909,624	380,725,208
Accumulated depreciation/amortization	(139,932,823)	(133,763,614)
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	(122,695,000)	(136,550,000)
Unamortized (premiums) discounts on bonds	1,041,570	1,610,288
Financed purchases payable	(4,697,093)	(4,934,927)
Lease liability	(154,902)	(302,632)
Total pension liability	(14,023)	(69,405)
Net pension liability	(53,500,302)	(53,724,572)
Compensated absences payable	(6,482,013)	(7,334,566)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,213,851)	(2,315,596)
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.	2,553,628	2,219,163
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	18,276,969	15,435,674
Deferred inflows of resources – deferred gain on refunding	(219,869)	(734,511)
Deferred inflows of resources – pension plans	(23,756,419)	(24,307,812)
Deferred inflows of resources – delinquent property taxes	165,174	151,529
Total net position – governmental activities	$ 80,645,981	$ 62,411,414

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 719

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	Food Service Special Revenue	Community Service Special Revenue
Revenue			
Local sources			
Property taxes	$ 18,497,168	$ –	$ 841,601
Investment earnings	883,486	117,825	261,482
Other	4,317,710	1,568,183	6,268,643
State sources	104,193,223	3,633,012	1,457,743
Federal sources	1,838,082	1,716,152	–
Total revenue	129,729,669	7,035,172	8,829,469
Expenditures			
Current			
Administration	3,519,036	–	–
District support services	5,924,013	–	–
Elementary and secondary regular instruction	55,297,880	–	–
Vocational education instruction	1,437,415	–	–
Special education instruction	26,725,994	–	–
Community education instruction	13,517	–	–
Instructional support services	9,309,494	–	–
Pupil support services	12,497,373	–	–
Sites and buildings	9,352,300	–	–
Fiscal and other fixed cost programs	908,625	–	–
Food service	–	6,263,443	–
Community service	–	–	7,593,243
Capital outlay	–	94,630	21,719
Debt service			
Principal	1,160,164	–	–
Interest and fiscal charges	135,006	–	–
Total expenditures	126,280,817	6,358,073	7,614,962
Excess (deficiency) of revenue over expenditures	3,448,852	677,099	1,214,507
Other financing sources (uses)			
Issuance of financed purchase	774,600	–	–
Insurance recoveries	–	–	–
Transfers in	–	30,180	–
Transfers (out)	(30,180)	–	–
Total other financing sources (uses)	744,420	30,180	–
Net change in fund balances	4,193,272	707,279	1,214,507
Fund balances			
Beginning of year	13,530,161	3,118,109	5,119,871
End of year	$ 17,723,433	$ 3,825,388	$ 6,334,378

See notes to basic financial statements

Debt Service	Total Governmental Funds 2026	2025
$ 15,171,427	$ 34,510,196	$ 36,223,004
404,723	1,667,516	1,737,252
–	12,154,536	12,027,508
1,267,591	110,551,569	102,596,463
–	3,554,234	3,887,285
16,843,741	162,438,051	156,471,512
–	3,519,036	3,410,700
–	5,924,013	5,526,757
–	55,297,880	57,085,163
–	1,437,415	1,048,062
–	26,725,994	25,765,089
–	13,517	12,007
–	9,309,494	10,193,955
–	12,497,373	12,119,889
–	9,352,300	8,204,590
–	908,625	1,042,798
–	6,263,443	6,411,038
–	7,593,243	7,295,449
–	116,349	113,249
13,855,000	15,015,164	14,115,107
3,045,675	3,180,681	3,774,690
16,900,675	157,154,527	156,118,543
(56,934)	5,283,524	352,969
–	774,600	–
–	–	1,594
–	30,180	–
–	(30,180)	–
–	774,600	1,594
(56,934)	6,058,124	354,563
4,539,046	26,307,187	25,952,624
$ 4,482,112	$ 32,365,311	$ 26,307,187

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INDEPENDENT SCHOOL DISTRICT NO. 719

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	$ 6,058,124	$ 354,563
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	1,784,322	706,169
Depreciation/amortization expense	(8,571,726)	(9,104,485)
A loss on disposal of capital assets, including the difference between 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		
Net book value on disposal of assets	(197,389)	(53,302)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Financed purchases	(774,600)	–
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.	334,465	200,996
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	13,855,000	12,775,000
Financed purchases	1,012,434	1,199,218
Lease liability	147,730	140,889
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.	101,745	(589,873)
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.		
Amortization	(568,718)	(383,561)
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.		
Total pension liability	55,382	66,849
Net pension liability	224,270	25,144,254
Compensated absences payable	852,553	91,094
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	2,841,295	(2,185,164)
Deferred inflows of resources – deferred gain on refunding	514,642	714,589
Deferred inflows of resources – pension plans	551,393	(18,617,977)
Certain revenues are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.	13,645	(11,446)
Change in net position – governmental activities	$ 18,234,567	$ 10,447,813

See notes to basic financial statements

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INTERNAL SERVICE FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Net Position
Proprietary Fund
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	$ 13,864,543	$ 13,559,566
Accounts and interest receivable	35,075	18,499
Total current assets	13,899,618	13,578,065
Noncurrent assets		
Restricted assets – temporarily restricted		
Cash and investments held by trustee	7,893,261	7,792,641
Total assets	21,792,879	21,370,706
Deferred outflows of resources		
OPEB plan deferments	1,561,370	1,639,901
Liabilities		
Current liabilities		
Claims payable	1,230,016	1,518,599
Unearned revenue	2,808,496	2,515,027
Total OPEB liability – due within one year	896,286	813,138
Total current liabilities	4,934,798	4,846,764
Long-term liabilities		
Total OPEB liability – due in more than one year	13,378,465	13,564,460
Total liabilities	18,313,263	18,411,224
Deferred inflows of resources		
OPEB plan deferments	2,487,358	2,380,220
Net position		
Unrestricted	$ 2,553,628	$ 2,219,163

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026	2025
Operating revenue		
Charges for services		
Health insurance premiums	$ 18,969,001	$ 17,626,109
Dental insurance premiums	887,855	855,557
Retiree insurance premiums	405,988	301,514
Governmental fund contributions	443,560	409,604
Other	299,966	954,494
Total operating revenue	21,006,370	20,147,278
Operating expenses		
Health insurance claim payments	17,547,632	16,934,969
Dental insurance claim payments	936,630	948,705
General administration fees	1,688,766	1,543,241
OPEB	979,108	1,116,139
Total operating expenses	21,152,136	20,543,054
Operating income (loss)	(145,766)	(395,776)
Other nonoperating revenues		
Investment earnings	480,231	596,772
Increase in fund net position	334,465	200,996
Fund net position		
Beginning of year	2,219,163	2,018,167
End of year	$ 2,553,628	$ 2,219,163

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Cash Flows
Proprietary Fund
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		
Health and dental insurance premiums	$ 20,539,737	$ 19,074,057
Payments for general administrative fees	(1,688,766)	(1,543,241)
Payments for medical and dental claims and fees	(18,772,845)	(18,025,914)
Governmental fund contributions	443,560	409,604
Other revenue	299,966	954,494
OPEB benefit payments	(896,286)	(753,143)
Net cash flows from operating activities	(74,634)	115,857
Cash flows from investing activities		
Investment income received	480,231	596,772
Net change in cash and cash equivalents	405,597	712,629
Cash and cash equivalents		
Beginning of year	21,352,207	20,639,578
End of year	$ 21,757,804	$ 21,352,207
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (145,766)	$ (395,776)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(16,576)	182,821
Deferred outflows of resources	78,531	(35,374)
Claims payable	(288,583)	(142,240)
Unearned revenue	293,469	108,056
Total OPEB liability	(102,847)	(734,196)
Deferred inflows of resources	107,138	1,132,566
Net cash flows from operating activities	$ (74,634)	$ 115,857
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	$ 13,864,543	$ 13,559,566
Cash and investments held by trustee	7,893,261	7,792,641
Total cash and cash equivalents	$ 21,757,804	$ 21,352,207

See notes to basic financial statements

FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 719

Fiduciary Funds
Statement of Fiduciary Net Position
as of June 30, 2026

	Other Employee Benefit Trust	Custodial
Assets		
Cash and investments held by trustee		
Guaranteed investment contracts	$ 6,455,714	$ –
Net position		
Restricted for other employee benefit trust	$ 6,455,714	$ –

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Other Employee Benefit Trust	Custodial
Additions		
District contributions	$ 850,857	$ –
Investment earnings	130,612	–
Donations	–	12,000
Total additions	981,469	12,000
Deductions		
Health benefit payments	32,689	–
Scholarships	–	12,000
Total deductions	32,689	12,000
Change in net position	948,780	–
Net position		
Beginning of year	5,506,934	–
End of year	$ 6,455,714	$ –

See notes to basic financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 719, Prior Lake-Savage Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, which includes the District's Other Employee Benefit Trust and Custodial Funds. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital-related activities, such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

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

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

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

Proprietary Funds

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

Fiduciary Funds

Other Employee Benefit Trust Fund – The Other Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for others. This fund includes the District's Health Reimbursement Arrangement Trust assets, which are held in trust for the benefit of individual employee future health benefit costs.

Custodial Fund – The Custodial Fund is used to administer scholarships received by the District from outside organizations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. In the Other Employee Benefit Trust Fund, trust accounts are established for health-related reimbursements to employees. Interest earned on these investments was allocated directly to those accounts.

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

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

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

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

F. Receivables

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

Amounts reported in due from other governmental units include amounts due from other Minnesota school districts of $1,735, due from the state of Minnesota $10,408,121, and due from the federal government $246,139.

G. Inventories

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

H. Prepaid Items

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $1,372,727 of the property tax levy collectible in 2026 as revenue to the District in fiscal year 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 which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

J. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. Subscription-based information technology arrangements (SBITAs) 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. Lease assets are recorded based on the measurement of payments applicable to the lease term. The District maintains a threshold level of $5,000 for furniture, equipment, and financed purchases, and $25,000 for land improvements, buildings, leased assets, and SBITAs for capitalizing capital assets. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if 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.

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

Capital assets not being depreciated include land.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

L. Subscription-Based Information Technology Arrangements (SBITAs)

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

M. Compensated Absences Payable

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 Health Reimbursement Arrangements account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences—*vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where appliable.

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

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

The District maintains various early retirement incentive payments plans for its employee groups. Each employee group contains benefit formulas based on years of service and/or minimum age requirements. Early retirement incentives enter into the calculation of compensated absences payable, supplemental pension benefits, and OPEB for some employees upon termination.

The District has established a separate OPEB Internal Service Fund to account for the post-employment health benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution to the internal service fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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.

O. Risk Management

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources

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

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

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

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

The District also reports deferred inflows of resources related to deferred gain on refunding in the government-wide Statement of Net Position. A deferred gain 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.

Q. Statement of Cash Flows

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

R. Restricted Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/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 their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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 total unassigned General Fund balance of at least 8.0 percent of the annual budget (4–6 weeks of operating expenses). Deviation from the fund balance will be reviewed and addressed by the School Board. At June 30, 2026, the unassigned fund balance of the General Fund was 9.3 percent of the fiscal 2026 General Fund expenditures.

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 at the date of the financial statements and 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 year ended June 30, 2025, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 8,950,613
Investments	69,601,076
Total	$ 78,551,689

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

Statement of Net Position	
Cash and temporary investments	$ 64,202,714
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	7,893,261
Statement of Fiduciary Net Position – Other Employee Benefit Trust Fund	
Cash and investments held by trustee	6,455,714
Total	$ 78,551,689

B. Deposits

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

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

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

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

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $8,950,613, while the balance on the bank records was $9,374,741. At June 30, 2026, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Maturity Duration	Total
Guaranteed investment contracts	N/R	N/A	Amortized Cost	< 1 year	$ 14,095,253
MNTrust investment pools/mutual funds					
Limited Term Duration Series	N/R	N/A	Amortized Cost	N/A	9,583,091
Full Flex Series	N/R	N/A	Amortized Cost	N/A	3,635,733
Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	32,786,999
Term Series Portfolio	N/R	N/R	Amortized Cost	1 to 5 years	250,000
Term Series Portfolio	N/R	N/R	Amortized Cost	< 1 year	9,250,000
Total investments					$ 69,601,076

N/R – Not Rated
N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in MNTrust, which is an external investment pool regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these funds is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

MNTrust investments have no restrictions or limitations on withdrawals other than the Limited Term Duration Series must be deposited for a minimum of 30 calendar days and MNTrust Full Flex Series can be withdrawn weekly with one day advance notice. MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein. MNTrust Full Flex Series investments can be withdrawn weekly with one day advance notice.

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

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

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.

The District's investment policy further restricts investing in commercial paper to corporations with assets exceeding $500,000,000 and are rated in the highest credit rating. The obligations cannot have a maturity longer than 150 days. The District's portfolio is limited to 75.0 percent of commercial paper. The total investment in any one corporation cannot exceed 10.0 percent of the corporation's outstanding obligations and cannot exceed $10,000,000. The District's investment policy also limits investments in interest bearing accounts to 90.0 percent of the portfolio and investments in commercial paper and repurchase agreements to 75.0 percent of the portfolio.

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does not further address concentration risk. The District's investment portfolio includes an investment in Guaranteed Investment Contracts with Mid-America totaling 20.3 percent of the overall portfolio.

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

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction/ Transfers	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 12,483,938	$ –	$ –	$ –	$ 12,483,938
Capital assets, depreciated and amortized					
Land improvements	8,496,387	500,594	–	(2,822,939)	6,174,042
Buildings	326,736,048	222,836	–	3,038,432	329,997,316
Furniture and equipment	31,020,098	1,060,892	(1,997,701)	(215,493)	29,867,796
Technology subscriptions	680,499	–	–	–	680,499
Lease assets – equipment	1,308,238	–	(602,205)	–	706,033
Total capital assets, depreciated and amortized	368,241,270	1,784,322	(2,599,906)	–	367,425,686
Less accumulated depreciation and amortization for					
Land improvements	(5,630,830)	(167,350)	–	1,371,105	(4,427,075)
Buildings	(102,951,629)	(7,189,595)	–	(1,166,627)	(111,307,851)
Furniture and equipment	(24,199,097)	(954,450)	1,997,701	(204,478)	(23,360,324)
Technology subscriptions	(182,061)	(90,687)	–	–	(272,748)
Lease assets – equipment	(799,997)	(169,644)	404,816	–	(564,825)
Total accumulated depreciation and amortization	(133,763,614)	(8,571,726)	2,402,517	–	(139,932,823)
Net capital assets, depreciated and amortized	234,477,656	(6,787,404)	(197,389)	–	227,492,863
Total capital assets, net	$ 246,961,594	$ (6,787,404)	$ (197,389)	$ –	$ 239,976,801

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

Administration	$ 21,675
District support services	330,181
Elementary and secondary regular instruction	6,374,554
Special education instruction	7,540
Instructional support services	689,831
Sites and buildings	1,102,162
Food service	35,869
Community service	9,914
Total depreciation/amortization expense	$ 8,571,726

The District has a building classified as a held for sale asset as the District has formally decided to pursue its sale and it is probable the sale will be finalized within one year. The historical cost is reported in capital assets at $1,360,522 with accumulated depreciation of $892,550 as of June 30, 2026.

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

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

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds, including refunding bonds					
2016B Long-Term Facilities Maintenance Bonds	08/03/2016	2.25–4.00%	$ 11,480,000	02/01/2036	$ 5,775,000
2018A School Building Bonds	02/21/2018	3.25–5.00%	$ 64,715,000	02/01/2038	64,715,000
2018B School Building Bonds	02/21/2018	1.99–2.90%	$ 56,360,000	02/01/2031	50,970,000
2021A Refunding Bonds	11/02/2021	5.00%	$ 12,540,000	02/01/2028	735,000
2023A Refunding bonds	03/08/2023	5.00%	$ 17,375,000	02/01/2028	500,000
Total general obligation bonds					$ 122,695,000

B. Description of Long-Term Liabilities

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

Financed Purchases Payable – The District entered into agreements to finance equipment, technology equipment, turf, and building improvements, which call for monthly principal and interest payments through January 2034. These agreements are paid by the General Fund.

At year-end, the District has the following financed purchase liabilities outstanding:

Financed Purchases Description	Interest Rate	Issue Date	Final Maturity	Principal Outstanding
Generator	1.63 %	2013	2028	$ 67,387
High school addition	2.75 %	2020	2034	4,048,756
Computer hardware	– %	2026	2029	580,950
Total financed purchases payable				$ 4,697,093

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Lease Liability – The District entered into agreements to finance the use of copiers, which call for monthly principal and interest payments through July 2027. This lease is paid by the General Fund. The total amount of underlying leased assets by major classes and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements.

At year-end, the District has the following lease liabilities outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Copiers	4.75 %	06/20/2022	06/20/2027	$ 154,902

If the District fails to make the payments specified in the financed purchase or lease liability agreements, or otherwise defaults the lessor may: 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under these agreements until the property is sold or leased again, or 3) take legal action to force performance under the terms of the leases.

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

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2026:

Pension Plans	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 6,695,722	$ 2,473,386	$ 4,388,268	$ (395,204)
State-wide, multiple-employer – TRA	46,804,580	15,792,875	19,353,896	3,702,525
Supplemental pension benefits plan	14,023	10,708	14,255	1,722
Total	$ 53,514,325	$ 18,276,969	$ 23,756,419	$ 3,309,043

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds, financed purchases, and lease liability are as follows:

Year Ending	General Obligation Bonds		Financed Purchases		Lease Liability	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 14,995,000	$ 5,539,636	$ 697,267	$ 110,037	$ 154,902	$ 4,014
2028	15,075,000	4,830,439	688,243	95,866	–	–
2029	10,550,000	4,961,413	678,480	82,433	–	–
2030	10,460,000	4,031,091	498,254	69,008	–	–
2031	10,545,000	2,252,013	512,050	55,212	–	–
2032–2036	43,015,000	7,112,400	1,622,799	78,986	–	–
2037–2038	18,055,000	884,813	–	–	–	–
	$ 122,695,000	$ 29,611,805	$ 4,697,093	$ 491,542	$ 154,902	$ 4,014

D. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds	$ 136,550,000	$ –	$ 13,855,000	$ 122,695,000	$ 14,995,000
Unamortized premiums/discounts	(1,610,288)	–	(568,718)	(1,041,570)	–
Financed purchases payable	4,934,927	774,600	1,012,434	4,697,093	697,267
Lease liability	302,632	–	147,730	154,902	154,902
Total pension liability	69,405	18,466	73,848	14,023	844
Net pension liability	53,724,572	64,542,580	64,766,850	53,500,302	–
Compensated absences payable*	7,334,566	–	852,553	6,482,013	417,689
Total OPEB liability	14,377,598	793,439	896,286	14,274,751	896,286
	$ 215,683,412	$ 66,129,085	$ 81,035,983	$ 200,776,514	$ 17,161,988

* The change in compensated absences is presented net.

NOTE 5 – FUND BALANCES

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

Classifications

At June 30, 2026, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
Nonspendable					
Inventory	$ 144,873	$ 109,361	$ 7	$ –	$ 254,241
Prepaids	580	–	11,128	–	11,708
Total nonspendable	145,453	109,361	11,135	–	265,949
Restricted					
Student activities	165,312	–	–	–	165,312
Staff development	25,017	–	–	–	25,017
Literacy incentive aid	345,576	–	–	–	345,576
Operating capital	319,168	–	–	–	319,168
Learning and development	450,734	–	–	–	450,734
Area learning center	75,648	–	–	–	75,648
Quality compensation	73,024	–	–	–	73,024
Basic skills programs	57,998	–	–	–	57,998
School library aid	5,521	–	–	–	5,521
Safe schools levy	50,755	–	–	–	50,755
Literacy aid	122,884	–	–	–	122,884
Teacher compensation READ Act	55,779	–	–	–	55,779
Long-term facilities maintenance	1,615,222	–	–	–	1,615,222
Student support personnel	181,828	–	–	–	181,828
Medical Assistance	1,571,764	–	–	–	1,571,764
Food service	–	3,716,027	–	–	3,716,027
Community education	–	–	4,675,823	–	4,675,823
Early childhood family education programs	–	–	1,413,412	–	1,413,412
Community service	–	–	92,401	–	92,401
School readiness	–	–	141,607	–	141,607
Debt service	–	–	–	4,482,112	4,482,112
Total restricted	5,116,230	3,716,027	6,323,243	4,482,112	19,637,612
Assigned					
Cash flow	700,000	–	–	–	700,000
Professional development	52,684	–	–	–	52,684
Total assigned	752,684	–	–	–	752,684
Unassigned	11,709,066	–	–	–	11,709,066
Total	$ 17,723,433	$ 3,825,388	$ 6,334,378	$ 4,482,112	$ 32,365,311

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

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

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

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. Other post-employment healthcare benefits paid by the District differ by bargaining unit and date of hire as defined within each collective bargaining agreement and individual employee contract. 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 annually by the District. The District's contributions in the current year totaled $896,286 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

D. Membership

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

Retirees and beneficiaries receiving benefits	153
Active plan members	990
Total members	1,143

E. Total OPEB Liability of the District

The District's total OPEB liability of $14,274,751 at year-end was measured as of July 1, 2025, and was determined by an actuarial valuation dated July 1, 2024. Updating procedures were used to roll forward the total OPEB liability to the measurement date since the actuarial valuation date is not the same as the measurement date.

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

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation with a measurement date as of July 1, 2025, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.90%
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare cost trend rate	6.25%, grading to 5.00% over 5 years and 4.00% over the next 48 years
Dental cost trend rate	4.00%

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

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

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 14,377,598
Changes for the year	
Service cost	688,923
Interest	602,443
Changes of assumptions	(641,070)
Benefit payments	(753,143)
Total net changes	(102,847)
Ending balance	$ 14,274,751

Assumption changes since the prior measurement date include the following:

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

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

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.90%	4.90%	5.90%
Total OPEB liability	$ 15,194,494	$ 14,274,751	$ 13,396,914

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.25% grading to 4.00% over 5 years and 3.00% over the next 48 years	6.25% grading to 5.00% over 5 years and 4.00% over the next 48 years	7.25% grading to 6.00% over 5 years and 5.00% over the next 48 years
Total OPEB liability	$ 12,971,168	$ 14,274,751	$ 15,769,300

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

For the current year ended, the District recognized OPEB expense of $979,108. 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 liability	$ 531,300	$ 1,154,027
Change of assumptions	133,784	1,333,331
District's contributions to the OPEB subsequent to the measurement date	896,286	–
Total	$ 1,561,370	$ 2,487,358

A total of $896,286 reported as deferred outflows of resources related to OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2027.

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT 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
2026	$ (356,906)
2027	(333,169)
2028	(362,221)
2029	(362,223)
2030	(316,177)
Thereafter	(91,578)
	$ (1,822,274)

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities [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.

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

B. Benefits Provided

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Or

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2026 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2026, were $1,393,269. 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 $5,453,233. 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 $6,695,722 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 $161,522.

District's proportionate share of the net pension liability	$	6,695,722
State's proportionate share of the net pension liability associated with the District		161,522
Total	$	6,857,244

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 0.2020 percent at the end of the measurement period and 0.1956 percent for the beginning of the period.

For the year ended June 30, 2026, the District recognized negative pension expense of $370,429 for its proportionate share of the GERF's pension expense. The District also recognized an additional negative $24,775 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16.0 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 637,956	$ –
Changes in actuarial assumptions	161,328	1,540,662
Net difference between projected and actual earnings on pension plan investments	–	2,664,292
Changes in proportion	280,833	183,314
District's contributions to the GERF subsequent to the measurement date	1,393,269	–
Total	$ 2,473,386	$ 4,388,268

The $1,393,269 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	$ (762,316)
2028	$ (1,245,759)
2029	$ (824,134)
2030	$ (475,942)

2. TRA Pension Costs

At June 30, 2026, the District reported a liability of $46,804,580 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 0.8167 percent at the end of the measurement period and 0.7317 percent for the beginning of the period.

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

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

District's proportionate share of the net pension liability	$ 46,804,580
State's proportionate share of the net pension liability associated with the District	2,906,898
Total	$ 49,711,478

For the year ended June 30, 2026, the District recognized pension expense of $3,775,322. It also recognized $72,797 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 $232,453 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	$ 2,158,325	$ 459,670
Changes in actuarial assumptions	2,643,836	4,951,039
Net difference between projected and actual investment earnings on pension plan investments	–	9,398,093
Changes in proportion	5,537,481	4,545,094
District's contributions to the TRA subsequent to the measurement date	5,453,233	–
Total	$ 15,792,875	$ 19,353,896

The $5,453,233 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	$ 2,773,854
2028	$ (5,489,722)
2029	$ (4,787,871)
2030	$ (2,606,443)
2031	$ 1,095,928

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

1. GERF

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

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

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

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

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

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

2. TRA

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

Actuarial Assumptions Used in Valuation of Total Pension Liability

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

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

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	$ 16,262,858	$ 6,695,722	$ (1,065,378)
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 88,286,461	$ 46,804,580	$ 12,665,259

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN

A. Plan Description

The District provides a single-employer defined benefit supplemental pension benefit to eligible administrators and teachers. Currently, full-time teachers hired prior to July 1, 1991 and administrative assistants hired before July 1, 1991 and one other employee are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 20 years of service. One administrator is eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 12 years of service. The benefit is a lump-sum payment to a 403(b) account upon retirement.

As of the most recent valuation date, employees covered by the plan are as follows:

Active plan members	3

B. Benefit Provisions

There is no maximum benefit amount for any bargaining group. The pension benefit ranges from three to five days per year of service times the daily rate of pay with a maximum number of days ranging from 60 to 80 days.

The District paid $0 for pension benefits under the plan during the year ended June 30, 2026.

C. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the plan administrator, and the plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District reports its total pension liability.

The District's total pension liability was determined by an actuarial valuation dated July 1, 2024 with a measurement date of July 1, 2025. Updating procedures were used to roll forward the total pension liability to the measurement date since the actuarial valuation date is not the same as the measurement date. At June 30, 2026, the District reported a total pension liability of $14,023. Changes in the District's total pension liability were as follows:

	Total Pension Liability
Beginning total pension liability	$ 69,405
Changes for the year	
Service cost	346
Interest	1,446
Changes in assumptions	(352)
Differences between expected and actual experience	12,850
Benefit payments	(69,672)
Total net changes	(55,382)
Ending total pension liability	$ 14,023

NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN (CONTINUED)

D. Pension Costs

For the year ended June 30, 2026, the District recognized pension expense of $1,722. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 10,708	$ 13,717
Changes in actuarial assumptions	–	538
Total	$ 10,708	$ 14,255

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

Year Ending June 30,	Pension Expense Amount
2027	$ (4,927)
2028	$ (4,869)
2029	$ 2,083
2030	$ 2,083
2031	$ 2,083

E. Actuarial Methods and Assumptions

The actuarial total pension liability was measured as of July 1, 2025, using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2024
Measurement date	July 1, 2025
Actuarial cost method	Entry-age normal (level percent of salary)
Discount rate	4.90%
Inflation	2.50%
Salary increases	Service graded table
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale

NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN (CONTINUED)

F. Changes in Discount Rate, Assumptions, and Benefits

The discount rate used to measure the total pension liability was 4.90 percent. The discount rate is based on the estimated yield of 20-year, AA-rated municipal bonds. The discount rate was changed from 4.10 percent in the prior measurement period to 4.90 percent.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 4.90 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Discount rate	3.90%	4.90%	5.90%
Total pension liability	$ 14,462	$ 14,023	$ 13,573

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Contingencies

The District has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. The District's management believes that the District will not incur any material liabilities relating to these claims, and none have been accrued at year-end.

NOTE 10 – HEALTH AND DENTAL BENEFITS SELF-INSURANCE PLAN

The District maintains an internal service fund to account for and finance a self-insurance program for health and dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit at which point reinsurance coverage is available. The District also has aggregate stop-loss coverage in place, which limits the District's liability to annually. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The internal service fund currently services all claims and risk of loss to which the District is exposed for health and dental expenses.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims.

NOTE 10 – HEALTH AND DENTAL BENEFITS SELF-INSURANCE PLAN (CONTINUED)

District 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 such complex factors 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. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There were no liabilities in excess of claims paid or payable at June 30, 2026. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held $13,864,543 in cash and investments at year-end for payment of claims.

The balances of claim liabilities during fiscal years 2026 and 2025 were as follows:

	Fiscal Year 2026	Fiscal Year 2025
Beginning of fiscal year liability – July 1,	$ 1,518,599	$ 1,660,839
Current year claims, changes in estimates, and other charges	18,484,262	17,883,674
Payments on claims	(18,772,845)	(18,025,914)
Ending of fiscal year liability – June 30,	$ 1,230,016	$ 1,518,599

NOTE 11 – DEFICIT NET POSITION

At June 30, 2026, the District's OPEB Internal Service Fund had a deficit net position of $7,307,478.

NOTE 12 – INTERFUND TRANSFERS

During 2026, the General Fund transferred $30,180 to the Food Service Special Revenue Fund to reimburse the fund for cash receipts previously reported in the General Fund. Interfund transfers presented in the fund financial statements are eliminated in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 719

Required Supplementary Information
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	$ 17,859,519	$ 18,156,650	$ 297,131	$ 18,497,168	$ 340,518
Investment earnings	1,000,000	830,504	(169,496)	883,486	52,982
Other	3,620,634	3,449,680	(170,954)	4,317,710	868,030
State sources	97,773,776	102,155,959	4,382,183	104,193,223	2,037,264
Federal sources	1,939,354	2,174,384	235,030	1,838,082	(336,302)
Total revenue	122,193,283	126,767,177	4,573,894	129,729,669	2,962,492
Expenditures					
Current					
Administration	3,561,256	3,476,035	(85,221)	3,519,036	43,001
District support services	5,100,990	5,875,593	774,603	5,924,013	48,420
Elementary and secondary regular instruction	54,609,184	55,108,286	499,102	55,297,880	189,594
Vocational education instruction	875,045	1,372,292	497,247	1,437,415	65,123
Special education instruction	26,351,407	26,378,683	27,276	26,725,994	347,311
Community education instruction	–	9,000	9,000	13,517	4,517
Instructional support services	9,696,873	10,207,280	510,407	9,309,494	(897,786)
Pupil support services	10,650,444	12,551,116	1,900,672	12,497,373	(53,743)
Sites and buildings	9,806,868	9,530,236	(276,632)	9,352,300	(177,936)
Fiscal and other fixed cost programs	1,200,000	1,000,000	(200,000)	908,625	(91,375)
Debt service					
Principal	1,199,835	1,266,835	67,000	1,160,164	(106,671)
Interest and fiscal charges	123,819	123,819	–	135,006	11,187
Total expenditures	123,175,721	126,899,175	3,723,454	126,280,817	(618,358)
Excess (deficiency) of revenue over expenditures	(982,438)	(131,998)	850,440	3,448,852	3,580,850
Other financing sources (uses)					
Issuance of financed purchase	–	774,600	774,600	774,600	–
Insurance recoveries	–	4,000	4,000	–	(4,000)
Transfers (out)	–	–	–	(30,180)	(30,180)
Total other financing sources (uses)	–	778,600	778,600	744,420	(34,180)
Net change in fund balances	$ (982,438)	$ 646,602	$ 1,629,040	4,193,272	$ 3,546,670
Fund balances					
Beginning of year				13,530,161	
End of year				$ 17,723,433	

See accompanying notes to budgetary comparison schedule

INDEPENDENT SCHOOL DISTRICT NO. 719

Required Supplementary Information
Budgetary Comparison Schedule
Food Service Special Revenue 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					
Investment earnings	$ –	$ –	$ –	$ 117,825	$ 117,825
Other – primarily meal sales	4,463,600	2,858,600	(1,605,000)	1,568,183	(1,290,417)
State sources	1,393,000	2,998,000	1,605,000	3,633,012	635,012
Federal sources	1,850,000	1,850,000	–	1,716,152	(133,848)
Total revenue	7,706,600	7,706,600	–	7,035,172	(671,428)
Expenditures					
Current					
Food service					
Salaries	2,162,456	2,162,456	–	2,039,195	(123,261)
Employee benefits	785,970	789,003	3,033	671,248	(117,755)
Purchased services	185,700	202,051	16,351	104,735	(97,316)
Supplies and materials	4,711,122	4,676,238	(34,884)	3,440,040	(1,236,198)
Other expenditures	10,000	10,000	–	8,225	(1,775)
Capital outlay	130,000	145,500	15,500	94,630	(50,870)
Total expenditures	7,985,248	7,985,248	–	6,358,073	(1,627,175)
Excess (deficiency) of revenue over expenditures	(278,648)	(278,648)	–	677,099	955,747
Other financing sources					
Transfers in	–	–	–	30,180	30,180
Net change in fund balances	$ (278,648)	$ (278,648)	$ –	707,279	$ 985,927
Fund balances					
Beginning of year				3,118,109	
End of year				$ 3,825,388	

See accompanying notes to budgetary comparison schedule

INDEPENDENT SCHOOL DISTRICT NO. 719

Required Supplementary Information
Budgetary Comparison Schedule
Community Service Special Revenue 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	$ 758,462	$ 839,188	$ 80,726	$ 841,601	$ 2,413
Investment earnings	–	25,596	25,596	261,482	235,886
Other – primarily tuition and fees	6,496,504	6,229,603	(266,901)	6,268,643	39,040
State sources	1,361,440	1,447,089	85,649	1,457,743	10,654
Total revenue	8,616,406	8,541,476	(74,930)	8,829,469	287,993
Expenditures					
Current					
Community service					
Salaries	4,569,252	4,615,586	46,334	4,643,576	27,990
Employee benefits	1,394,542	1,472,651	78,109	1,499,880	27,229
Purchased services	1,274,053	1,326,915	52,862	1,125,705	(201,210)
Supplies and materials	447,039	426,936	(20,103)	316,065	(110,871)
Other expenditures	8,334	16,545	8,211	8,017	(8,528)
Capital outlay	103,750	112,150	8,400	21,719	(90,431)
Total expenditures	7,796,970	7,970,783	173,813	7,614,962	(355,821)
Net change in fund balances	$ 819,436	$ 570,693	$ (248,743)	1,214,507	$ 643,814
Fund balances					
Beginning of year				5,119,871	
End of year				$ 6,334,378	

See accompanying notes to budgetary comparison schedule

BUDGETARY COMPARISON SCHEDULES

BUDGETARY PROCESS AND LEGAL COMPLIANCE

The School Board adopts an annual budget for all of Independent School District No. 719'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.

1. The budget is adopted by June of each year and amended once during the fiscal year of its implementation.

2. 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.

SIGNIFICANT VARIANCES IN BUDGETARY COMPARISON SCHEDULES

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 financial results.
    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 year results to current year expenditure trend information.
    d. Modifications were made for the issuance of financed purchases.

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

    a. Revenues for other local sources reported actual results more than budget. This was 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 overall with the largest differences in instructional support services.
    d. Instructional support services spending was less than projected as the District anticipated more costs for supplies and materials than were purchased.

BUDGETARY COMPARISON SCHEDULES (CONTINUED)

SIGNIFICANT VARIANCES IN BUDGETARY COMPARISON SCHEDULES (CONTINUED)

3. Significant variances between the Food Service Fund final budget and actual amounts include:

- **a.** Revenues from other local sources were under budget with the high school joining the federal meal program during the current year, causing a decline in non-program sales greater than anticipated.
- **b.** State sources were over budget due to this change with resulting program meals served greater than anticipated.
- **c.** Spending was under budget primarily with less spending than anticipated for supplies and materials. This was due to lower food expenditures at the high school following the switch to the federal meal program, as well as a concentrated effort by the District to right-size portions in the current year.

4. Significant variances between the Community Service Fund original budget and final budget included:

- **a.** Other – primarily tuition and fees. As the actual enrollments in Kids Co., KC Pre-K and Preschool were somewhat less at the start of the year than anticipated, the final budget was reduced from original to align with actual income.
- **b.** Property taxes and state sources revenue budgets were adjusted for the final budget to better align with anticipated actual revenues as more detailed information was provided.
- **c.** Salaries and employee benefit final budgets were increased from original for additional staff and known increases for benefits chosen by the additional staff.

5. Significant variances between the Community Service Fund final budget and actual amounts included:

- **a.** Revenues for investment earnings reported actual results more than budget. This was due to the District's practice of taking a conservative budgeting approach for amounts reported for these sources.
- **b.** Spending was under budget in purchased services, as contracted service costs and processing fees were lower than anticipated.
- **c.** Spending was under budget with less spending than anticipated for supplies and materials required for programming.
- **d.** Capital budget had planned for Edgewood full lower level furniture redesign but only two offices were completed in fiscal year 2026 and the remaining will be completed in fiscal year 2027.

INDEPENDENT SCHOOL DISTRICT NO. 719

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	0.1979%	$ 15,946,706	$ 208,202	$ 16,154,908	$ 12,181,520	130.91%	68.90%
06/30/2018	06/30/2017	0.2081%	$ 13,284,967	$ 167,048	$ 13,452,015	$ 13,433,213	98.90%	75.90%
06/30/2019	06/30/2018	0.2088%	$ 11,583,368	$ 380,045	$ 11,963,413	$ 13,406,387	86.40%	79.50%
06/30/2020	06/30/2019	0.2114%	$ 11,687,832	$ 363,318	$ 12,051,150	$ 15,249,613	76.64%	80.20%
06/30/2021	06/30/2020	0.2152%	$ 12,902,222	$ 397,973	$ 13,300,195	$ 15,341,357	84.10%	79.10%
06/30/2022	06/30/2021	0.2064%	$ 8,814,204	$ 269,164	$ 9,083,368	$ 14,883,470	59.22%	87.00%
06/30/2023	06/30/2022	0.2022%	$ 16,014,307	$ 469,654	$ 16,483,961	$ 15,044,350	106.45%	76.70%
06/30/2024	06/30/2023	0.2006%	$ 11,217,327	$ 309,178	$ 11,526,505	$ 15,925,433	70.44%	83.10%
06/30/2025	06/30/2024	0.1956%	$ 7,230,005	$ 186,953	$ 7,416,958	$ 16,559,348	43.66%	89.08%
06/30/2026	06/30/2025	0.2020%	$ 6,695,722	$ 161,522	$ 6,857,244	$ 18,331,641	36.53%	90.78%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2017	$ 1,007,491	$ 1,007,491	$ –	$ 13,433,213	7.50%
06/30/2018	$ 1,005,479	$ 1,005,479	$ –	$ 13,406,387	7.50%
06/30/2019	$ 1,143,721	$ 1,143,721	$ –	$ 15,249,613	7.50%
06/30/2020	$ 1,150,795	$ 1,150,795	$ –	$ 15,341,357	7.50%
06/30/2021	$ 1,115,980	$ 1,115,980	$ –	$ 14,883,470	7.50%
06/30/2022	$ 1,136,067	$ 1,136,067	$ –	$ 15,147,560	7.50%
06/30/2023	$ 1,194,394	$ 1,194,394	$ –	$ 15,925,433	7.50%
06/30/2024	$ 1,241,391	$ 1,241,391	$ –	$ 16,559,348	7.50%
06/30/2025	$ 1,372,461	$ 1,372,461	$ –	$ 18,331,641	7.49%
06/30/2026	$ 1,393,269	$ 1,393,269	$ –	$ 18,577,894	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 719

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	0.7107%	$ 169,518,907	$ 17,014,498	$ 186,533,405	$ 36,965,280	458.59%	44.88%
06/30/2018	06/30/2017	0.7421%	$ 148,136,622	$ 14,319,251	$ 162,455,873	$ 39,949,880	370.81%	51.57%
06/30/2019	06/30/2018	0.7842%	$ 49,253,691	$ 4,627,772	$ 53,881,463	$ 43,289,107	113.78%	78.07%
06/30/2020	06/30/2019	0.7979%	$ 50,858,314	$ 4,500,746	$ 55,359,060	$ 45,085,653	112.80%	78.21%
06/30/2021	06/30/2020	0.8210%	$ 60,656,580	$ 5,083,184	$ 65,739,764	$ 47,711,226	127.13%	75.48%
06/30/2022	06/30/2021	0.8078%	$ 35,351,743	$ 2,981,425	$ 38,333,168	$ 48,412,211	73.02%	86.63%
06/30/2023	06/30/2022	0.8079%	$ 64,692,358	$ 4,797,440	$ 69,489,798	$ 49,776,811	129.96%	76.17%
06/30/2024	06/30/2023	0.8194%	$ 67,651,499	$ 4,738,904	$ 72,390,403	$ 51,967,528	130.18%	76.42%
06/30/2025	06/30/2024	0.7317%	$ 46,494,567	$ 3,041,106	$ 49,535,673	$ 48,501,379	95.86%	82.07%
06/30/2026	06/30/2025	0.8167%	$ 46,804,580	$ 2,906,898	$ 49,711,478	$ 56,891,586	82.27%	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	$ 2,997,424	$ 2,997,424	$ –	$ 39,949,880	7.50%
06/30/2018	$ 3,246,683	$ 3,246,683	$ –	$ 43,289,107	7.50%
06/30/2019	$ 3,492,183	$ 3,492,183	$ –	$ 45,085,653	7.75%
06/30/2020	$ 3,778,722	$ 3,778,722	$ –	$ 47,711,226	7.92%
06/30/2021	$ 3,935,995	$ 3,935,995	$ –	$ 48,412,211	8.13%
06/30/2022	$ 4,151,533	$ 4,151,533	$ –	$ 49,776,811	8.34%
06/30/2023	$ 4,446,111	$ 4,446,111	$ –	$ 51,967,528	8.56%
06/30/2024	$ 4,241,512	$ 4,241,512	$ –	$ 48,501,379	8.75%
06/30/2025	$ 4,970,373	$ 4,970,373	$ –	$ 56,891,586	8.74%
06/30/2026	$ 5,453,233	$ 5,453,233	$ –	$ 55,591,687	9.81%

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	District Fiscal Year-End Date								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	$ 688,923	$ 754,238	$ 734,357	$ 723,996	$ 958,459	$ 891,499	$ 763,753	$ 695,625	$ 703,460
Interest	602,443	607,210	566,952	308,629	331,862	404,930	418,776	397,211	383,906
Change of benefit terms	–	–	–	4,896	–	–	–	(32,176)	–
Differences between expected and actual experience	–	(1,602,795)	–	1,062,604	–	(64,254)	–	(195,189)	–
Changes of assumptions	(641,070)	105,951	(86,088)	(1,430,950)	203,370	(101,978)	312,643	22,687	–
Benefit payments	(753,143)	(598,800)	(572,405)	(343,823)	(435,800)	(427,184)	(622,122)	(725,031)	(651,963)
Net change in total OPEB liability	(102,847)	(734,196)	642,816	325,352	1,057,891	703,013	873,050	163,127	435,403
Total OPEB liability – beginning of year	14,377,598	15,111,794	14,468,978	14,143,626	13,085,735	12,382,722	11,509,672	11,346,545	10,911,142
Total OPEB liability – end of year	$ 14,274,751	$ 14,377,598	$ 15,111,794	$ 14,468,978	$ 14,143,626	$ 13,085,735	$ 12,382,722	$ 11,509,672	$ 11,346,545
Covered-employee payroll	$ 71,455,510	$ 69,374,282	$ 62,266,516	$ 60,452,928	$ 59,138,770	$ 57,416,282	$ 52,956,511	$ 51,414,088	$ 48,985,794
Total OPEB liability as a percentage of covered-employee payroll	19.98%	20.72%	24.27%	23.93%	23.92%	22.79%	23.38%	22.39%	23.16%

Note 1: The District has not established a trust to finance OPEB benefits.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	District Fiscal Year-End Date									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	$ 346	$ 1,738	$ 3,611	$ 3,559	$ 11,939	$ 11,050	$ 12,207	$ 11,052	$ 19,386	$ 20,509
Interest	1,446	4,507	5,394	3,493	6,202	9,772	13,636	18,753	20,535	24,619
Plan changes	–	–	–	(23,626)	–	–	–	–	–	–
Differences between expected and actual experience	12,850	(27,437)	–	26,054	–	47,755	–	(1,964)	–	–
Change of assumptions	(352)	(386)	(218)	(6,615)	1,461	949	3,055	(1,582)	(5,701)	–
Benefit payments	(69,672)	(45,271)	(21,545)	(33,109)	(172,638)	(82,161)	(121,703)	(255,909)	(110,356)	(258,217)
Net change in total pension liability	(55,382)	(66,849)	(12,758)	(30,244)	(153,036)	(12,635)	(92,805)	(229,650)	(76,136)	(213,089)
Total pension liability – beginning of year	69,405	136,254	149,012	179,256	332,292	344,927	437,732	667,382	743,518	956,607
Total pension liability – end of year	$ 14,023	$ 69,405	$ 136,254	$ 149,012	$ 179,256	$ 332,292	$ 344,927	$ 437,732	$ 667,382	$ 743,518
Covered-employee payroll	$ 49,400	$ 222,185	$ 521,701	$ 506,506	$ 1,141,400	$1,108,155	$1,464,510	$1,421,854	$2,422,835	$2,352,267
Net pension liability as a percentage of covered-employee payroll	28.39%	31.24%	26.12%	29.42%	15.70%	29.99%	23.55%	30.79%	27.55%	31.61%

Note: The District has not established a trust to finance supplemental pension benefits.

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.

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

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to anticipate short-term and long-term medical increases.
- The discount rate was changed from 3.90 percent to 4.10 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN PLAN PROVISIONS

- An administrator's eligibility for benefits changed from 15 to 12 years of service.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) With MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2012 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.10 percent to 2.40 percent. The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates, which vary by service and contract group. Healthcare trend rates were changed to better anticipate short-term and long-term medical increases. Mortality tables were updated to the Pub-2020 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

PENSION BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN PLAN PROVISIONS

- Certain administrators are no longer eligible to receive benefits.
- The eligibility for benefits for some changed from 15 to 12 years of service.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Relations Plans Headcount-Weighted Mortality tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate used to measure the total pension liability was 2.40 percent. The discount rate is based on the estimated yield of 20-year, AA-rated municipal bonds. The discount rate was changed from 3.10 percent in the prior measurement period to 2.40 percent. The mortality tables and salary increase rates were updated as well.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The discount rate was changed from 3.40 percent to 3.50 percent.

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SUPPLEMENTARY INFORMATION

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026	2025
Assets		
Cash and temporary investments	$ 25,905,906	$ 20,677,323
Receivables		
Current taxes	8,627,811	8,634,877
Delinquent taxes	85,203	89,659
Accounts and interest	393,240	398,848
Due from other governmental units	10,255,356	11,319,218
Inventory	144,873	133,604
Prepaids	580	560
Total assets	$ 45,412,969	$ 41,254,089
Liabilities		
Salaries and benefits payable	$ 8,895,755	$ 9,629,080
Accounts and contracts payable	1,343,696	783,121
Due to other governmental units	70,141	53,738
Unearned revenue	655,600	484,264
Total liabilities	10,965,192	10,950,203
Deferred inflows of resources		
Property taxes levied for subsequent year	16,639,141	16,684,066
Unavailable revenue – delinquent taxes	85,203	89,659
Total deferred inflows of resources	16,724,344	16,773,725
Fund balances		
Nonspendable for inventory	144,873	133,604
Nonspendable for prepaids	580	560
Restricted for student activities	165,312	176,715
Restricted for staff development	25,017	–
Restricted for literacy incentive aid	345,576	136,057
Restricted for American Indian education aid	–	24,876
Restricted for operating capital	319,168	–
Restricted for learning and development	450,734	–
Restricted for Area Learning Center	75,648	21,150
Restricted for quality compensation	73,024	–
Restricted for English learner	–	17,961
Restricted for basic skills programs	57,998	159,976
Restricted for school library aid	5,521	5,079
Restricted for safe schools levy	50,755	27,873
Restricted for literacy aid	122,884	350,403
Restricted for teacher compensation READ Act	55,779	81,538
Restricted for long-term facilities maintenance	1,615,222	1,847,876
Restricted for student support personnel	181,828	27,775
Restricted for Medical Assistance	1,571,764	383,509
Assigned for cash flow	700,000	472,500
Assigned for professional development	52,684	52,832
Unassigned	11,709,066	9,609,877
Total fund balances	17,723,433	13,530,161
Total liabilities, deferred inflows of resources, and fund balances	$ 45,412,969	$ 41,254,089

INDEPENDENT SCHOOL DISTRICT NO. 719

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	$ 18,156,650	$ 18,497,168	$ 340,518	$ 20,337,890
Investment earnings	830,504	883,486	52,982	902,530
Other	3,449,680	4,317,710	868,030	3,989,292
State sources	102,155,959	104,193,223	2,037,264	96,833,509
Federal sources	2,174,384	1,838,082	(336,302)	2,419,053
Total revenue	126,767,177	129,729,669	2,962,492	124,482,274
Expenditures				
Current				
Administration				
Salaries	2,381,768	2,402,921	21,153	2,408,497
Employee benefits	912,392	987,854	75,462	896,693
Purchased services	110,421	73,069	(37,352)	48,540
Supplies and materials	8,900	5,319	(3,581)	5,564
Other expenditures	62,554	49,873	(12,681)	51,406
Total administration	3,476,035	3,519,036	43,001	3,410,700
District support services				
Salaries	2,591,694	2,557,355	(34,339)	2,769,069
Employee benefits	1,226,515	1,308,291	81,776	1,281,574
Purchased services	738,475	706,660	(31,815)	790,367
Supplies and materials	328,148	365,067	36,919	409,672
Capital expenditures	978,161	977,192	(969)	267,059
Other expenditures	12,600	9,448	(3,152)	9,016
Total district support services	5,875,593	5,924,013	48,420	5,526,757
Elementary and secondary regular instruction				
Salaries	34,701,302	34,876,235	174,933	36,191,940
Employee benefits	14,678,717	14,929,371	250,654	14,972,065
Purchased services	4,160,305	3,938,075	(222,230)	4,638,540
Supplies and materials	1,314,426	1,246,402	(68,024)	988,599
Capital expenditures	46,276	93,073	46,797	48,692
Other expenditures	207,260	214,724	7,464	245,327
Total elementary and secondary regular instruction	55,108,286	55,297,880	189,594	57,085,163

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 719

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	918,025	949,237	31,212	702,166
Employee benefits	412,845	448,139	35,294	328,132
Purchased services	15,450	14,280	(1,170)	1,613
Supplies and materials	17,222	17,908	686	12,933
Capital expenditures	6,250	4,247	(2,003)	–
Other expenditures	2,500	3,604	1,104	3,218
Total vocational education instruction	1,372,292	1,437,415	65,123	1,048,062
Special education instruction				
Salaries	16,611,730	16,857,163	245,433	16,524,276
Employee benefits	7,418,496	7,815,512	397,016	7,274,773
Purchased services	1,732,538	1,833,317	100,779	1,529,893
Supplies and materials	344,982	133,944	(211,038)	208,262
Capital expenditures	20,567	8,037	(12,530)	4,690
Other expenditures	250,370	78,021	(172,349)	223,195
Total special education instruction	26,378,683	26,725,994	347,311	25,765,089
Community education instruction				
Employee benefits	9,000	13,517	4,517	12,007
Instructional support services				
Salaries	5,967,208	5,791,049	(176,159)	6,365,027
Employee benefits	2,170,656	2,184,676	14,020	2,032,575
Purchased services	487,983	239,768	(248,215)	235,053
Supplies and materials	1,063,482	571,205	(492,277)	1,074,396
Capital expenditures	487,401	488,124	723	450,726
Other expenditures	30,550	34,672	4,122	36,178
Total instructional support services	10,207,280	9,309,494	(897,786)	10,193,955
Pupil support services				
Salaries	2,272,114	2,286,210	14,096	2,330,107
Employee benefits	939,045	969,965	30,920	976,451
Purchased services	9,053,643	9,003,062	(50,581)	8,638,896
Supplies and materials	235,682	228,804	(6,878)	163,629
Capital expenditures	41,132	–	(41,132)	1,035
Other expenditures	9,500	9,332	(168)	9,771
Total pupil support services	12,551,116	12,497,373	(53,743)	12,119,889

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 719

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	3,496,533	3,356,837	(139,696)	3,359,467
Employee benefits	1,398,454	1,392,522	(5,932)	1,368,526
Purchased services	2,398,921	2,532,751	133,830	2,042,608
Supplies and materials	584,830	700,898	116,068	993,087
Capital expenditures	1,629,098	1,351,346	(277,752)	382,877
Other expenditures	22,400	17,946	(4,454)	58,025
Total sites and buildings	9,530,236	9,352,300	(177,936)	8,204,590
Fiscal and other fixed cost programs				
Purchased services	1,000,000	908,625	(91,375)	1,042,798
Debt service				
Principal	1,266,835	1,160,164	(106,671)	1,340,107
Interest and fiscal charges	123,819	135,006	11,187	157,241
Total debt service	1,390,654	1,295,170	(95,484)	1,497,348
Total expenditures	126,899,175	126,280,817	(618,358)	125,906,358
Excess (deficiency) of revenue over expenditures	(131,998)	3,448,852	3,580,850	(1,424,084)
Other financing sources (uses)				
Issuance of financed purchase	774,600	774,600	–	–
Insurance recoveries	4,000	–	(4,000)	1,594
Transfers (out)	–	(30,180)	(30,180)	–
Total other financing sources (uses)	778,600	744,420	(34,180)	1,594
Net change in fund balances	$ 646,602	4,193,272	$ 3,546,670	(1,422,490)
Fund balances				
Beginning of year		13,530,161		14,952,651
End of year		$ 17,723,433		$ 13,530,161

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026	2025
Assets		
Cash and temporary investments	$ 3,881,951	$ 3,228,996
Receivables		
Accounts and interest	23,780	29,747
Due from other governmental units	105,068	60,080
Inventory	109,361	93,727
Total assets	$ 4,120,160	$ 3,412,550
Liabilities		
Salaries and benefits payable	$ 152,120	$ 165,259
Accounts and contracts payable	37,425	5,535
Unearned revenue	105,227	123,647
Total liabilities	294,772	294,441
Fund balances		
Nonspendable for inventory and prepaids	109,361	93,727
Restricted for food service	3,716,027	3,024,382
Total fund balances	3,825,388	3,118,109
Total liabilities and fund balances	$ 4,120,160	$ 3,412,550

INDEPENDENT SCHOOL DISTRICT NO. 719

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	$ –	$ 117,825	$ 117,825	$ 114,242
Other – primarily meal sales	2,858,600	1,568,183	(1,290,417)	1,962,944
State sources	2,998,000	3,633,012	635,012	3,099,063
Federal sources	1,850,000	1,716,152	(133,848)	1,468,232
Total revenue	7,706,600	7,035,172	(671,428)	6,644,481
Expenditures				
Current				
Salaries	2,162,456	2,039,195	(123,261)	2,056,650
Employee benefits	789,003	671,248	(117,755)	636,701
Purchased services	202,051	104,735	(97,316)	94,200
Supplies and materials	4,676,238	3,440,040	(1,236,198)	3,616,840
Other expenditures	10,000	8,225	(1,775)	6,647
Capital outlay	145,500	94,630	(50,870)	38,829
Total expenditures	7,985,248	6,358,073	(1,627,175)	6,449,867
Excess (deficiency) of revenue over expenditures	(278,648)	677,099	955,747	194,614
Other financing sources				
Transfers in	–	30,180	30,180	–
Net change in fund balances	$ (278,648)	707,279	$ 985,927	194,614
Fund balances				
Beginning of year		3,118,109		2,923,495
End of year		$ 3,825,388		$ 3,118,109

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026	2025
Assets		
Cash and temporary investments	$ 7,410,566	$ 6,236,970
Receivables		
Current taxes	368,424	408,476
Delinquent taxes	3,710	3,360
Accounts and interest	26,726	52,331
Due from other governmental units	168,230	156,203
Inventory	7	7
Prepaids	11,128	11,313
Total assets	$ 7,988,791	$ 6,868,660
Liabilities		
Salaries and benefits payable	$ 346,263	$ 379,553
Accounts and contracts payable	180,858	159,805
Unearned revenue	350,787	360,810
Total liabilities	877,908	900,168
Deferred inflows of resources		
Property taxes levied for subsequent year	772,795	845,261
Unavailable revenue – delinquent taxes	3,710	3,360
Total deferred inflows of resources	776,505	848,621
Fund balances		
Nonspendable for inventory and prepaids	11,135	11,320
Restricted for community education	4,675,823	3,674,521
Restricted for early childhood family education programs	1,413,412	1,022,909
Restricted for community service	92,401	92,558
Restricted for school readiness	141,607	318,563
Total fund balances	6,334,378	5,119,871
Total liabilities, deferred inflows of resources, and fund balances	$ 7,988,791	$ 6,868,660

INDEPENDENT SCHOOL DISTRICT NO. 719

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	$ 839,188	$ 841,601	$ 2,413	$ 755,558
Investment earnings	25,596	261,482	235,886	253,668
Other – primarily tuition and fees	6,229,603	6,268,643	39,040	6,075,272
State sources	1,447,089	1,457,743	10,654	1,442,345
Total revenue	8,541,476	8,829,469	287,993	8,526,843
Expenditures				
Current				
Salaries	4,615,586	4,643,576	27,990	4,471,537
Employee benefits	1,472,651	1,499,880	27,229	1,299,183
Purchased services	1,326,915	1,125,705	(201,210)	1,215,556
Supplies and materials	426,936	316,065	(110,871)	296,886
Other expenditures	16,545	8,017	(8,528)	12,287
Capital outlay	112,150	21,719	(90,431)	74,420
Total expenditures	7,970,783	7,614,962	(355,821)	7,369,869
Net change in fund balances	$ 570,693	1,214,507	$ 643,814	1,156,974
Fund balances				
Beginning of year		5,119,871		3,962,897
End of year		$ 6,334,378		$ 5,119,871

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026	2025
Assets		
Cash and temporary investments	$ 13,139,748	$ 12,333,432
Receivables		
Current taxes	7,937,778	7,345,886
Delinquent taxes	76,261	58,510
Due from other governmental units	127,341	120,817
Total assets	$ 21,281,128	$ 19,858,645
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 16,722,755	$ 15,261,089
Unavailable revenue – delinquent taxes	76,261	58,510
Total deferred inflows of resources	16,799,016	15,319,599
Fund balances		
Restricted for debt service	4,482,112	4,539,046
Total deferred inflows of resources and fund balances	$ 21,281,128	$ 19,858,645

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	2026			2025
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 15,323,809	$ 15,171,427	$ (152,382)	$ 15,129,556
Investment earnings	541,050	404,723	(136,327)	466,812
State sources	1,169,263	1,267,591	98,328	1,221,546
Total revenue	17,034,122	16,843,741	(190,381)	16,817,914
Expenditures				
Debt service				
Principal retirement	13,855,000	13,855,000	–	12,775,000
Interest and fiscal agent fees	3,049,851	3,045,675	(4,176)	3,617,449
Total expenditures	16,904,851	16,900,675	(4,176)	16,392,449
Net change in fund balance	$ 129,271	(56,934)	$ (186,205)	425,465
Fund balances				
Beginning of year		4,539,046		4,113,581
End of year		$ 4,482,112		$ 4,539,046

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	OPEB	Self-Insurance	Totals 2026	Totals 2025
Assets				
Current assets				
Cash and temporary investments	$ –	$ 13,864,543	$ 13,864,543	$ 13,559,566
Accounts and interest receivable	–	35,075	35,075	18,499
Total current assets	–	13,899,618	13,899,618	13,578,065
Noncurrent assets				
Restricted assets – temporarily restricted				
Cash and investments held by trustee	7,893,261	–	7,893,261	7,792,641
Total assets	7,893,261	13,899,618	21,792,879	21,370,706
Deferred outflow of resources				
OPEB plan deferments	1,561,370	–	1,561,370	1,639,901
Liabilities				
Current liabilities				
Claims payable	–	1,230,016	1,230,016	1,518,599
Unearned revenue	–	2,808,496	2,808,496	2,515,027
Total OPEB liability – due within one year	896,286	–	896,286	813,138
Total current liabilities	896,286	4,038,512	4,934,798	4,846,764
Long-term liabilities				
Total OPEB liability – due in more than one year	13,378,465	–	13,378,465	13,564,460
Total liabilities	14,274,751	4,038,512	18,313,263	18,411,224
Deferred inflows of resources				
OPEB plan deferments	2,487,358	–	2,487,358	2,380,220
Net position				
Unrestricted	$ (7,307,478)	$ 9,861,106	$ 2,553,628	$ 2,219,163

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	OPEB	Self-Insurance	Totals 2026	Totals 2025
Operating revenue				
Charges for services				
Health insurance premiums	$ –	$ 18,969,001	$ 18,969,001	$ 17,626,109
Dental insurance premiums	–	887,855	887,855	855,557
Retiree insurance premiums	405,988	–	405,988	301,514
Governmental fund contributions	443,560	–	443,560	409,604
Other	–	299,966	299,966	954,494
Total operating revenues	849,548	20,156,822	21,006,370	20,147,278
Operating expenses				
Health insurance claim payments	–	17,547,632	17,547,632	16,934,969
Dental insurance claim payments	–	936,630	936,630	948,705
General administration fees	–	1,688,766	1,688,766	1,543,241
OPEB	979,108	–	979,108	1,116,139
Total operating expenses	979,108	20,173,028	21,152,136	20,543,054
Operating income (loss)	(129,560)	(16,206)	(145,766)	(395,776)
Other nonoperating revenues				
Investment earnings	147,358	332,873	480,231	596,772
Increase (decrease) in fund net position	17,798	316,667	334,465	200,996
Fund net position				
Beginning of year	(7,325,276)	9,544,439	2,219,163	2,018,167
End of year	$ (7,307,478)	$ 9,861,106	$ 2,553,628	$ 2,219,163

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	OPEB	Self-Insurance	Totals 2026	Totals 2025
Cash flows from operating activities				
Health and dental insurance premiums	$ 405,988	$ 20,133,749	$ 20,539,737	$ 19,074,057
Payments for general administrative fees	–	(1,688,766)	(1,688,766)	(1,543,241)
Payments for medical and dental claims and fees	–	(18,772,845)	(18,772,845)	(18,025,914)
Governmental fund contributions	443,560	–	443,560	409,604
Other revenue	–	299,966	299,966	954,494
OPEB benefit payments	(896,286)	–	(896,286)	(753,143)
Net cash flows from operating activities	(46,738)	(27,896)	(74,634)	115,857
Cash flows from investing activities				
Investment income received	147,358	332,873	480,231	596,772
Net change in cash and cash equivalents	100,620	304,977	405,597	712,629
Cash and cash equivalents				
Beginning of year	7,792,641	13,559,566	21,352,207	20,639,578
End of year	$ 7,893,261	$ 13,864,543	$ 21,757,804	$ 21,352,207
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (129,560)	$ (16,206)	$ (145,766)	$ (395,776)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts receivable	–	(16,576)	(16,576)	182,821
Deferred outflow of resources	78,531	–	78,531	(35,374)
Claims payable	–	(288,583)	(288,583)	(142,240)
Unearned revenue	–	293,469	293,469	108,056
Total OPEB liability	(102,847)	–	(102,847)	(734,196)
Deferred inflows of resources	107,138	–	107,138	1,132,566
Net cash flows from operating activities	$ (46,738)	$ (27,896)	$ (74,634)	$ 115,857
Cash and cash equivalents are reported on the Statement of Net Position as follows:				
Cash and temporary investments	$ –	$ 13,864,543	$ 13,864,543	$ 13,559,566
Cash and investments held by trustee	7,893,261	–	7,893,261	7,792,641
Total cash and cash equivalents	$ 7,893,261	$ 13,864,543	$ 21,757,804	$ 21,352,207

STATISTICAL SECTION

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 719, Prior Lake-Savage Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The following are the categories of the various schedules that are included in this section:

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. 719

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	$ 37,303,408	$ 44,587,428	$ 51,118,995	$ 65,838,391
Restricted	15,690,859	15,096,644	8,573,972	9,209,583
Unrestricted	(49,268,154)	(79,915,872)	(52,211,465)	(67,556,765)
Total governmental activities net position	$ 3,726,113	$(20,231,800)	$ 7,481,502	$ 7,491,209

Source: District's financial records

2021	2022	2023	2024	2025	2026
$ 81,369,496	$ 86,880,033	$ 93,626,591	$100,055,295	$106,049,812	$113,251,507
3,555,403	7,530,505	9,081,988	12,992,376	13,784,088	17,624,228
(74,896,736)	(68,029,037)	(54,024,617)	(54,318,449)	(57,422,486)	(50,229,754)
$ 10,028,163	$ 26,381,501	$ 48,683,962	$ 58,729,222	$ 62,411,414	$ 80,645,981

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2017	2018	2019	2020
Expenses				
Governmental activities				
Administration	$ 4,311,917	$ 4,124,303	$ 2,467,707	$ 3,696,503
District support services	4,266,241	2,861,518	4,189,197	5,448,731
Regular instruction	58,192,802	63,998,715	30,068,051	58,379,058
Vocational education instruction	837,285	914,689	300,336	688,082
Special education instruction	20,315,955	21,525,818	13,056,469	20,399,609
Instructional support services	7,723,650	8,558,982	6,412,566	7,820,401
Pupil support services	7,603,631	7,535,599	7,425,170	8,384,165
Sites and buildings	8,747,855	8,816,867	17,405,613	8,214,454
Fiscal and other fixed cost programs	293,404	324,005	424,168	413,227
Food service	5,368,605	4,404,917	4,746,714	4,905,796
Community service	8,813,045	7,934,182	7,329,067	6,803,851
Interest on long-term debt	3,420,106	4,166,426	5,010,936	5,491,141
Total governmental activities expenses	129,894,496	135,166,021	98,835,994	130,645,018
Program revenue				
Governmental activities				
Charges for services				
Administration	–	48,538	–	–
District support services	–	–	22	–
Regular instruction	859,126	678,388	690,118	1,053,118
Special education instruction	211,516	38	32,646	237,085
Instructional support services	–	2,283	425	22,554
Pupil support services	94,831	213,135	217,322	123,692
Food service	3,595,150	3,693,674	3,898,534	3,062,720
Community service	5,339,443	5,404,385	6,215,818	5,099,478
Operating grants and contributions	12,011,791	20,175,446	17,465,736	16,930,262
Capital grants and contributions	1,974,786	1,465,076	1,583,246	1,530,246
Total governmental activities program revenue	24,086,643	31,680,963	30,103,867	28,059,155
Net expense				
Governmental activities	$ (105,807,853)	$ (103,485,058)	$ (68,732,127)	$ (102,585,863)
General revenues and other changes in net position				
Governmental activities				
Property taxes				
General purposes and capital projects	$ 14,135,608	$ 14,052,349	$ 17,281,412	$ 17,587,378
Community service	619,267	637,697	594,122	488,826
Debt service	12,196,755	12,775,030	14,948,001	15,357,295
Unrestricted grants and contributions	62,472,514	57,357,929	60,599,026	67,959,769
Gain on disposal of asset	–	–	–	–
Other general revenues	606,522	51,900	90,132	1,023,707
Unrestricted investment earnings	451,476	1,391,911	2,932,736	2,540,767
Total governmental activities	$ 90,482,142	$ 86,266,816	$ 96,445,429	$ 104,957,742
Change in net position	$ (15,325,711)	$ (17,218,242)	$ 27,713,302	$ 2,371,879
Net position – beginning	20,238,090	3,726,113	(20,231,800)	7,481,502
Error corrections and changes in accounting principles	(1,186,266)	(6,739,671)	–	(2,362,172)
Net position – ending	$ 3,726,113	$ (20,231,800)	$ 7,481,502	$ 7,491,209

Source: District's financial records

2021	2022	2023	2024	2025	2026
$ 3,676,683	$ 3,511,244	$ 3,193,611	$ 2,931,019	$ 3,344,526	$ 2,804,908
4,428,511	4,685,777	5,148,506	6,733,563	5,970,176	5,226,722
58,810,417	57,576,955	50,888,889	60,789,856	62,977,332	60,171,777
764,726	815,760	701,324	903,562	984,276	1,414,797
20,176,660	18,814,402	17,480,119	22,326,452	25,277,911	25,913,596
7,184,312	7,551,744	6,645,331	8,791,557	10,056,298	9,559,310
8,820,103	9,113,714	8,980,249	10,512,146	12,029,904	12,359,813
10,351,769	7,827,861	10,841,111	11,352,203	8,935,536	9,671,393
504,918	597,897	644,137	878,452	1,043,100	908,625
4,053,509	5,400,744	5,898,495	6,156,308	6,334,230	6,061,634
5,885,971	5,810,186	5,908,178	6,861,167	7,108,100	7,283,680
4,494,895	5,493,119	5,262,803	3,993,704	4,033,535	3,133,012
129,152,474	127,199,403	121,592,753	142,229,989	148,094,924	144,509,267
–	–	–	–	–	–
–	–	–	–	–	–
549,816	1,004,811	1,040,130	1,517,753	1,204,505	1,367,819
240,204	356,681	524,680	456,660	747,046	1,403,132
1,613	4,724	5,506	5,429	7,356	5,169
339,873	147,768	198,055	226,627	297,603	324,490
250,257	2,128,842	3,521,420	2,093,055	1,962,944	1,568,183
3,137,470	5,174,121	5,471,315	5,677,109	6,075,272	6,268,643
21,313,068	23,783,638	19,970,493	28,268,171	31,170,182	35,991,448
1,455,867	2,661,509	2,801,545	2,389,346	1,155,307	1,206,044
27,288,168	35,262,094	33,533,144	40,634,150	42,620,215	48,134,928
$ (101,864,306)	$ (91,937,309)	$ (88,059,609)	$ (101,595,839)	$ (105,474,709)	$ (96,374,339)
$ 17,977,556	$ 18,477,294	$ 18,742,853	$ 18,357,407	$ 20,330,917	$ 18,492,712
563,665	632,227	714,835	756,759	755,673	841,951
15,396,640	16,080,712	16,713,513	15,553,707	15,124,968	15,189,178
70,014,254	71,872,464	71,733,007	72,808,494	75,642,564	76,720,218
–	–	–	312,550	–	–
581,053	1,194,798	669,816	1,218,064	1,734,376	1,217,100
435,857	33,152	1,788,046	2,634,118	2,334,024	2,147,747
$ 104,969,025	$ 108,290,647	$ 110,362,070	$ 111,641,099	$ 115,922,522	$ 114,608,906
$ 3,104,719	$ 16,353,338	$ 22,302,461	$ 10,045,260	$ 10,447,813	$ 18,234,567
7,491,209	10,028,163	26,381,501	48,683,962	58,729,222	62,411,414
(567,765)	–	–	–	(6,765,621)	–
$ 10,028,163	$ 26,381,501	$ 48,683,962	$ 58,729,222	$ 62,411,414	$ 80,645,981

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2017	2018	2019	2020
General Fund				
Nonspendable	$ 276,573	$ 313,933	$ 106,188	$ 159,225
Restricted	2,998,143	3,181,737	4,691,131	4,189,108
Assigned	3,591,010	3,521,068	3,684,813	5,196,415
Unassigned	8,623,266	9,320,421	10,791,174	9,637,756
Total General Fund	15,488,992	16,337,159	19,273,306	19,182,504
All other governmental funds				
Nonspendable	97,955	134,402	58,429	36,074
Restricted	14,814,593	116,937,413	86,816,317	19,502,298
Unassigned	–	–	–	(60,522)
Total all other governmental funds	14,912,548	117,071,815	86,874,746	19,477,850
Total all funds	$ 30,401,540	$ 133,408,974	$ 106,148,052	$ 38,660,354

Source: District's financial records

2021	2022	2023	2024	2025	2026
$ 383,569	$ 337,873	$ 199,976	$ 231,408	$ 134,164	$ 145,453
1,602,572	3,013,679	2,812,203	3,672,308	3,260,788	5,116,230
6,389,482	7,332,842	2,651,325	1,081,426	525,332	752,684
7,809,332	11,330,652	13,635,815	9,967,509	9,609,877	11,709,066
16,184,955	22,015,046	19,299,319	14,952,651	13,530,161	17,723,433
20,454	54,874	67,872	305,401	105,047	120,496
4,923,607	6,232,375	7,909,219	10,694,572	12,671,979	14,521,382
(205,224)	–	–	–	–	–
4,738,837	6,287,249	7,977,091	10,999,973	12,777,026	14,641,878
$ 20,923,792	$ 28,302,295	$ 27,276,410	$ 25,952,624	$ 26,307,187	$ 32,365,311

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2017	2018	2019	2020
Revenues				
Local sources				
Taxes	$ 27,021,325	$ 27,463,995	$ 32,755,073	$ 33,407,289
Investment earnings (losses)	313,752	1,220,389	2,696,733	2,314,809
Other	10,706,588	11,160,194	11,809,011	10,647,716
State sources	71,771,894	75,261,765	79,829,862	82,797,941
Federal sources	2,249,215	2,686,753	2,610,518	3,571,612
Total revenues	112,062,774	117,793,096	129,701,197	132,739,367
Expenditures				
Current				
Administration	3,290,901	3,106,186	3,342,384	3,388,129
District support services	3,002,180	3,395,533	3,352,532	5,749,775
Elementary and secondary regular instruction	41,850,206	45,011,355	46,037,634	48,890,812
Vocational education instruction	629,187	684,120	522,227	634,312
Special education instruction	15,424,027	16,672,827	17,589,772	18,758,254
Community education instruction	–	–	–	–
Instructional support services	4,985,570	5,981,560	6,853,603	6,899,808
Pupil support services	6,794,084	6,911,160	7,949,447	8,164,678
Sites and buildings	5,771,362	10,591,372	15,407,866	10,712,642
Fiscal and other fixed cost programs	293,404	324,005	424,168	413,227
Food service	4,406,833	4,369,240	4,796,737	4,896,923
Community service	6,799,019	7,295,691	7,857,141	6,523,447
Capital outlay	4,216,840	6,536,137	26,495,910	69,499,392
Debt service				
Principal	8,756,057	8,912,571	9,969,916	10,908,381
Interest and fiscal charges	5,129,241	4,658,488	6,401,914	6,148,904
Total expenditures	111,348,911	124,450,245	157,001,251	201,588,684
Excess (deficiency) of revenues over expenditures	713,863	(6,657,149)	(27,300,054)	(68,849,317)
Other financing sources (uses)				
Sale of equipment	–	–	39,132	–
Issuance of lease and financed purchases	–	–	–	7,400,875
Issuance of bonds and certifications of participation	11,480,000	107,639,049	–	10,640,000
Premium on bonds issued	1,244,947	2,025,534	–	920,184
Payments on refunded debt	(24,270,000)	–	–	(18,118,447)
Insurance recoveries	–	–	–	–
Transfers in	–	10,000	–	–
Transfers out	–	(10,000)	–	–
Total other financing sources (uses)	(11,545,053)	109,664,583	39,132	842,612
Net change in fund balances	(10,831,190)	103,007,434	(27,260,922)	(68,006,705)
Fund balance – beginning	41,232,730	30,401,540	133,408,974	106,148,052
Prior period adjustments and changes in accounting principles	–	–	–	519,007
Fund balance – ending	$ 30,401,540	$133,408,974	$106,148,052	$ 38,660,354
Debt service as a percentage of noncapital expenditures	10.10%	8.20%	12.91%	13.36%

Source: District's financial records

2021	2022	2023	2024	2025	2026
$ 33,968,089	$ 35,172,400	$ 36,185,349	$ 34,634,883	$ 36,223,004	$ 34,510,196
277,209	(83,737)	1,394,893	2,025,302	1,737,252	1,667,516
5,328,850	10,000,079	12,160,727	11,518,360	12,027,508	12,154,536
83,338,346	89,444,945	87,846,464	99,143,951	102,596,463	110,551,569
8,987,715	8,895,998	5,198,971	3,674,734	3,887,285	3,554,234
131,900,209	143,429,685	142,786,404	150,997,230	156,471,512	162,438,051
3,422,971	3,577,568	3,690,364	3,707,205	3,410,700	3,519,036
5,643,134	4,940,543	6,238,848	6,443,748	5,526,757	5,924,013
48,087,571	51,495,485	54,103,714	56,842,313	57,085,163	55,297,880
707,129	825,804	882,219	949,028	1,048,062	1,437,415
18,783,076	19,199,554	20,587,999	23,099,867	25,765,089	26,725,994
–	–	–	–	12,007	13,517
7,533,434	7,764,547	7,438,800	8,909,437	10,193,955	9,309,494
8,537,288	9,192,927	9,317,526	10,619,493	12,119,889	12,497,373
13,905,920	8,898,820	11,202,919	10,282,840	8,204,590	9,352,300
504,918	597,897	644,137	878,371	1,042,798	908,625
4,974,444	5,469,849	5,876,966	6,056,500	6,411,038	6,263,443
5,736,941	6,021,195	6,100,150	6,859,305	7,295,449	7,593,243
13,915,667	909,842	10,412	178,513	113,249	116,349
11,641,497	12,852,187	14,071,107	13,991,423	14,115,107	15,015,164
5,675,016	5,119,918	5,022,411	4,276,053	3,774,690	3,180,681
149,069,006	136,866,136	145,187,572	153,094,096	156,118,543	157,154,527
(17,168,797)	6,563,549	(2,401,168)	(2,096,866)	352,969	5,283,524
–	–	–	–	–	–
–	706,033	1,315,800	460,530	–	774,600
–	12,540,000	17,375,000	–	–	–
–	1,903,921	782,062	–	–	–
–	(14,335,000)	(18,097,579)	–	–	–
–	–	–	312,550	1,594	–
–	–	–	–	–	30,180
–	–	–	–	–	(30,180)
–	814,954	1,375,283	773,080	1,594	774,600
(17,168,797)	7,378,503	(1,025,885)	(1,323,786)	354,563	6,058,124
38,660,354	20,923,792	28,302,295	27,276,410	25,952,624	26,307,187
(567,765)	–	–	–	–	–
$ 20,923,792	$ 28,302,295	$ 27,276,410	$ 25,952,624	$ 26,307,187	$ 32,365,311
13.62%	13.43%	13.51%	12.10%	11.51%	11.71%

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INDEPENDENT SCHOOL DISTRICT NO. 719

Net Tax Capacity and Valuation of All Taxable Property
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

For Taxes Collectible	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment Valuation	Taxable Valuation
			Contribution	Distribution		
2017	$ 601,261	$ 51,010,882	$ (2,098,655)	$ 4,674,702	$ (496,771)	$ 53,691,419
2018	601,264	50,293,799	(2,171,401)	4,974,333	(691,765)	53,006,230
2019	610,917	54,396,763	(2,080,066)	5,247,709	(920,684)	57,254,639
2020	643,530	65,513,818	(2,321,171)	5,706,676	(1,113,480)	68,429,373
2021	631,707	70,442,312	(2,623,148)	6,242,423	(1,234,765)	73,458,529
2022	643,532	75,667,857	(2,960,847)	6,705,016	(1,343,894)	78,711,664
2023	665,327	93,372,406	(2,916,556)	6,535,219	(1,397,361)	96,259,035
2024	740,422	96,692,664	(3,074,145)	6,775,632	(1,746,306)	99,388,267
2025	723,562	100,756,609	(3,532,808)	7,648,178	(1,263,783)	104,331,758
2026	788,742	105,258,565	(3,797,617)	7,645,762	(1,179,207)	108,716,245

Source: School Tax Report from County Auditor's Office

INDEPENDENT SCHOOL DISTRICT NO. 719

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	ISD No. 719 Direct Rate (1)				Overlapping Rates			
Tax Year	General Fund	Community Service Fund	Debt Service Fund	Total	Scott County	City of Prior Lake	City of Savage	City of Credit River
2017	7.580	1.190	23.460	32.230	35.896	32.685	47.840	14.017
2018	7.580	1.190	23.460	32.230	35.114	33.040	47.117	14.864
2019	7.580	1.190	23.460	32.230	33.841	33.020	44.474	13.809
2020	5.625	0.835	22.784	29.244	32.718	32.496	42.357	14.365
2021	6.038	0.884	19.292	28.784	31.025	30.265	42.254	15.039
2022	5.939	0.895	21.047	27.881	30.492	30.465	40.326	15.563
2023	4.539	0.773	15.998	21.310	26.578	28.113	35.986	16.136
2024	5.653	0.765	15.358	21.775	26.228	30.303	37.606	17.099
2025	3.915	0.803	14.549	19.267	26.977	30.502	40.533	15.755
2026	3.904	0.715	15.531	20.150	28.107	31.381	42.557	15.104

(1) Tax capacity rate method

Source: Overlapping rate data provided by the District's financial advisor, Ehlers & Associates, and Scott County. School direct rate is taken from the District's annual financial reports.

Sand Creek Township	Spring Lake Township	Cedar Lake Township	Prior Lake-Spring Lake Watershed District	Scott County CDA	Prior Lake EDA	Metropolitan Council	Total City of Prior Lake Resident
17.761	15.251	–	3.401	1.639	–	0.850	106.701
17.837	15.081	–	4.356	1.617	–	0.853	107.210
16.583	13.162	–	4.006	1.589	–	0.679	105.365
17.737	13.260	–	3.741	1.594	–	0.609	100.402
17.111	13.408	–	3.460	1.590	–	0.634	95.758
17.687	13.278	9.250	3.348	1.597	–	0.650	94.433
15.936	11.542	7.362	2.826	1.385	–	0.538	80.750
16.225	12.747	8.123	2.819	1.442	–	0.633	83.200
17.429	12.212	8.267	2.803	1.534	–	0.532	81.614
18.494	13.308	8.760	2.844	1.604	–	0.592	84.678

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INDEPENDENT SCHOOL DISTRICT NO. 719

Principal Property Taxpayers
Current Year and Nine Years Ago

	2026			2017		
	Property Valuation			Property Valuation		
Taxpayer	Tax Capacity	Rank	Percentage of Tax Capacity Value	Tax Capacity	Rank	Percentage of Tax Capacity Value
Continental 298 Fund LLC	$ 842,855	1	0.78 %	$ 306,250	2	0.57 %
CenterPoint Energy Resource	641,201	2	0.59	240,713	6	0.45
SE Savage, LLC	555,183	3	0.51	–	–	–
Jeffers Waterfront Apartments, LLC	525,368	4	0.48	–	–	–
PC Lake Ridge Apartments, LLC	468,663	5	0.43	–	–	–
Shepherd's Path Senior Housing	392,550	6	0.36	301,770	3	0.56
BRE Retail Residual Owner 4, LLC	388,215	7	0.36	327,065	1	0.61
Meadows Senior Living, LLC	387,663	8	0.36	–	–	–
Target Corporation	272,250	9	0.25	265,250	4	0.49
Keystone Communities	242,270	10	0.22	175,625	7	0.33
Savage Station, LLC	–	–	–	251,540	5	0.47
Bealmake Partners, LLC	–	–	–	173,450	8	0.32
Life Time Fitness Center	–	–	–	139,250	9	0.26
Savage Medical Building, LLC	–	–	–	138,178	10	0.26
Total	$ 4,716,218		4.34 %	$ 2,319,091		4.32 %

Source: Data provided by the District's financial advisor, Ehlers & Associates, and Scott County

INDEPENDENT SCHOOL DISTRICT NO. 719

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Taxes Levied for the Fiscal Year: General Fund	Community Service Fund	Debt Service Fund	Total Tax Levy (1)	Property Credits/ Aids and Adjustments	Adjusted Tax Levy
2017	$ 14,138,686	$ 643,470	$ 12,890,347	$ 27,672,503	$ (11,493)	$ 27,661,010
2018	17,176,096	596,039	15,038,943	32,811,078	(59,090)	32,751,988
2019	17,590,862	483,922	15,308,928	33,383,712	(55,717)	33,327,995
2020	17,544,258	573,930	15,611,221	33,729,409	(65,871)	33,663,538
2021	18,297,108	650,625	16,087,959	35,035,692	(10,114)	35,025,578
2022	18,618,013	706,870	16,680,126	36,005,009	(71,998)	35,933,011
2023	18,150,249	759,572	15,720,623	34,630,444	(64,466)	34,565,978
2024	19,981,494	758,427	15,235,093	35,975,014	(67,951)	35,907,063
2025	17,888,103	845,547	15,322,636	34,056,286	(63,228)	33,993,058
2026	18,013,220	773,043	16,794,419	35,580,682	(73,265)	35,507,417

(1) State credits are included in the operative levy.

Source: Data provided by the District's financial advisor, Ehlers & Associates, the District's annual financial reports, and Scott County

Collected Within the Fiscal Year of Levy		Collections/ Adjustment in Subsequent Years	Total Tax Collections to Date		Outstanding Current and Delinquent Taxes	Percentage of Adjusted Tax Levy
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Adjusted Tax Levy		
$ 13,522,951	48.9 %	$ 14,138,059	$ 27,661,010	100.0 %	$ –	– %
14,929,190	45.6	17,822,798	32,751,988	100.0	–	–
16,157,776	48.5	17,170,219	33,327,995	100.0	–	–
17,165,905	51.0	16,497,005	33,662,910	100.0	632	–
18,197,475	52.0	16,828,103	35,025,578	100.0	–	–
18,650,574	51.9	17,273,055	35,923,629	100.0	9,382	–
17,936,526	51.9	16,614,877	34,551,403	100.0	14,575	–
18,341,798	51.1	17,523,775	35,865,573	99.9	41,490	0.1
17,603,819	51.8	16,290,144	33,893,963	99.7	99,095	0.3
18,573,405	52.3	–	18,573,404	52.3	16,934,013	47.7

INDEPENDENT SCHOOL DISTRICT NO. 719

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Financed Purchases, Leases, and SBITAs	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
2017	$ 115,281,866	$ 10,134,254	$ 125,416,120	234.0 %	$ 2,247
2018	215,470,437	9,526,683	224,997,120	424.0	3,941
2019	204,959,426	8,896,767	213,856,193	374.0	3,669
2020	195,739,345	8,795,814	204,535,159	298.9	3,429
2021	183,902,479	7,944,317	191,846,796	261.2	3,173
2022	171,788,002	8,143,372	179,931,374	228.6	2,982
2023	158,977,590	8,078,559	167,056,149	173.5	2,687
2024	147,331,151	6,577,666	153,908,817	154.9	2,479
2025	134,939,712	5,237,559	140,177,271	134.4	2,248
2026	121,653,430	4,851,995	126,505,425	116.4	2,016

(1) As personal income information for residents living within the District is not available, taxable valuation was used as the denominator in this ratio.

(2) Estimated population provided on table of Ratio of Net Bonded Debt to Assessed Value and Per Capita.

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

Source: Data is taken from the District's annual financial reports

INDEPENDENT SCHOOL DISTRICT NO. 719

Computation of Direct and Overlapping Bonded Debt
June 30, 2026

	General Obligation Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Overlapping			
Scott County	$ 87,970,000	32.0 %	$ 28,150,400
Cities			
Prior Lake	24,045,000	96.0	23,083,200
Savage	31,055,000	48.0	14,906,400
Credit River	1,740,000	33.0	574,200
Townships			
Cedar Lake	–	–	–
Sand Creek	–	–	–
Spring Lake	635,000	62.0	393,700
Special taxing districts			
Metropolitan Council	1,564,245,118	32.0	500,558,438
Scott County CDA	52,885,000	32.0	16,923,200
Prior Lake-Spring Lake Watershed	–	–	–
Total overlapping debt			584,589,538
Direct			
Independent School District No. 719, Prior Lake-Savage	121,653,430	100.0	121,653,430
Total direct and overlapping bonded debt			$ 706,242,968

Source: Data provided by overlapping entities as of December 31, 2025. No current data is available.

INDEPENDENT SCHOOL DISTRICT NO. 719

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt limit	$ 729,767,535	$ 795,426,720	$ 859,100,355	$ 922,913,955
Total net debt applicable to the limit	125,416,120	224,997,120	209,545,000	198,660,000
Legal debt margin	$ 604,351,415	$ 570,429,600	$ 649,555,355	$ 724,253,955
Total net debt applicable to the limit as a percentage of debt limit	17.19%	28.29%	24.39%	21.53%

Source: Data provided by the District's financial advisor, Ehlers & Associates, and Scott County

2021	2022	2023	2024	2025	2026
$ 984,128,595	$ 1,055,448,639	$ 1,284,703,217	$ 1,319,468,537	$ 1,377,989,503	$ 1,433,456,653
187,870,000	174,265,000	161,355,000	149,325,000	136,550,000	122,695,000
$ 796,258,595	$ 881,183,639	$ 1,123,348,217	$ 1,170,143,537	$ 1,241,439,503	$ 1,310,761,653
19.09%	16.51%	12.56%	11.32%	9.91%	8.56%

Legal Debt Margin Calculation for Fiscal Year 2026

Market value	$ 9,556,377,686
Debt limit (15% of market value)	1,433,456,653
Debt applicable to the limit	
General obligation bonds	122,695,000
Legal debt margin	$ 1,310,761,653

INDEPENDENT SCHOOL DISTRICT NO. 719

Ratio of Net Bonded Debt to Assessed Value and Per Capita
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Balance on Hand	Net Bonded Debt	Estimated Actual Value of Taxable Property	Percent of Net Debt to Estimated Taxable Property	Estimated Population (1)	Net Debt per Capita
2017	$ 115,281,866	$ 1,329,278	$ 113,952,588	$4,920,507,700	2.3 %	55,805	$ 2,042
2018	215,470,437	2,007,932	213,462,505	5,345,012,000	4.0	57,096	3,739
2019	206,052,236	2,257,168	203,795,068	5,745,036,100	3.5	58,292	3,496
2020	195,739,345	2,484,674	193,254,671	6,152,759,700	3.1	59,655	3,240
2021	183,902,479	2,129,764	181,772,715	6,560,857,300	2.8	60,463	3,006
2022	171,788,002	2,250,792	169,537,210	7,036,324,261	2.4	60,348	2,809
2023	158,977,590	2,937,633	156,039,957	8,564,688,110	1.8	62,165	2,510
2024	147,331,151	4,113,581	143,217,570	8,796,456,913	1.6	62,074	2,307
2025	134,939,712	4,539,046	130,400,666	9,186,596,685	1.4	62,357	2,091
2026	121,653,430	4,482,112	117,171,318	9,556,377,686	1.2	62,750 (1)	1,867

(1) Total population of cities of Prior Lake and Savage from Demographic and Economic Statistics Table. 2026 population estimates not available.

Source: Independent Auditor's Report and State Demographer

INDEPENDENT SCHOOL DISTRICT NO. 719

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Prior Lake Population	Savage Population	Personal Income (1)	Per Capita Personal Income (1)	Enrollment	Unemployment Rate (1)
2017	25,520	30,285	$ –	$ –	8,386	– %
2018	25,735	31,361	–	–	8,606	–
2019	26,135	32,157	–	–	8,820	–
2020	27,005	32,650	–	–	8,877	–
2021	27,500	32,963	–	–	8,790	–
2022	27,832	32,516	–	–	8,823	–
2023	28,400	33,765	–	–	8,699	–
2024	28,915	33,159	–	–	8,666	–
2025	29,057	33,300	–	–	8,648	–
2026	29,780	32,970	–	–	8,535	–

(1) Personal income and unemployment information for residents living within the District is not available.

Source: Metropolitan Council (data center department and website), cities of Prior Lake and Savage, the District's annual financial reports, and the Minnesota Department of Education

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INDEPENDENT SCHOOL DISTRICT NO. 719

Principal Employers
Current Year and Nine Years Ago

Employer	2026 Employees	2026 Rank	2017 Employees	2017 Rank
Shakopee Mdewakanton Sioux Community	4,200	1	4,500	1
ISD No. 719, Prior Lake-Savage Area Schools	1,374	2	1,323	2
Fabcon, Inc.	270	3	275	3
Life Time Fitness Center	250	4	250	4
Hy-Vee	200	5	–	–
Master Electric Company	200	5	200	5
Target	200	5	200	5
Silgan Containers, LLC	140	8	–	–
Rollx Vans	100	9	–	–
Cub Foods	100	9	100	10
Playworks	–	–	175	7
The Wild's	–	–	150	8
Continental Hydraulics	–	–	138	9
	7,034		7,311	

Note: Total employment for the area served by ISD No. 719, Prior Lake-Savage Area Schools, is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

Sources: Minnesota Department of Employment and Economic Development and the District's financial advisor, Ehlers & Associates

INDEPENDENT SCHOOL DISTRICT NO. 719

Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Administrative staff				
Superintendent	1.0	1.0	1.0	1.0
Principals	9.0	9.0	9.0	10.0
Directors	–	–	–	5.0
Administrative assistants	6.0	6.0	6.0	14.5
Supervisory coordinator	3.0	8.6	10.0	11.4
Total administrative staff	19.0	24.6	26.0	41.9
Support service staff				
Other noninstructional staff	36.5	48.0	51.6	25.9
Counselors	10.5	10.0	10.5	10.0
Media/librarian	7.2	7.6	7.2	7.6
Nurse	5.0	5.0	4.5	5.0
Social worker	11.0	11.0	11.0	10.5
Psychologists	6.0	6.0	6.1	6.1
Total support service staff	76.2	87.6	90.9	65.1
Special education teachers				
Speech language	13.4	13.5	12.4	13.3
Other special education teachers	58.9	77.8	89.9	60.4
Total special education teachers	72.3	91.3	102.3	73.7
Classroom teachers				
K–12 teachers	326.4	351.8	364.4	396.5
Vocational education teachers	0.2	–	–	5.2
Pre-K, ECFE, and other teachers	26.0	29.9	11.8	20.3
Total classroom teachers	352.6	381.7	376.2	422.0
Total licensed positions	520.1	585.2	595.4	602.7

Source: MDE STARS data

2021	2022	2023	2024	2025	2026
1.0	1.0	1.0	1.0	1.0	1.0
10.0	10.0	10.0	10.0	10.0	10.0
6.0	6.0	12.0	12.0	12.0	11.0
14.5	11.0	14.0	16.0	12.0	12.0
10.8	11.3	11.8	11.3	15.8	15.0
42.3	39.3	48.8	50.3	50.8	49.0
21.6	29.8	28.8	28.8	39.2	34.1
10.4	10.5	10.4	13.0	13.0	13.0
8.9	7.2	7.4	8.0	7.8	8.4
3.8	3.0	3.0	3.0	3.6	3.6
10.5	12.5	11.5	12.0	12.0	12.0
6.1	6.1	7.0	7.5	7.5	5.9
61.3	69.1	68.1	72.3	83.1	77.0
13.3	14.4	14.4	15.3	17.0	16.9
65.1	74.4	93.3	94.2	98.7	101.0
78.4	88.8	107.7	109.5	115.7	117.9
359.5	377.8	386.1	397.6	366.5	355.0
5.5	10.9	9.8	7.0	18.0	10.5
9.4	18.1	8.9	11.2	11.6	14.1
374.4	406.7	404.8	415.8	396.0	379.5
556.4	603.9	629.4	647.9	645.6	623.4

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INDEPENDENT SCHOOL DISTRICT NO. 719

Operating Statistics
Last Ten Fiscal Years

Year Ended June 30,	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2017	8,386	$111,348,911	$ 13,278	3.2 %	424.9	19.7
2018	8,606	124,450,245	14,461	8.9	473.0	18.2
2019	8,820	157,001,251	17,801	23.1	478.5	18.4
2020	8,877	201,588,684	22,709	27.6	495.7	17.9
2021	8,790	149,069,006	16,959	(25.3)	452.8	19.4
2022	8,823	136,866,136	15,512	(8.5)	495.5	17.8
2023	8,699	145,187,572	16,690	7.6	512.5	17.0
2024	8,666	153,094,096	17,666	5.8	525.3	16.5
2025	8,648	156,118,543	18,053	2.2	511.7	16.9
2026	8,535	157,154,527	18,413	1.9	497.4	17.2

Source: District records and teaching staff numbers from the MDE STARS data

INDEPENDENT SCHOOL DISTRICT NO. 719

Building Information
as of June 30, 2026

	Fiscal Year			
	2017	2018	2019	2020
School				
Elementary				
WestWood				
Square feet	82,426	82,426	82,426	78,373
Capacity	598	598	598	690
Enrollment (1)	631.67	566.02	517.61	498.52
Five Hawks				
Square feet	67,940	67,940	67,940	67,385
Capacity	621	621	621	621
Enrollment (1)	592.71	584.34	568.07	559.99
LODL at Grainwood (formerly Grainwood)				
Square feet	72,835	72,835	72,835	74,486
Capacity	414	414	414	437
Enrollment (1)	372.82	415.56	462.82	446.75
Glendale				
Square feet	90,624	90,624	90,624	90,624
Capacity	644	644	644	644
Enrollment (1)	582.28	586.56	669.61	652.41
Jeffers Pond				
Square feet	90,011	90,011	90,011	95,530
Capacity	575	575	575	690
Enrollment (1)	574.50	598.66	580.23	579.69
Hamilton Ridge Elementary				
Square feet	–	–	–	–
Capacity	–	–	–	–
Enrollment (1)	–	–	–	–
Redtail Ridge				
Square feet	90,011	90,011	90,011	93,654
Capacity	598	598	598	690
Enrollment (1)	722.03	753.30	689.91	706.14
Middle				
Prior Lake-Savage Middle School				
Square feet	–	–	–	–
Capacity	–	–	–	–
Enrollment (1)	–	–	–	–
Hidden Oaks				
Square feet	184,310	184,310	184,310	208,641
Capacity	1,119	1,119	1,119	1,333
Enrollment (1)	1,017.76	989.43	1,068.50	1,096.80
Twin Oaks (formerly Oakridge 1969)				
Square feet	214,939	214,939	214,939	221,066
Capacity	928	928	928	1,142
Enrollment (1)	955.88	981.12	1,009.47	1,043.43
High School				
Bridges Area Learning Center				
Square feet	–	–	–	–
Capacity	–	–	–	–
Enrollment (1)	–	–	–	–
Prior Lake				
Square feet	387,635	387,635	387,635	520,175
Capacity	2,530	2,530	2,530	2,530
Enrollment (1)	2,523.63	2,639.81	2,682.41	2,676.64
Laker Online				
Square feet	–	–	–	–
Capacity	–	–	–	–
Enrollment (1)	–	–	–	–
Preschool (EC-K)				
Edgewood				
Square feet	50,575	50,575	50,575	59,414
Capacity	230	230	230	230.0
Enrollment (1)	271.60	347.57	418.45	460.23
Administration District Service Center (1994) (was Ponds Edge Kindergarten 1994)				
Square feet	20,606	20,606	20,606	20,606
Total				
Square feet	1,351,912	1,351,912	1,351,912	1,529,954
Capacity	8,257	8,257	8,257	9,007
Enrollment (1)	8,244.88	8,462.37	8,667.08	8,720.60
Athletics				
Football fields	6	6	6	6
Soccer fields	11	11	11	13
Running tracks	3	3	3	3
Softball fields	14	14	14	14
Swimming pools	2	2	2	2
Playgrounds	10	10	10	10

(1) Enrollment reflects ADM served by site. Resident students served under tuition agreements are excluded from this enrollment data.

Source: Square footage obtained from the MDE website. The capacity was obtained from Wold Architects. Enrollment was obtained from a combination of the District's records and school ADM reports available on the MDE website. The athletic statistics are derived from the District's records.

2021	2022	2023	2024	2025	2026
82,426	77,688	77,688	77,688	77,688	77,688
682	682	682	682	682	692
574.44	524.87	522.32	489.71	504.49	477.11
67,940	67,940	67,385	67,385	67,385	67,385
635	635	635	635	635	692
482.97	486.61	475.11	480.49	460.87	446.67
74,486	74,486	74,486	74,486	74,486	74,486
541	541	541	541	541	692
378.40	405.69	441.40	467.08	460.62	443.19
90,624	90,624	90,624	90,624	90,624	90,624
658	658	658	658	658	746
569.82	559.19	546.31	535.81	526.02	514.02
93,939	93,939	93,939	93,939	93,939	93,939
705	705	705	705	705	692
556.28	584.11	503.95	504.22	485.61	516.48
98,563	98,563	98,653	98,653	98,653	98,653
705	705	705	705	705	718
507.09	546.39	587.85	561.14	586.03	582.38
92,382	92,382	92,382	92,382	92,382	92,382
705	705	705	705	705	692
558.05	592.23	596.72	591.94	551.87	519.59
–	444,920	445,130	445,130	445,130	445,130
–	2,475	2,475	2,475	2,475	2,475
–	2,075.41	1,986.42	1,991.43	2,026.36	2,048.83
208,641	–	–	–	–	–
1,333	–	–	–	–	–
1,101.13	–	–	–	–	–
236,279	–	–	–	–	–
1,142	–	–	–	–	–
1,060.07	–	–	–	–	–
14,055	14,055	14,055	14,055	14,055	14,055
140	140	140	140	140	140
119.22	96.13	94.21	122.41	127.15	110.90
553,248	553,248	553,248	553,248	553,248	553,248
3,400	3,400	3,400	3,400	3,400	3,400
2,763.47	2,816.72	2,759.81	2,762.15	2,743.53	2,769.07
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	52.74	–
59,414	59,414	59,414	59,414	59,414	59,414
235.0	235.0	235.0	235.0	235.0	235.0
63.7	65.4	66.3	71.9	98.1	94.1
20,606	20,606	21,588	21,588	21,588	21,588
1,692,603	1,687,865	1,688,592	1,688,592	1,688,592	1,688,592
10,881	10,881	10,881	10,881	10,881	11,174
8,734.62	8,752.71	8,580.40	8,578.28	8,623.37	8,522.34
6	6	6	6	6	6
13	13	13	13	13	13
3	3	3	3	3	3
14	14	14	14	14	14
2	2	3	3	3	3
10	10	10	10	10	10

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