

one91
Burnsville · Eagan · Savage

2025-26 Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026

Prepared by the District 191 Business Office
200 W. Burnsville Pkwy.
Burnsville, MN 55337
952-707-2010

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

INDEPENDENT SCHOOL DISTRICT NO. 191 BURNSVILLE, MINNESOTA

For the Year Ended

June 30, 2026

Prepared by

THE BUSINESS OFFICE

Stacey Sovine, *Executive Director of Administrative Services*

Tyler Dehne, *Director of Finance*

INDEPENDENT SCHOOL DISTRICT NO. 191
200 W Burnsville Pkwy
Burnsville, Minnesota 55337

Independent School District No. 191
Table of Contents

I. Introductory Section

Board of Education and Administration 1
Letter of Transmittal 3
ASBO Certificate of Excellence 9
Organizational Chart 11

II. Financial Section

Independent Auditor's Report 13

Management's Discussion and Analysis 17

Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 32
Statement of Activities 33
Fund Financial Statements
Balance Sheet – Governmental Funds 34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 40
Statement of Net Position – Proprietary Funds 41
Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds 42
Statement of Cash Flows – Proprietary Funds 43
Notes to Basic Financial Statements 45

Required Supplementary Information
Budgetary Comparison Schedule – General Fund 86
Budgetary Comparison Schedule – Food Service Fund 87
Budgetary Comparison Schedule – Community Service Fund 89
Notes to the Required Supplementary Information - Budgets 90
Schedule of Changes in Total OPEB Liability and Related Ratios 92
Notes to the Required Supplementary Information - OPEB 94
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - General Employees Retirement Fund 95
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - TRA Retirement Fund 95
Schedule of District Contributions - General Employees Retirement Fund 96
Schedule of District Contributions - TRA Retirement Fund 96
Notes to the Required Supplementary Information – Pension 97

Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 106

Independent School District No. 191
Table of Contents

Supplementary Information (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Food Service Fund		109
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Community Service Fund		110
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund		111
Combining Statement of Net Position – Internal Services Funds		112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Internal Services Funds		114
Combining Statement of Cash Flows– Internal Services Funds		116
Uniform Financial Accounting and Reporting Standards Compliance Table		118

III. Statistical Section (Unaudited)

	Table	
Financial Trends		
Net Position by Component	1	122
Changes in Net Position	2	124
Fund Balances of Governmental Funds	3	126
Changes in Fund Balances of Governmental Funds	4	128
Revenue Capacity		
General Governmental Tax Revenues by Source and Levy Type	5	131
Tax Capacities and Market Value	6	132
Direct and Overlapping Tax Capacity Rates	7	134
Principal Property Taxpayers	8	137
Property Tax Levies, Collections and Receivables	9	138
Debt Capacity		
Ratios of Outstanding Debt by Type	10	141
Ratio of Net General Obligation Bonded Debt to Tax Capacity and Net Obligation Bonded Debt Per Capita	11	142
Direct and Overlapping Debt	12	145
Legal Debt Margin Information	13	146
Demographic and Economic Information		
Demographic and Economic Statistics	14	148
Principal Employers	15	149
Employees by Classification	16	150
Operating Information		
Student to Staff Ratios	17	151
Operating Indicators by Function – Standardized Testing	18	152
School Facilities	19	154
School Lunch Program Data	20	156
Schedule of Insurance Coverage	21	158
Student Enrollment	22	159
Expenditures per Student	23	160

Independent School District No. 191
Board of Education and Administration
June 30, 2026

Board of Education	Position	Term Expires
Abigail Alt	Chair	December 31, 2026
Scott Hume	Vice Chair	December 31, 2026
Rachael Mikkelsen	Clerk	December 31, 2028
Annemarie Anderson	Treasurer	December 31, 2028
Tyler Sachse	Director	December 31, 2026
Anna Werb	Director	December 31, 2028
Lesley Chester	Director	December 31, 2026

Administration	
Dr. Latanya Daniels	Superintendent
Dr. Chris Bellmont	Assistant Superintendent
Stacey Sovine	Executive Director of Administrative Services
Tyler Dehne	Director of Finance

(THIS PAGE LEFT BLANK INTENTIONALLY)

Burnsville-Eagan-Savage School District 191
200 W. Burnsville Parkway
Burnsville, MN 55337
952.707.2000
www.isd191.org

Future Ready. Community Strong.

To: Citizens of ISD No. 191
ISD No. 191 Board of Education
Staff of ISD No. 191

Date: November 4, 2026

INTRODUCTION

The annual comprehensive financial report (ACFR) of Independent School District No. 191, Burnsville, Minnesota (the District) for the fiscal year ended June 30, 2026 is hereby presented for your information and review. The ACFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. Every effort has been made to ensure the reliability and integrity of the data contained herein. Although that data was received from many sources, the accuracy and thoroughness of this report rests solely with the District. This report belongs to the citizens of the Burnsville – Eagan – Savage community, for it describes, in financial terms, the position and operating results of the District. Questions and comments are solicited and welcome.

REPORT FORMAT

This ACFR is presented in three main sections: introductory, financial, and statistical. In addition to information contained in this letter, the introductory section includes the District's organizational chart, a list of the District's principal officials, and the Association of School Business Officials Certificate of Excellence in Financial Reporting Award. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

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

DISTRICT ORGANIZATION

The District was incorporated in 1955 and serves parts of five suburban communities in the Minneapolis/St. Paul area. The District is guided by its mission:

Each Student. Future Ready. Community Strong.

The District enrolled 7,314 students from a population of over 74,219 citizens residing in a 37 square mile area. During fiscal year 2025-26, the District operated 13 buildings: one high school, one alternative high school, two middle schools, eight elementary schools, and one districtwide building. District buildings were built between 1950 and 1996 with the latest additions in 2016. The District also operated a Virtual Academy for elementary and secondary to receive instruction through a virtual environment. The District is organized by grade level with elementary schools serving students in pre-kindergarten through Grade 5, middle schools serving Grades 6-8, and the high schools serving Grades 9-12.

The District provides general, special education and vocational instruction for Prek-12, a transitional program for students beyond grade 12, and one of the most extensive Community Education programs in the state serving newborns up through senior citizens.

REPORTING ENTITY

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. 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 dependent upon by the potential component unit.

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

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2026 and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CP Assurance (formerly BerganKDV) performed the audit for the 2025-26 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

ACCOUNTING AND BUDGETING

A major function of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Regarding the legal level of budgetary control; budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget, approved by the board by June 30 of the previous year, serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The superintendent and executive director of administrative services are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained by the business office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures. The budget is published annually to inform residents of the District's financial position and operating plan for the fiscal year. The School Board receives Board reports on monthly revenues and expenses. Program managers may receive budget reports via email which indicate the approved budget on a line-item basis; the month-to-date and year-to-date revenues, expenditures, and encumbrances assigned to those line items; the budget remaining; and the percent earned or expended to date. The district utilizes the method of bottom-line budgeting and monthly monitoring of revenues and expenditures by the School Board as well as ongoing monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. In the winter, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 13,000 active accounts have been defined in the District's chart of accounts.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment. Since 2002-2003 the District has experienced a decline in the number of students enrolled in the District's schools. This is a natural occurrence in a fully developed community and is often the result of smaller kindergarten cohorts replacing a larger graduating class. For fiscal year 2025-26, grades K-12 has a range in class size from a low of 455 to a high of 657 students. The District continues to anticipate declining enrollment in the next few years.

Declining enrollment and the lack of funding increase that keep up with inflation from the state have placed the District in the position of a need to reduce expenditures to balance the budget in recent years. Most of the District's operating revenue is directly related to the number of students enrolled in its schools. While revenues decline in direct proportion to the change in enrollment, expenditures decline at a much slower rate because the enrollment change is spread over all 14 schools and 13 grades. As student numbers decline, the number of teachers providing direct services to students can be reduced accordingly and some cost reduction occurs. Other costs, such as facility operations, are not proportionally related to enrollment and cannot be adjusted as readily. The closure of two elementary schools and one middle school is a direct result of the declining enrollment experienced over years. Although costs directly tied to ongoing enrollment shift to other buildings and are not reductions, the costs considered necessary for an additional building to function are reductions.

As needed, the district has taken strong expenditure curtailment measures during the years ended 2006, 2007, 2008, 2012, 2019, 2020, 2022, 2023, 2025 and 2026 in an effort to ensure a favorable financial result. During the 2025-2026 school year; our strategies for the planned budget included 4 main factors: 1) prioritize investment for instructional priorities, including PK-12 Pathways 2) rightsizing of the FTEs based upon enrollment; 3) use of restricted funds before general undesignated funds; and 4) identify efficiencies in utilizing resources. This planning provided a good start toward balancing the budget. Contract negotiations brought an increased expenditure that was offset by positions remaining vacant. Wages to attract casual and seasonal employees also experienced an increase with a challenging labor market. As a result, our 2025-2026 expenditures were approximately $2.1 million dollars less than budgeted while revenues were $680k more than budgeted. The result was a decrease to the total general fund balance of $4.28 million.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The District, like many districts within Minnesota experienced a significant drop in fall enrollment from Fall 2019 to Fall 2020. The Fall 2025 numbers decreased by 127 students compared to the Fall 2024 numbers. The District’s enrollment declined by over 220 students throughout the 25-26 school year, therefore, the District is anticipating that the enrollment will continue to decline for the foreseeable future. The State Legislature has increased the general education formula some this past biennium which is appreciated.

The District has a long history of maintaining positive fund balances and matching revenues with expenditures. In preparing the 2026-2027 budget, the District planned for a deficit after several years of adding to the fund balance to avoid drastic budget reductions in current and future years.

Continued financial uncertainty is likely to be the major challenge of the next decade. While enrollment, staffing, and expenses can be projected, it is impossible to predict with any certainty the configuration or adequacy of funding formulas to be enacted in the future by the Legislature. The latest legislative session made significant investment in education for 24-25 but are reducing funding in some areas such as special education transportation starting in 25-26. Nonetheless, the District is committed to maintaining programs and services and to operating within its financial limitations. As the District approaches the 2026-2027 revised budget and the 2027-2028 adopted budget, enrollment projection adjustments and curriculum-based decisions will be at the forefront of the discussion. Closing the achievement gap and increasing student achievement for all students served remains the District's priority. The District will continue to develop a long-range plan to adjust expenditures for a balanced budget in the upcoming years since current federal grants will no longer be available to assist with programming.

ECONOMIC FACTORS

The District is located in Dakota and Scott Counties, both of which are located in the seven-county metro area of Minneapolis/St. Paul. The cities that comprise the District are suburban communities. Residents are typically employed in professional vocations within the metropolitan area. The economic downturn of the past years has had some effect on the community as evidenced by greater mobility and increased participation in the free and reduced-price lunch program.

The taxable market value of property within the District is generally expected to improve. While the District is essentially fully developed residentially, commercial development and redevelopment is clearly evident throughout the community. Overall market improvement is evident in the increased 2025 total market value compared to 2024.

The state of Minnesota assumes major responsibility for funding public education. In the District, approximately 23% of our revenues in all funds are generated locally from the property tax and 50% of the property tax is the result of voter approved, local initiatives. This includes the referendum that was approved in November 2019.

Reliance on the state for the majority of its operating revenues places the District in the position of being dependent on state-wide economic conditions that drive state tax collections. In the 2023-2025 biennium, the Education Finance Bill provided a 4% increase for next year and 2% the year after and ties the funding to inflation. The bill decreases the Special Education Cross Subsidy by 50% over the biennium. However, during the latest legislative session, decreases in funding in other areas such as special education transportation occurred. The District continues to strive to be good stewards of all resources and respond to financial challenges by creating a structurally sustainable budget. The budget prioritizes investments for instructional priorities, maintaining current class size parameters, using restricted funds before general unassigned funds whenever possible, keeping abreast and understanding the ebb and flow of revenue streams and expenses and strategically using federal resources.

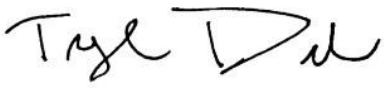
CERTIFICATE OF EXCELLENCE

This report will be submitted to the Association of School Business Officials International for consideration for the Certificate of Excellence in Financial Reporting. The District received this award for the past 38 fiscal years and expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness acknowledged by the Certificate of Excellence program.

ACKNOWLEDGMENTS

The time, effort, and attention that go into the timely preparation of an ACFR require the commitment and cooperation of many people. Special appreciation must be extended to the entire Finance Department staff for their dedication and to the School Board for their encouragement and leadership.





Dr. Latanya Daniels
Superintendent

Tyler Dehne
Director of Finance

Independent School District No. 191
ASBO Certificate of Excellence
June 30, 2026

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Independent School District #191

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.

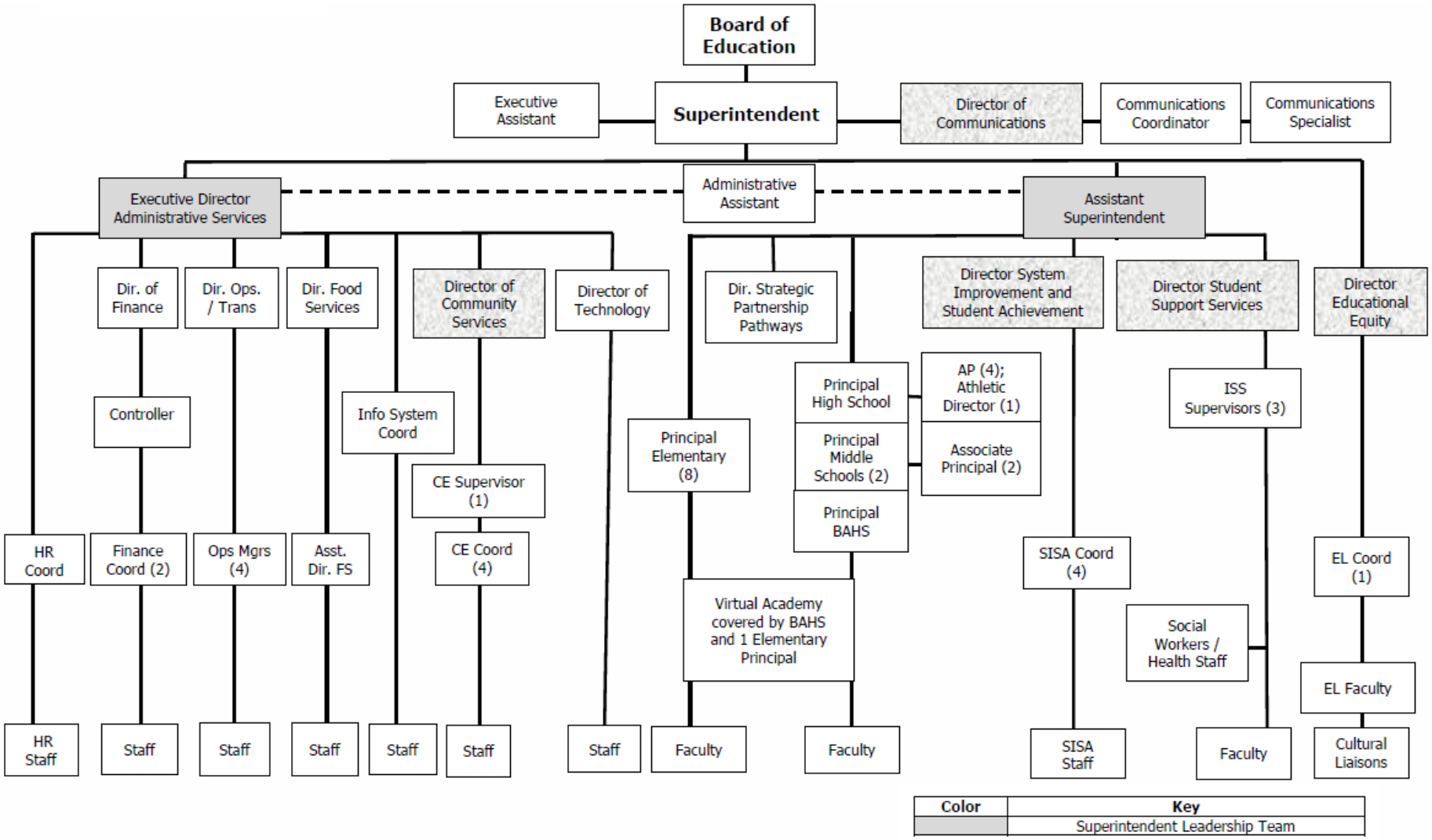
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Organizational Chart
June 30, 2026



(THIS PAGE LEFT BLANK INTENTIONALLY)

CP ASSURANCE

Independent Auditor's Report

To the School Board
Independent School District No. 191
Burnsville, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191, Burnsville, Minnesota, as of and for the year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 191 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
The management of Independent School District No. 191 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Report on Summarized Comparative Information
We have previously audited the District's 2025 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information in our report dated October 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2025, is consistent, in all material respects, with the audited financial statements for which it has been derived.

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CP Assurance, Ltd.

St. Cloud, Minnesota
November 4, 2026

Independent School District No. 191
Management's Discussion and Analysis

This section of Independent School District No. 191's annual comprehensive financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2026. Please read it in conjunction with the District's financial statements, which immediately follow this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements and supplementary information.

The basic financial statements include several statements that present different views of the district:

- The ***government-wide financial statements*****,** including the *Statement of Net Position* and the *Statement of Activities,* provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are ***fund financial statements*** that focus on individual parts of the district, reporting the district's operations in more detail than the government-wide statements.
- ***Governmental funds statements*** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- ***Proprietary funds statements*** offer short- and long-term financial information about the activities the district operates like businesses.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements

The government-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the district's *net position* and how they have changed. Net position – the difference between the district's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the district's financial health or *position*.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the district's *funds* – focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The district may establish other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The district has two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Funds* – The District uses internal service funds to report activities that provide supplies and services for the district's other programs and activities. The district currently has four internal service funds for self-insured health and dental benefits and its severance and postemployment benefits liabilities.

FINANCIAL SUMMARY

Key financial highlights for the 2025-26 fiscal year include the following:

- Government-wide net position increased by $12,954,094 or 7.43% less than the increase for June 30, 2025, resulting in total net position of $18,473,059. The increase in net position was primarily due to the fund level increase in the internal service fund balance, as well as a significant increase in net position from the net effect of the government-wide conversion entries related to pensions in relation to improvement in the funding of PERA and TRA.
- Government-wide revenues totaled $189,921,186 and expenses were $176,967,092.
- The total fund balance of the General Fund, as presented in the governmental funds, decreased by $4,276,939 from the prior year. The district anticipated deficit spending in 25-26 and the years ahead. The fund balance has been built up in order to withstand a few years of deficits to minimize drastic budget adjustments.

FINANCIAL SUMMARY (CONTINUED)

- The unassigned fund balance in the General Fund decreased by $1,543,111 from $41,355,902 to $39,812,791, which is 23.6% of total General Fund expenses, which is well above the district's board approved fund balance percentage of 8%.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The district's combined net position was $18,473,059 on June 30, 2026. This was an improvement of 235% from the prior year (see Table A-1).

Table A-1
Net Position - Governmental Activities

	Year Ended 2026	Year Ended 2025	Percentage Change
Assets			
Current and other assets	$ 166,933,784	$ 163,487,110	2.11%
Capital assets	113,704,256	115,435,837	-1.50%
Total assets	280,638,040	278,922,947	0.61%
Deferred Outflows of Resources	23,309,844	18,078,256	28.94%
Total assets and deferred outflows of resources	$ 303,947,884	$ 297,001,203	2.34%
Liabilities			
Other liabilities	$ 23,996,158	$ 23,819,372	0.74%
Long-term liabilities	182,008,941	191,661,839	-5.04%
Total liabilities	$ 206,005,099	$ 215,481,211	-4.40%
Deferred Inflows of Resources	$ 79,469,726	$ 76,001,027	4.56%
Net Position			
Net investment in capital assets	$ 30,396,245	$ 24,000,686	26.65%
Restricted	26,266,757	29,456,845	-10.83%
Unrestricted	(38,189,943)	(47,938,566)	20.34%
Total net position	$ 18,473,059	$ 5,518,965	-234.72%

The district's financial position is the product of many factors. For example, the determination of the District's net investments in capital assets involves many assumptions and estimates, such as current and accumulated depreciation and amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in calculated amounts.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position (Continued)

The district's overall financial position increased from fiscal year 2025, as total net position increased $12,954,094. The district is able to report positive balances in two of three categories of net position. The district's restricted net position represents resources that are subject to external restrictions on how they may be used including resources to pay off debt.

Another portion of the district's net position is its investment in capital assets (land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. This element of net position increased by $6,395,559 in the current fiscal year, as the completion of some construction projects and payments on related debt exceeded depreciation and amortization of the capital assets. The remaining unrestricted net position is that which may be used to meet the District's ongoing obligations. This portion of net position increased $9,748,623 in the current fiscal year due to the fund level increase in internal service fund balance, as well as a significant increase in net position from the net effect of the government-wide conversion entries related to pensions in relation to improvement in the funding of PERA and TRA.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

Table A-2
Change in Net Position

	Year Ended 2026	Year Ended 2025	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 6,515,257	$ 6,425,357	1.40%
Operating grants and contributions	49,643,206	46,761,301	6.16%
Capital grants and contributions	476,705	619,365	-23.03%
General revenues			
Property taxes	48,885,925	51,257,109	-4.63%
General grants and aids	80,892,141	81,211,966	-0.39%
Investment earnings	3,494,226	4,145,153	-15.70%
Other	13,726	907,410	-98.49%
Total revenues	189,921,186	191,327,661	-0.74%
Expenses			
Administration	6,146,985	5,966,667	3.02%
District support services	5,064,720	4,895,918	3.45%
Elementary and secondary regular instruction	61,318,815	62,397,810	-1.73%
Vocational education instruction	2,535,665	2,594,551	-2.27%
Special education instruction	33,881,329	32,291,535	4.92%
Instructional support services	14,644,913	15,673,636	-6.56%
Pupil support services	17,556,216	17,373,502	1.05%
Sites and buildings	19,093,293	18,617,910	2.55%
Fiscal and other fixed cost programs	592,070	534,891	10.69%
Food service	7,074,697	7,045,694	0.41%
Community education and services	7,697,453	6,935,658	10.98%
Interest and fiscal charges on long-term debt	1,360,936	3,006,011	-54.73%
Total expenses	176,967,092	177,333,783	-0.21%
Increase (decrease) in net position	12,954,094	13,993,878	-7.43%
Net Position			
Beginning of year	5,518,965	(8,474,913)	165.12%
End of year	$ 18,473,059	$ 5,518,965	-234.72%

Total revenues were $189,921,186 while total expenses were $176,967,092, increasing net position by $12,954,094.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

- Some of the cost was paid by the users of the district's programs (Table A-2, Charges for Services, $6,515,257). The majority of this category, approximately $3.1 million, comes from community education class tuition. $2.0 million comes from third party billing revenue.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, $49,643,206).
- Most of the District's costs were paid for with local property taxes, unrestricted state aid, investment earnings and other general revenues. Governmental activities were paid for with $48,885,925 in property taxes, $80,892,141 of unrestricted state aid, as well as investment earnings and other general revenues.

Figure A-1
Source of Revenues for Fiscal Year 2026

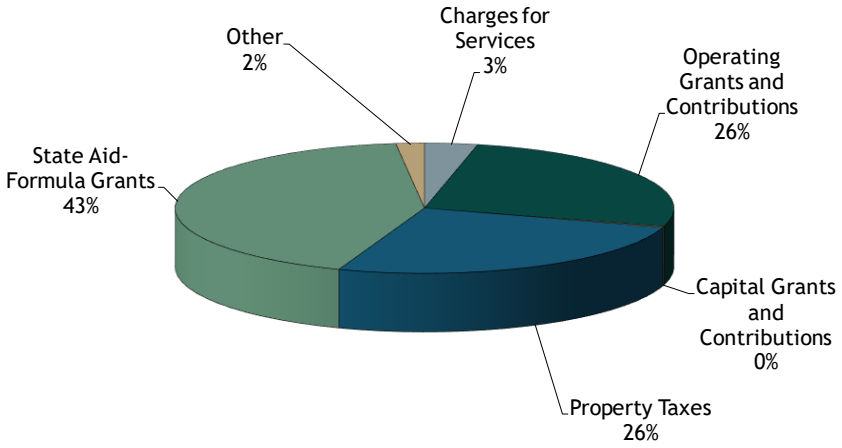
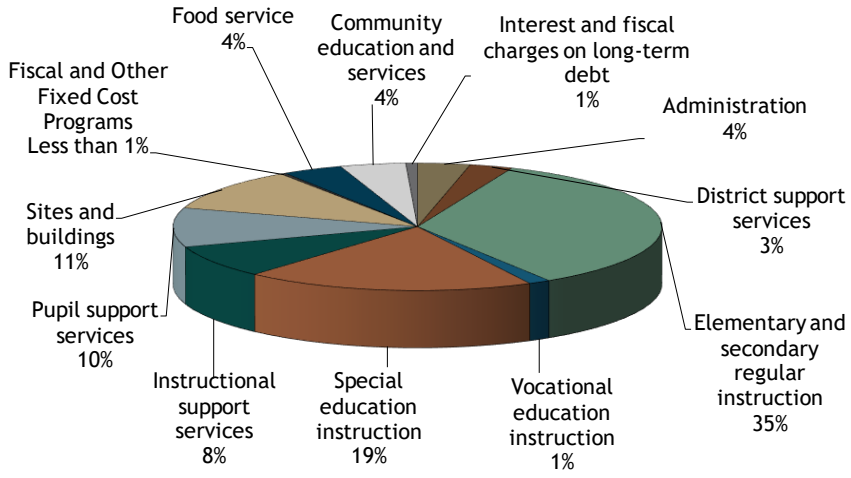


Figure A-2
Expenses for Fiscal Year 2026



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

All governmental funds include not only funds received for the general operation of the District but also include resources from the entrepreneurial-type funds of Food Service and Community Education. Funding for the general operation of the district is controlled by the state and the district does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2026	2025	Change	2026	2025	Change
Administrative	$ 6,146,985	$ 5,966,667	3.02%	$ 6,126,503	$ 5,962,711	2.75%
District Support Services	5,064,720	4,895,918	3.45%	4,958,620	4,882,286	1.56%
Elementary and Secondary Regular Instruction	61,318,815	62,397,810	-1.73%	55,844,698	57,113,146	-2.22%
Vocational Education Instruction	2,535,665	2,594,551	-2.27%	2,191,829	2,291,458	-4.35%
Special Education Instruction	33,881,329	32,291,535	4.92%	128,912	1,029,818	-87.48%
Instructional Support Services	14,644,913	15,673,636	-6.56%	12,541,779	13,205,234	-5.02%
Pupil Support Services	17,556,216	17,373,502	1.05%	17,116,298	16,647,395	2.82%
Sites and Buildings	19,093,293	18,617,910	2.55%	18,122,394	17,731,415	2.21%
Fiscal and Other Fixed Cost Programs	592,070	534,891	10.69%	592,070	534,891	10.69%
Food Service	7,074,697	7,045,694	0.41%	(323,327)	(190,708)	69.54%
Community Education and Services	7,697,453	6,935,658	10.98%	1,671,212	1,314,103	27.18%
Interest and fiscal charges on long-term debt	1,360,936	3,006,011	-54.73%	1,360,936	3,006,011	-54.73%
Total	$ 176,967,092	$ 177,333,783	-0.21%	$ 120,331,924	$ 123,527,760	-2.59%

The cost of all governmental activities this year was $176,967,092, a decrease of $366,691 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was $120,331,924 or a decrease of $3,195,836 from the prior year.

Financial Analysis of the District's Funds

The general and community service funds experienced higher spending than revenue received, contributing to the decrease in those fund balances while the food service and debt service fund balances increased. At the end of the 2025-26 fiscal year, the district's governmental funds reported combined fund balances of $69,546,725. This is a 5.63% decrease in comparison to the prior year. The decrease is largely due to the general fund purposefully using fund balance to limit the impact of budget reductions necessary to balance the budget. The district has built up a healthy general fund reserve the last few years in order to take a more gradual approach to balancing the budget. Revenues did exceed budget and expenses were under budget but expenses are increasing at a faster pace than revenues.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Financial Analysis of the District's Funds (Continued)

Revenues and other financing sources (excluding transfers in) for the district's governmental funds were $191,492,472, while total expenditures and other financing uses (excluding transfers out) were $195,643,390. As a result of this, the district completed the year with a negative net change in fund balances of $4,150,918 due to a planned spend down of the district's general operating fund balance to reduce the impact of budget reductions.

General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; district instructional and student support programs; expenditures for the superintendent; district administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school district expenditures not specifically designated to be accounted for in any other fund.

Enrollment

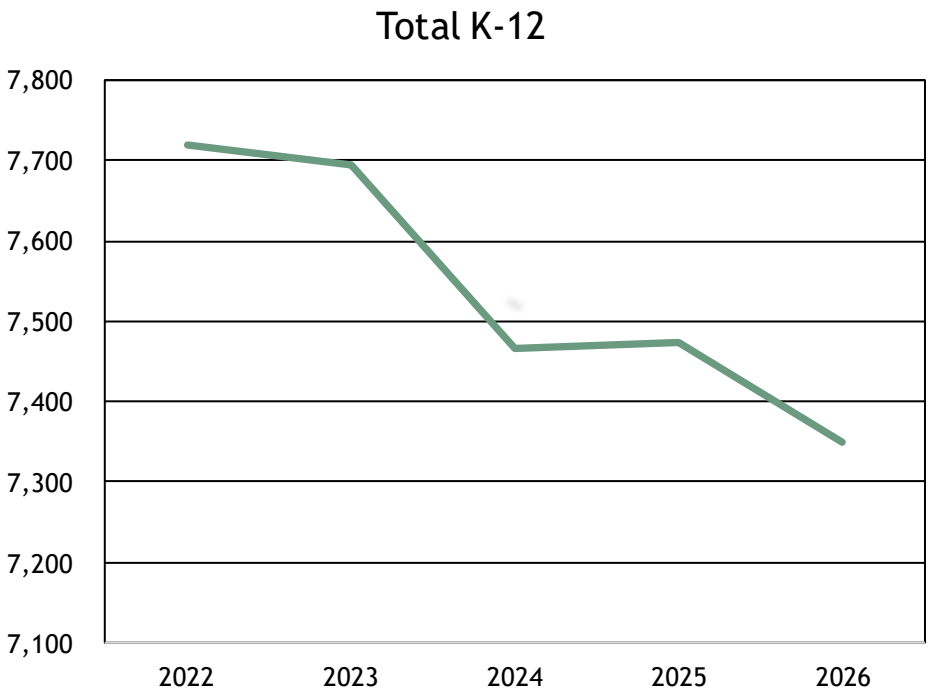
Enrollment is a critical factor in determining revenue with approximately 68% of General Fund revenue being determined by enrollment. Like many Minnesota school districts, the District has been facing declining enrollment. During the last five years, the district has averaged a 1.3% decrease in students per year. The district experienced its first positive change in enrollment from 2024 to 2025 but the declining enrollment trend continued for 2025 to 2026 as the district lost 123 students. Resident pupil counts and non-resident students enrolling in the district are declining, while the resident students enrolling in other school districts is increasing. The following chart reflects that the number of students has decreased over the last 5 years.

Table A-4
Student Enrollment
Average Daily Membership (ADM)

Grade	2022	2023	2024	2025	2026
ECSE	137	115	130	138	115
School Readiness	126	121	129	135	188
Kdgt.	600	579	577	521	486
1-3	1,719	1,758	1,663	1,663	1,610
4-6	1,542	1,554	1,573	1,639	1,685
7-12	3,596	3,569	3,396	3,377	3,266
Total K-12	7,720	7,696	7,467	7,473	7,350
ADM Change	(111)	(24)	(229)	6	(123)
Percent Change	-1.4%	-0.3%	-3.0%	0.1%	-1.7%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Enrollment (Continued)



General Fund Revenues

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2026	June 30, 2025	Increase (Decrease)	Percent Change
Local property taxes	$ 36,850,135	$ 39,597,493	$ (2,747,358)	-6.9%
Revenue from state sources	114,930,199	110,975,123	3,955,076	3.6%
Revenue from federal sources	5,066,799	5,399,331	(332,532)	-6.2%
Other	6,501,034	6,786,599	(285,565)	-4.2%
Total	$ 163,348,167	$ 162,758,546	$ 589,621	0.4%

General Fund revenue increased by $589,621, or 0.4%, from the previous year.

Property taxes decreased $2,747,358, or 6.9%, due to levy adjustments to finalize prior years.

Other local revenues decreased $285,565, or 4.2%. This was primarily due to less investment earnings and less third-party billing revenue.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

General Fund Revenues (Continued)

State Sources increased by $3,955,076. State aid increased overall after consideration of the following factors. An increase in the general education formula along with a substantial increase in state special education revenues in the amount of $3,347,560 due to an increase in eligible expenditures.

Federal Revenue is recorded in the year in which the related expenditure is made. Federal sources decreased by $332,532 as the district spends down any carryover amounts from prior years and current year allocations are declining as a result of declining enrollment.

General Fund Revenue is received in two major categories as follows:

1. State Education Finance Appropriations
   A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
   B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e., special education) or promote certain types of programs (i.e., career and technical aid, staff development, operating capital).

2. Property Tax Levies
   The largest share of the levy is from voter-approved levies: specifically, the excess operating referendum which is also enrollment driven.

General Fund Expenditures

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2026	June 30, 2025	Increase (Decrease)	Percent Change
Salaries	$ 85,558,779	$ 84,038,659	$ 1,520,120	1.8%
Employee benefits	39,026,835	36,500,884	2,525,951	6.9%
Purchased services	29,429,358	28,257,835	1,171,523	4.1%
Supplies and materials	5,745,867	4,102,494	1,643,374	40.1%
Capital expenditures	8,994,021	5,798,111	3,195,910	55.1%
Other expenditures	258,534	266,665	(8,131)	-3.0%
Total	$ 169,013,395	$ 158,964,648	$ 10,048,748	6.3%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

General Fund Expenditures (Continued)

Total General Fund expenditures increased $10,048,748, or 6.3%, from the previous year. The increase can be attributed mostly to personnel and employee salaries and benefits as a result of the annual contractual pay. All expenditure categories except other expenditures showed an increase.

Purchased Services consist of expenditures for fees for service, substitutes, utilities, property insurance, maintenance repairs, leases, telephone, tuition and transportation. These expenditures increased mainly due to the increased need for special services and increased repairs in the district's buildings. Supplies and materials and capital expenditures increased due to software licenses and equipment purchased for a security camera upgrade as well as building and facility maintenance.

The district was conservative with revenues given the history of declining enrollment. Where possible, expenditures were curtailed in the District's effort to reduce costs. Staffing changes as a result of changes in enrollment and unfilled positions led to expenditures being less than budgeted even while experiencing inflation, rising costs for services and investing in security and facility updates.

Food Service Fund

The Food Service Fund revenue for 2025-26 totaled $7,530,802 and expenditures were $7,192,966. The June 30, 2026, fund balance is $4,845,930, an increase of $350,116 from fiscal year 2025. Actual revenues were $10,802 higher than budget mainly due to more investment earnings. Actual expenditures were $691,192 lower than budget. Staffing costs from unfilled positions contributed to the variance. Meals served went down back to 2024 levels, which contributed to food costs actually declining compared to 2025. These variances resulted in fund balance ending the year $699,274 higher than budgeted.

Community Service Fund

The Community Service Fund revenue for 2025-26 totaled $7,879,045 and expenditures were $8,252,038. The June 30, 2026, fund balance is $5,375,595, a decrease of $372,993 from fiscal year 2024-2025. The District's Community Education programming planned significant expenditure adjustments, investments in furniture and classroom upgrades and continued to focus their programming on childcare, early learners, youth and adult programs.

Capital Projects-Building Construction Fund

There was no activity in the Capital Projects-Building Construction Fund for 2025-26. The June 30, 2026, fund balance is $0 due to bond proceeds from the 2015A School Building Bonds being spent down as the building projects are completed for Vision One91.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction and improvements or for initial or refunding bonds. The Debt Service Fund revenue and other financing sources for 2025-26 totaled $11,333,889, a decrease of $35,508,083 from fiscal year 2025 due to issuing the 2025A refunding bond last fiscal year and no refunding bonds were issued in the current fiscal year. The district did not have property sales in the Debt Service Fund in fiscal year 2026. The expenditure budget is based on the payment schedule of bond principal and interest on the general obligation bonds, including refunding bonds issued from 2015 through 2025.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

By the end of 2026, the district had invested approximately $335.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the basic financial statements.) Total depreciation/amortization expense for the year was approximately $11.4 million.

Table A-7
Capital Assets

	Year Ended 2026	Year Ended 2025	Percent Change
Land	$ 3,092,468	$ 3,092,468	0.0%
Construction in progress	297,318	50,000	494.6%
Land improvements	23,613,114	23,107,872	2.2%
Buildings and improvements	281,183,402	277,217,009	1.4%
Equipment	24,905,532	21,593,020	15.3%
Lease equipment	526,383	476,316	10.5%
Subscription asset	2,122,659	621,531	241.5%
Less accumulated depreciation/amortization	(222,036,620)	(210,722,379)	5.4%
Total capital assets	$ 113,704,256	$ 115,435,837	-1.5%

Long-Term Liabilities

At year-end, the district had $86,793,657 in general obligation bonds, lease liabilities and subscription liabilities payable outstanding as shown in Note 5 to the basic financial statements. The district also had an estimated total of $4,791,778 in postemployment severance and health benefits payable at June 30, 2026, $65,382,660 in net pension liability and $25,040,846 in compensated absences payable.

Total long-term liabilities at June 30, 2026, decreased 5.0% as compared to June 30, 2025, primarily due to the district paying off the general obligation bonds according the debt schedules.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY (CONTINUED)

Table A-8
Long-Term Liabilities

	Year Ended 2026	Year Ended 2025	Percent Change
General obligation bonds	$ 81,300,000	$ 89,550,000	-9.2%
Net bond premium and discount	4,912,023	6,067,636	-19.0%
Lease liability	367,008	455,345	-19.4%
Subscription liability	214,626	69,762	207.7%
Net pension liability	65,382,660	65,087,135	0.5%
Total OPEB liability	4,589,515	5,622,670	-18.4%
Severance benefits payable	202,263	310,498	-34.9%
Compensated absences payable	25,040,846	24,498,793	2.2%
Total long-term liabilities	$ 182,008,941	$ 191,661,839	-5.0%
Long-term liabilities			
Due within one year	$ 13,848,626	$ 11,880,128	
Due in more than one year	168,160,315	179,781,711	
Total	$ 182,008,941	$ 191,661,839	

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for most of its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. There is concern if the state special education aid formula changes will be sufficient to end the growing cross subsidy of special education services. In the 2023-2025 biennium, the MN Education Finance Bill provided improvements in funding. Additionally, increases in the Special Education and English Language Learners funding will aid districts in the growing cross subsidy. A significant increase to English Language Learner aid for FY 2027 is expected, however, recent adjustments to Special Education funding has negatively impacted the revenue provided to districts and further negative impacts are expected during the next legislative session.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The funding formula has been below the current annual rate of inflation for the last 20 years. However, recent legislation tied the funding formula increases to inflation with a cap at 3%. The funding formula increase going into fiscal year 2027 is 2.7%. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. Enrollment is expected to continue to decline. Expenditures are expected to be higher than revenues each year of the district's 5-year long range budget. The district will continue to right size staffing for the decline in enrollment, review department budgets for reductions or investment opportunities in programs and utilize the fund balance to minimize the impact of budget adjustments on programs. The district will continue to seek all available sources of funding, respond to enrollment decreases, balance revenue to expenditures and maintain systems that ensure financial stability.

The State of Minnesota is experiencing its own budget problems, creating funding uncertainties for school districts in the future. The major investment in education from the 2023-2025 legislative session has been rolled back some with decreases in special education transportation funding and school library aid. The State created a special education blue ribbon commission to reduce special education costs by $250 million otherwise the State will reduce cross subsidy funding provided to school districts, creating an even larger gap in funding for special education programs and placing pressure on general fund budgets.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 191, 200 W. Burnsville Parkway, Burnsville, Minnesota 55337. The telephone number for the District is (952) 707-2010. Financial and other district information is also available on the District's website at isd191.org.

BASIC FINANCIAL STATEMENTS

Independent School District No. 191
Statement of Net Position
June 30, 2026
(With Summarized Financial Information as of June 30, 2025)

	Governmental Activities	
	2026	2025
Assets		
Cash and investments	$ 119,621,824	$ 117,277,105
Current property taxes receivable	27,157,238	25,460,935
Delinquent property taxes receivable	442,722	423,777
Accounts receivable	163,803	520,047
Interest receivable	980,462	1,130,238
Lease receivable	297,831	286,715
Due from Department of Education	12,832,510	13,355,068
Due from other Minnesota school districts	51,290	142,810
Due from Federal Government through Department of Education	4,517,731	4,107,118
Due from other governmental units	274,740	268,806
Inventory	314,259	223,244
Prepaid items	279,374	291,247
Capital assets, not being depreciated		
Land	3,092,468	3,092,468
Construction in progress	297,318	50,000
Capital assets, net of accumulated depreciation		
Buildings	94,503,346	98,375,545
Improvements other than buildings	6,365,672	6,734,216
Machinery and equipment	7,720,277	6,436,640
Lease assets, net of accumulated amortization		
Lease equipment	396,916	446,706
Subscription assets, net of accumulated amortization		
Subscription assets	1,328,259	300,262
Total assets	280,638,040	278,922,947
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	22,635,224	17,176,872
Deferred outflows of resources related to OPEB	582,190	773,175
Losses on debt refunding	92,430	128,209
Total deferred outflows of resources	23,309,844	18,078,256
Total assets and deferred outflows of resources	$ 303,947,884	$ 297,001,203
Liabilities		
Accounts payable	$ 8,284,873	$ 9,011,206
Salaries and benefits payable	12,028,380	11,771,838
Interest payable	1,359,138	817,891
Due to other Minnesota school districts	2,095,303	1,956,119
Due to other governmental units	68,411	67,469
Unearned revenue	160,053	194,849
Bond principal, net of premium		
Payable within one year	10,115,000	8,250,000
Payable after one year	76,097,023	87,367,636
Lease liability		
Payable within one year	91,895	88,297
Payable after one year	275,113	367,048
Subscription liability		
Payable within one year	139,447	50,233
Payable after one year	75,179	19,529
Compensated absences payable		
Payable within one year	2,888,519	2,880,058
Payable after one year	22,152,327	21,618,735
Severance payable		
Payable within one year	22,335	22,510
Payable after one year	179,928	287,988
Total OPEB liability		
Payable within one year	591,430	589,030
Payable after one year	3,998,085	5,033,640
Net pension liability	65,382,660	65,087,135
Total liabilities	206,005,099	215,481,211
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	48,718,426	45,160,267
Deferred inflow of resources related to lease receivable	297,831	276,855
Deferred inflows of resources related to pensions	27,726,773	27,825,384
Deferred inflows of resources related to OPEB	2,237,342	2,211,113
Gains on debt refunding	489,354	527,408
Total deferred inflows of resources	79,469,726	76,001,027
Net Position		
Net investment in capital assets	30,396,245	24,000,686
Restricted for		
Debt service	3,259,013	3,660,497
Other purposes	23,007,744	25,796,348
Unrestricted	(38,189,943)	(47,938,566)
Total net position	18,473,059	5,518,965
Total liabilities, deferred inflows of resources, and fund balances	$ 303,947,884	$ 297,001,203

See notes to basic financial statements.

Independent School District No. 191
Statement of Activities
Year Ended June 30, 2026
(With Summarized Financial Information for 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) Revenues and Changes in Net Position: Governmental Activities	2025 Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities						
Administration	$ 6,146,985	$ 3,491	$ 16,991	$ -	$ (6,126,503)	$ (5,962,711)
District support services	5,064,720	1,100	105,000	-	(4,958,620)	(4,882,286)
Elementary and secondary regular instruction	61,318,815	544,627	4,929,490	-	(55,844,698)	(57,113,146)
Vocational education instruction	2,535,665	-	343,836	-	(2,191,829)	(2,291,458)
Special education instruction	33,881,329	2,073,944	31,678,473	-	(128,912)	(1,029,818)
Instructional support services	14,644,913	-	2,103,134	-	(12,541,779)	(13,205,234)
Pupil support services	17,556,216	240,431	199,487	-	(17,116,298)	(16,647,395)
Sites and buildings	18,111,303	309,712	184,482	476,705	(17,140,404)	(17,731,415)
Fiscal and other fixed cost programs	592,070	-	-	-	(592,070)	(534,891)
Food service	7,074,697	191,250	7,206,774	-	323,327	190,708
Community education and services	7,697,453	3,150,702	2,875,539	-	(1,671,212)	(1,314,103)
Interest and fiscal charges on long-term debt	2,342,926	-	-	-	(2,342,926)	(3,006,011)
Total governmental activities	$ 176,967,092	$ 6,515,257	$ 49,643,206	$ 476,705	(120,331,924)	(123,527,760)
General revenues						
Taxes						
Property taxes, levied for general purposes					36,815,398	39,641,017
Property taxes, levied for community service					1,570,492	1,604,858
Property taxes, levied for debt service					10,500,035	10,011,234
State aid-formula grants					80,892,141	81,211,966
Gain on sale of assets					13,726	907,410
Investment income					3,494,226	4,145,153
Total general revenues					133,286,018	137,521,638
Change in net position					12,954,094	13,993,878
Net position - beginning					5,518,965	(8,474,913)
Net position - ending					$ 18,473,059	$ 5,518,965

See notes to basic financial statements.

Independent School District No. 191
Balance Sheet - Governmental Funds
Year Ended June 30, 2026
(With Summarized Financial Information as of June 30, 2025)

	General	Food Service	Community Service	Debt Service
Assets				
Cash and investments	$ 67,424,155	$ 2,946,593	$ 6,277,459	$ 10,734,904
Current property taxes receivable	19,661,505	-	817,370	6,678,363
Delinquent property taxes receivable	331,643	-	14,827	96,252
Accounts receivable	130,089	-	33,302	-
Interest receivable	980,462	-	-	-
Lease receivable	-	-	-	297,831
Due from Department of Education	12,366,026	293,170	170,469	2,845
Due from Federal Government through Department of Education	2,941,978	1,482,150	93,603	-
Due from other Minnesota school districts	51,290	-	-	-
Due from other governmental units	274,740	-	-	-
Due from other funds	361,306	-	-	-
Inventory	-	314,259	-	-
Prepaid items	279,374	-	-	-
Total assets	$ 104,802,568	$ 5,036,172	$ 7,407,030	$ 17,810,195
Liabilities				
Accounts payable	$ 1,763,323	$ 75,606	$ 61,735	$ -
Salaries and benefits payable	11,652,344	77,451	298,585	-
Due to other Minnesota school districts	2,095,303	-	-	-
Due to other governmental units	68,411	-	-	-
Unearned revenue	2,749	37,185	83,572	-
Total liabilities	15,582,130	190,242	443,892	-
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	34,246,074	-	1,578,139	12,894,213
Unavailable revenue - delinquent property taxes	207,015	-	9,404	60,300
Deferred inflow of resources related to lease receivable	-	-	-	297,831
Total deferred inflows of resources	34,453,089	-	1,587,543	13,252,344
Fund Balances				
Nonspendable	279,374	314,259	-	-
Restricted	12,776,815	4,531,671	5,375,595	4,557,851
Committed	1,398,369	-	-	-
Assigned	500,000	-	-	-
Unassigned	39,812,791	-	-	-
Total fund balances	54,767,349	4,845,930	5,375,595	4,557,851
Total liabilities, deferred inflows of resources, and fund balances	$ 104,802,568	$ 5,036,172	$ 7,407,030	$ 17,810,195

See notes to basic financial statements.

Total Governmental Funds	
2026	2025
$ 87,383,111	$ 88,987,006
27,157,238	25,460,935
442,722	423,777
163,391	92,347
980,462	1,088,003
297,831	286,715
12,832,510	13,355,068
4,517,731	4,107,118
51,290	142,810
274,740	268,806
361,306	433,423
314,259	223,244
279,374	291,247
$ 135,055,965	$ 135,160,499
$ 1,900,664	$ 1,782,093
12,028,380	11,771,838
2,095,303	1,956,119
68,411	67,469
123,506	126,239
16,216,264	15,703,758
48,718,426	45,160,267
276,719	321,976
297,831	276,855
49,292,976	45,759,098
593,633	514,490
27,241,932	29,971,269
1,398,369	1,605,982
500,000	250,000
39,812,791	41,355,902
69,546,725	73,697,643
$ 135,055,965	$ 135,160,499

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2026
(With Summarized Financial Information as of June 30, 2025)

	2026	2025
Total fund balances - governmental funds	$ 69,546,725	$ 73,697,643
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:		
Cost of capital assets	333,091,834	325,060,369
Less accumulated depreciation	(221,112,753)	(210,371,500)
Lease assets	526,383	476,316
Subscription assets	2,122,659	621,531
Less accumulated amortization	(923,867)	(350,879)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bond principal payable	(81,300,000)	(89,550,000)
Unamortized bond premium and discount	(4,912,023)	(6,067,636)
Deferred charge on refunding (net)	(396,924)	(399,199)
Lease liability	(367,008)	(455,345)
Subscription liability	(214,626)	(69,762)
Compensated absences payable	(25,040,846)	(24,498,793)
Total OPEB liability	(4,589,515)	(5,622,670)
Net pension liability	(65,382,660)	(65,087,135)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds:		
Deferred outflows of resources related to pensions	22,635,224	17,176,872
Deferred inflows of resources related to pensions	(27,726,773)	(27,825,384)
Deferred outflows of resources related to OPEB	582,190	773,175
Deferred inflows of resources related to OPEB	(2,237,342)	(2,211,113)
Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	276,719	321,976
The self insured medical and dental, severance benefits and OPEB Revocable Trust internal service funds are used by management to charge the costs of the self-insured plans, severance and OPEB benefits. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.	25,254,800	20,718,390
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(1,359,138)	(817,891)
Total net position - governmental activities	$ 18,473,059	$ 5,518,965

See notes to basic financial statements.

Independent School District No. 191
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	General	Food Service	Community Service	Debt Service
Revenues				
Local property taxes	$ 36,850,135	$ -	$ 1,571,877	$ 10,509,170
Other local and county revenues	6,457,615	161,485	3,817,868	796,271
Revenue from state sources	114,930,199	1,110,245	2,288,004	28,448
Revenue from federal sources	5,066,799	6,067,822	189,499	-
Sales and other conversion of assets	43,419	191,250	11,797	-
Total revenues	163,348,167	7,530,802	7,879,045	11,333,889
Expenditures				
Current				
Administration	6,694,896	-	-	-
District support services	5,328,562	-	-	-
Elementary and secondary regular instruction	65,333,396	-	-	-
Vocational education instruction	2,635,020	-	-	-
Special education instruction	35,893,997	-	-	-
Instructional support services	12,512,976	-	-	-
Pupil support services	17,846,505	-	-	-
Sites and buildings	13,003,251	-	-	-
Fiscal and other fixed cost programs	592,070	-	-	-
Food service	-	6,658,237	-	-
Community education and services	-	-	7,754,073	-
Capital outlay				
Administration	29,283	-	-	-
District support services	6,028	-	-	-
Elementary and secondary regular instruction	80,357	-	-	-
Vocational education instruction	66,121	-	-	-
Special education instruction	54,151	-	-	-
Instructional support services	2,563,943	-	-	-
Pupil support services	130,015	-	-	-
Sites and buildings	4,976,047	-	-	-
Food service	-	534,729	-	-
Community education and services	-	-	497,965	-
Debt service				
Principal	1,242,201	-	-	8,250,000
Interest and fiscal charges	24,576	-	-	2,934,991
Total expenditures	169,013,395	7,192,966	8,252,038	11,184,991
Excess of revenues over (under) expenditures	(5,665,228)	337,836	(372,993)	148,898
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	1,446	12,280	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Lease and subscription proceeds	1,298,728	-	-	-
Insurance recoveries	88,115	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	1,388,289	12,280	-	-
Net change in fund balances	(4,276,939)	350,116	(372,993)	148,898
Fund Balances				
Beginning of year	59,044,288	4,495,814	5,748,588	4,408,953
End of year	$ 54,767,349	$ 4,845,930	$ 5,375,595	$ 4,557,851

See notes to basic financial statements.

Total Governmental Funds	
2026	2025
$ 48,931,182	$ 51,205,779
11,233,239	11,475,541
118,356,896	114,215,902
11,324,120	11,402,178
246,466	266,154
190,091,903	188,565,554
6,694,896	6,095,123
5,328,562	4,829,932
65,333,396	63,920,198
2,635,020	2,645,931
35,893,997	32,900,349
12,512,976	12,300,502
17,846,505	17,349,734
13,003,251	12,456,057
592,070	534,891
6,658,237	6,500,417
7,754,073	6,717,486
29,283	49,168
6,028	8,068
80,357	77,467
66,121	-
54,151	145,585
2,563,943	2,302,869
130,015	185,953
4,976,047	3,023,895
534,729	602,987
497,965	262,027
9,492,201	7,771,158
2,959,567	4,244,955
195,643,390	184,924,752
(5,551,487)	3,640,802
13,726	907,410
-	33,325,000
-	2,667,815
1,298,728	561,254
88,115	-
-	(35,295,000)
1,400,569	2,166,479
(4,150,918)	5,807,281
73,697,643	67,890,362
$ 69,546,725	$ 73,697,643

Independent School District No. 191
Reconciliation of the Statement of Revenues, Expenditures,
and changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026	2025
Net change in fund balances - total governmental funds	$ (4,150,918)	$ 5,807,281
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:		
Capital outlays	9,676,509	5,773,633
Disposal of capital assets	-	(10,000)
Depreciation expense	(10,835,102)	(10,487,328)
Amortization expense	(572,988)	(343,676)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(542,053)	(3,094,872)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	9,492,201	8,424,576
Refunded bond payments on long-term debt are recognized as an other financing use in the governmental funds but have no effect on net position in the statement of activities.	-	35,295,000
Governmental funds recognize OPEB contributions as expenditures at the time of payment, whereas, the Statement of Activities factors in items related to OPEB on a full accrual perspective.	815,941	978,907
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(538,972)	7,566
Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Net premium/deferred charge on new debt issuance and related amortization	1,155,613	(2,094,961)
The issuance of long-term debt provides current financial resources to governmental funds and has no effect on net position. These amounts are reported in the governmental funds as a source of financing. These amounts are not shown as revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position:		
Bond issuance	-	(33,325,000)
Subscription proceeds	(1,298,728)	(561,254)
The self-insured medical and dental, severance benefits and OPEB Revocable trust internal service funds are used by management to charge the costs of the self insured plans, severance and OPEB. The increase in net position is reported within the governmental activities in the Statement of Activities.	4,536,410	1,593,522
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in differences between actual and expected contributions and earnings on plan investments as well as changes in proportion.	5,261,438	5,979,154
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	(45,257)	51,330
Change in net position - governmental activities	$ 12,954,094	$ 13,993,878

See notes to basic financial statements.

Independent School District No. 191
Statement of Net Position - Proprietary Funds
Year Ended June 30, 2026
(With Summarized Financial Information as of June 30, 2025)

	Governmental Activities - Internal Service Funds	
	2026	2025
Assets		
Current assets		
Cash and investments	$ 32,238,713	$ 28,290,099
Interest receivable	-	42,235
Accounts receivable	412	427,700
Due from other funds	220,884	296,188
Total assets	$ 32,460,009	$ 29,056,222
Liabilities		
Current liabilities		
Health and dental claims payable	$ 2,358,985	$ 3,336,384
Due to plan participants	4,025,224	3,892,729
Severance benefits payable	22,335	22,510
Due to other funds	582,190	729,611
Unearned revenue	36,547	68,610
Total current liabilities	7,025,281	8,049,844
Noncurrent liabilities		
Severance benefits payable	179,928	287,988
Total liabilities	7,205,209	8,337,832
Net Position		
Unrestricted	$ 25,254,800	$ 20,718,390

See notes to basic financial statements.

Independent School District No. 191
Statement of Revenues, Expenses and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	Governmental Activities - Internal Service Funds	
	2026	2025
Operating Revenue		
Charges for services	$ 30,670,800	$ 31,227,841
Other services	291,685	681,546
Total operating revenue	30,962,485	31,909,387
Operating Expenses		
Health insurance claim payments	26,196,961	29,857,596
Dental insurance claim payments	917,999	924,042
OPEB payments	635,401	782,539
Total operating expenses	27,750,361	31,564,177
Operating income	3,212,124	345,210
Nonoperating Income		
Earnings on investments	1,324,286	1,248,312
Change in net position	4,536,410	1,593,522
Net Position		
Beginning of year	20,718,390	19,124,868
End of year	$ 25,254,800	$ 20,718,390

See notes to basic financial statements.

Independent School District No. 191
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	Governmental Activities - Internal Service Funds	
	2026	2025
Cash Flows - Operating Activities		
Receipts from interfund services provided	$ 31,433,014	$ 31,949,260
Payments for health and dental claims	(27,959,864)	(30,463,165)
Payments to employee OPEB	(782,822)	(810,871)
Payments for severance benefits	(108,235)	(55,180)
Net cash flows - operating activities	2,582,093	620,044
Cash Flows - Investing Activities		
Interest received	1,366,521	1,249,122
Net change in cash and cash equivalents	3,948,614	1,869,166
Cash and Cash Equivalents		
Beginning of year	28,290,099	26,420,933
End of year	$ 32,238,713	$ 28,290,099
Reconciliation of Operating Income to Net Cash Flows - Operating Activities		
Operating income	$ 3,212,124	$ 345,210
Adjustments to reconcile operating income to net cash		
Health and dental claims payable	(977,399)	442,902
Due to plan participants	132,495	(124,429)
Severance payable	(108,235)	(55,180)
Due to other funds	(147,421)	(28,332)
Accounts receivable	427,288	-
Due from other funds	75,304	31,852
Unearned revenue	(32,063)	8,021
Total adjustments	(630,031)	274,834
Net cash flows - operating activities	$ 2,582,093	$ 620,044

See notes to basic financial statements.

(THIS PAGE LEFT BLANK INTENTIONALLY)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded 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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

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

   The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of fund balances exist: committed, assigned and unassigned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Funds are employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds:

Major Funds:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond and state loan principal, interest and related costs. The regular debt service account is used for all general obligation bonds except for refunding bond issues, for which a separate refunding bond trust account is established.

Proprietary Fund:

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

D. Deposits and Investments

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Cash and 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 individual funds based on the average of month-end cash and investment balances.

For the purposes of the statement of cash flows, the District considers all demand accounts and savings accounts related to the Internal Service Funds to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

Cash and investments at June 30, 2026, were comprised of deposits and investments as outlined in Note 2.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Minnesota Statutes authorizes the District 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, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days.

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

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2025, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2026. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and benefit more than one fiscal year. The capitalization threshold for grouped assets is $25,000. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated or 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 purpose by the District, no salvage value is taken into consideration for depreciation and amortization purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

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

K. Lease Receivable

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Lease Receivable (Continued)

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

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

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

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

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

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

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

M. Subscription-Based Information Technology Arrangements

For agreements where the District is the lessee, the subscription assets are initially measured at an amount equal to the initial measurement of the arrangements liability plus any direct costs associated with the agreement, less any incentives.

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

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the district determines its estimated borrowing rate based on interest rates the District would receive on capital equipment. The subscription term includes the noncancellable period of the agreement. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements (Continued)

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

N. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. Deferred inflows of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fourth, a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt is recorded on the government-wide statements. The fifth, deferred inflows of resources related to OPEB, is recorded for various estimate differences that will be amortized and recognized over future years. The sixth, deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

O. Long-Term Obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Obligations (Continued)

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

P. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulated and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

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

Q. Post Employment Severance Benefits

Under the terms of collectively bargained employment contracts, certain district employee groups, including teachers, may become eligible to receive lump sum severance benefits. Eligibility is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of unused, accrued sick leave times a pay rate specified in the employee's collectively bargained contract. Severance benefits based on convertible sick leave are recorded as a liability in the Internal Service Fund as they are earned, and it becomes probable they will vest at some point in the future.

In accordance with *Minnesota Statutes*, no employee can receive severance or retirement incentive benefits that exceed one year's salary.

R. Pensions

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Pensions (Continued)

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

S. Fund Equity

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are either not in spendable form as they are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale or the permanent principal of endowment funds.

- Restricted Fund Balances – These amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balances – These amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to year-end; however, the specific amounts actually committed can be determined in the subsequent year. A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change a constraint so adopted by the board.

- Assigned Fund Balances – These amounts are comprised of unrestricted funds constrained by the District's intent that they will be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the District's intended use of those resources. The action to assign fund balance may be taken after the end of the year. The School board, by majority vote, may assign balances to be used for specific purposes. The board also delegated the power to assign fund balances to the Executive Director of Administrative Services.

- Unassigned Fund Balances – Residual amount in the General Fund not reported in any other classification, available for expenditure of any purpose. Also, negative unassigned fund balance may be reported in other governmental funds if expenditures exceeded the restricted, committed or assigned amounts available to those purposes.

- Minimum Fund Balance – The District will strive to maintain a minimum unassigned General Fund balance of 8% of the General Fund expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

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

U. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of expenditures/expense during the reporting period. Actual results could differ from those estimates.

V. Budgetary Information

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line-item levels.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Checking - pooled	$ 4,255,967
Certificate of deposits - pooled	11,511,850
Total deposits	$ 15,767,817

B. Investments

As of June 30, 2026, the District had the following investments:

			Investment Maturities	
Type of Investments	Rating	Fair Value	Less than 1 year	1-2 years
Pooled Investments				
Certificates of deposit	NR	$ 1,225,260	$ 981,444	$ 243,816
US Treasury securities	AAA	3,585,842	3,585,842	-
LTD	NR	17,299,287	17,299,287	-
MSDLAF	AAAm	5,292,410	5,292,410	-
MSDLAF MAX	AAAm	2,344,042	2,344,042	-
IS Account	AAAm	22,462,866	22,462,866	-
Term Series	AAAm	39,312,549	-	39,312,549
Total pooled investments		91,522,256	51,965,891	39,556,365
Non-pooled Investments				
Money Market	AAA	$ 155,027	$ 155,027	$ -
ETFs	NR	12,176,724	12,176,724	-
Total non-pooled investments		12,331,751	12,331,751	-
Total Investments		$ 103,854,007	$ 64,297,642	$ 39,556,365

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2026, the District has a formal deposit and investment policy in place to address the following risks:

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* §§ 118A.04 and 118A.05 limit investments based on type. The District's investment policy limits investments to those specified in the above statutes. Investments are rated as indicated above.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy states the District will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The District's policy states investment maturities should be scheduled to coincide with projected District cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. The policy also indicates investments shall be managed to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy on custodial credit risk states securities will be held in third party safekeeping by an institution designated as custodial agent. The custodial agent shall issue a safe keeping receipt to the District listing pertinent information related to the securities held.

The District has the following recurring fair value measurements as of June 30, 2026:

Type of Investments	Total	Level 1	Level 2
Money market	$ 155,027	$ 155,027	$ -
ETFs	12,176,724	12,176,724	-
Certificates of deposit	1,225,260	-	1,225,260
US Treasury securities	3,585,842	-	3,585,842
Total	$ 17,142,853	$ 12,331,751	$ 4,811,102
Investments at amortized cost	86,711,154		
Total investments	$ 103,854,007		

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

Summary of cash, deposits and investments as of June 30, 2026:

Deposits - pooled	$ 15,767,817
Investments - pooled	91,522,256
Investments - non-pooled	12,331,751
Total cash and investments	$ 119,621,824

Cash, deposits and investments are presented in the June 30, 2026, basic financial statements as follows:

Statement of Net Position	
Governmental Funds	$ 119,621,824

NOTE 3 – INTERFUND ACTIVITY

Due To/Due From Other Funds

The District had the following interfund receivables, or payables for the year ended June 30, 2026, due to the interrelationship of the self-insurance funds, the OPEB Revocable Trust and the General Fund and the year-end timing of the related payments of premiums and reimbursements for the implicit rate subsidy.

	Due to Other Funds
Due from Other Funds	Internal Service Fund OPEB Revocable Trust
General Fund	$ 361,306
Internal Service Fund	
Self-Insured Dental	6,976
Self-Insured Health	213,908
Total	$ 582,190

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,092,468	$ -	$ -	$ 3,092,468
Construction in progress	50,000	297,318	50,000	297,318
Total capital assets not being depreciated	3,142,468	297,318	50,000	3,389,786
Other capital assets				
Buildings	277,217,009	3,966,393	-	281,183,402
Improvements other than buildings	23,107,872	505,242	-	23,613,114
Machinery and equipment	21,593,020	3,406,361	93,849	24,905,532
Lease equipment	476,316	50,067	-	526,383
Subscription asset	621,531	1,501,128	-	2,122,659
Total capital assets at historical cost	323,015,748	9,429,191	93,849	332,351,090
Less accumulated depreciation for				
Buildings	178,841,464	7,838,592	-	186,680,056
Improvements other than buildings	16,373,656	873,786	-	17,247,442
Machinery and equipment	15,156,380	2,122,724	93,849	17,185,255
Less accumulated amortization for				
Lease equipment	29,610	99,857	-	129,467
Subscription asset	321,269	473,131	-	794,400
Total accumulated depreciation and amortization	210,722,379	11,408,090	93,849	222,036,620
Total other capital assets, net	112,293,369	(1,978,899)	-	110,314,470
Governmental activities, capital assets, net	$ 115,435,837	$ (1,681,581)	$ 50,000	$ 113,704,256

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense of $11,408,090 for the year ended June 30, 2026, was charged to the following governmental functions:

Administration	$ 7,585
District Support Services	128,938
Elementary and Secondary Regular Instruction	55,259
Vocational Support Services	15,170
Special Education Instruction	106,184
Instructional Support Services	3,240,779
Pupil Support Services	52,009
Sites and Buildings	7,287,499
Food Service	263,293
Community Service	251,374
Total depreciation and amortization expense	$ 11,408,090

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. The lease liability was issued to finance instructional equipment. The subscription liability was issued to finance software subscriptions.

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds, including refunding bonds						
2015A G.O. School Building Bonds	05/07/15	2.0 - 4.0%	$ 64,485,000	2036	$ 24,375,000	$ 1,960,000
2016A G.O. Alt Fac Refunding Bonds	03/15/16	2.0 - 3.0%	36,715,000	2033	7,615,000	-
2016B G.O. OPEB Refunding Bonds	02/01/17	0.6 - 2.8%	13,990,000	2029	3,975,000	1,295,000
2020A G.O. Alt Fac Refunding Bonds	11/04/20	2.0 - 4.0%	11,485,000	2030	6,080,000	1,215,000
2021A G.O. Alt Fac Refunding Bonds	11/04/21	5.00%	9,680,000	2030	6,245,000	975,000
2025A G.O. Alt Fac Refunding Bonds	06/12/25	5.00%	33,325,000	2034	33,010,000	4,670,000
Plus unamortized premium					4,912,023	-
Total G.O. bonds					86,212,023	10,115,000
Lease liability					367,008	91,895
Subscription liability					214,626	139,447
Severance benefits					202,263	22,335
Compensated absences					25,040,846	2,888,519
Total all long-term liabilities					$ 112,036,766	$ 13,257,196

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance
Long-term liabilities				
G.O. Bonds	$ 89,550,000	$ -	$ 8,250,000	$ 81,300,000
Bond premiums	6,067,636	-	1,155,613	4,912,023
Lease liability	455,345	-	88,337	367,008
Subscription liability	69,762	1,298,728	1,153,864	214,626
Severance benefits	310,498	-	108,235	202,263
Compensated absences	24,498,793	542,053	-	25,040,846
Total long-term liabilities	$ 120,952,034	$ 1,840,781	$ 10,756,049	$ 112,036,766

The change in the compensated absences liability is presented as a net change.

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bond, finance purchase and lease liabilities:

Year Ended June 30,	G.O. Bonds Principal	Interest	Total
2027	$ 10,115,000	$ 3,261,930	$ 13,376,930
2028	9,995,000	2,839,258	12,834,258
2029	10,650,000	2,386,118	13,036,118
2030	11,215,000	1,960,138	13,175,138
2031	7,460,000	1,387,363	8,847,363
2032-2036	31,865,000	3,451,225	35,316,225
Total	$ 81,300,000	$ 15,286,030	$ 96,586,030

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments (Continued)

Year Ended June 30,	Lease Liability		
	Principal	Interest	Total
2027	$ 91,895	$ 13,009	$ 104,904
2028	95,639	9,265	104,904
2029	91,945	5,507	97,452
2030	87,529	1,761	89,290
Total	$ 367,008	$ 29,542	$ 396,550

Year Ended June 30,	Subscription Liability		
	Principal	Interest	Total
2027	$ 139,447	$ 9,501	$ 148,948
2028	75,179	3,326	78,505
Total	$ 214,626	$ 12,827	$ 227,453

D. Lease Liability

The District entered into lease agreements for equipment. The lease agreements include annual principal and interest payments that are shown above. The discount rate for the lease liabilities is 4.0%.

E. Subscription Liability

The District entered into a subscription-based information technology arrangement (SBITA) with eduCLIMBER for an instructional subscription. The arrangement expires on June 30, 2027.

The District entered into a subscription-based information technology arrangement (SBITA) with Mystery Science for an instructional subscription. The arrangement expires on June 30, 2028.

The District entered into a subscription-based information technology arrangement (SBITA) with FastBridge for an instructional subscription. The arrangement expires on June 30, 2028.

NOTE 6 – FUND BALANCES/NET POSITION

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

NOTE 6 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Equity

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

	General Fund	Food Service	Community Service	Debt Service	Total
Nonspendable for					
Inventory	$ -	$ 314,259	$ -	$ -	$ 314,259
Prepaid items	279,374	-	-	-	279,374
Total	279,374	314,259	-	-	593,633
Restricted for					
Student Activities	306,615	-	-	-	306,615
Capital Projects Levy	39,534	-	-	-	39,534
Literacy Incentive Aid	270,740	-	-	-	270,740
Student Support Personnel Aid	156,790				156,790
Medical Assistance	2,527,811	-	-	-	2,527,811
Operating Capital	1,240,842	-	-	-	1,240,842
Area Learning Center	8,021,266	-	-	-	8,021,266
Literacy Aid	161,995	-	-	-	161,995
Teacher Comp READ Act	51,222	-	-	-	51,222
Food Service	-	4,531,671	-	-	4,531,671
Community Education	-	-	3,996,317	-	3,996,317
Early Childhood and Family Education	-	-	685,063	-	685,063
School Readiness	-	-	654,334	-	654,334
Community Service	-	-	39,881	-	39,881
Debt Service	-	-	-	4,557,851	4,557,851
	12,776,815	4,531,671	5,375,595	4,557,851	27,241,932
Committed for					
Program Carryover - Noncapital	191,750	-	-	-	191,750
Program Carryover - Facilities Rental	306,619	-	-	-	306,619
Land/Building Sale Proceeds	900,000	-	-	-	900,000
	1,398,369	-	-	-	1,398,369
Assigned for					
Furniture, Fixtures and Equipment	250,000	-	-	-	250,000
Elementary Playgrounds	250,000	-	-	-	250,000
	500,000	-	-	-	500,000
Unassigned for					
General purposes	40,091,539	-	-	-	40,091,539
Long-Term Facilities Maintenance	(278,748)	-	-	-	(278,748)
	39,812,791	-	-	-	39,812,791
Total fund balance	$ 54,767,349	$ 4,845,930	$ 5,375,595	$ 4,557,851	$ 69,546,725

NOTE 6 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Equity (Continued)

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

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

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statue* § 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account.

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

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

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

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

Restricted/Reserved for Area Learning Center – This balance represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100% of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to *Minnesota Statute* § 126C.10, subd. 2, times .0466, calculated without basic skills revenue, local optional revenue and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center.

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

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

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

NOTE 6 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Equity (Continued)

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

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

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs. Related to Finance Code 344, School Readiness *Minnesota Statute* § 124D.16.

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund.

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

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statute* § 123B.595, subd. 12). This balance was in deficit as of June 30, 2026 and is presented as unassigned.

Committed for Program Carryover – Noncapital – Represents noncapital amounts allocated to the District's budget units which were unspent during the year.

Committed for Program Carryover – Facilities Rental – Represents facilities rental amounts allocated to the District's budget units which were unspent during the year.

Committed for Land/Building Sale Proceeds – Represents amounts that are committed related to sale proceeds from land and building sales.

Assigned for Furniture, Fixtures and Equipment – Represents amounts allocated for District furniture, fixture and equipment purchases.

Assigned for Elementary Playgrounds – Represents amounts allocated for District purchases related to elementary playgrounds.

B. Net Position

Net Investment in Capital Assets – This amount represents the net book value of the District's capital assets less the balance of outstanding debt used to acquire them. The OPEB debt ($3,975,000) along with the related deferred loss on refunding ($92,430) are excluded.

Restricted for Debt Service – This amount represents resources restricted for future debt service in accordance with bond covenants and other agreements.

Restricted for Other Purpose – This amount represents total positive General Fund restricted fund balances, plus the fund balances in the Community Service and Food Service Funds adjusted to full accrual.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2026, was $3,302,052. The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

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

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

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

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

Tier I Benefits

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

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

Teachers' Retirement Association

B. Benefits Provided (Continued)

Tier I Benefits (Continued)

With these provisions:

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

Or

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 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)

Teachers' Retirement Association (Continued)

C. Contributions

Per *Minnesota Statute,* Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2026 for coordinated were 8.00% for the employee and 9.81% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2026 were $6,810,111. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Experience study	August 2, 2023 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement	PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Post-retirement	PubT-2010(A) Retireee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

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

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

Teachers' Retirement Association (Continued)

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

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

Changes in actuarial assumptions since the previous valuation:

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

E. Discount Rate
The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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.

F. Net Pension Liability
As of June 30, 2026, the District reported a liability of $57,648,003 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 1.0059% at the end of the measurement period and 0.8817% for the beginning of the year.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

District's proportionate share of net pension liability	$ 57,648,003
State's proportionate share of the net pension liability associated with the District	3,580,351
Total	$ 61,228,354

For the year ended June 30, 2026, the District recognized pension expense of $4,185,639. Included in this amount, the District recognized ($89,662) as pension expense for the support provided by direct aid.

During the plan year ended June 30, 2025, the State of Minnesota contributed $28,462,000 to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the $28,462,000 in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $286,306 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.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

As of 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 experience	$ 2,658,353	$ 566,164
Net difference between projected and actual earnings on plan investment	-	11,575,387
Changes of assumptions	3,256,344	6,098,066
Changes in proportion	7,401,673	3,608,925
Contributions to TRA subsequent to the measurement date	6,810,111	-
Total	$ 20,126,481	$ 21,848,542

The $6,810,111 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

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

Year Ended June 30,	Pension Expense Amount
2027	$ 3,054,114
2028	(6,037,038)
2029	(5,165,724)
2030	(1,967,931)
2031	1,584,407
Total	$ (8,532,172)

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

Sensitivity of NPL to Changes in the Discount Rate

1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
$ 108,740,146	$ 57,648,003	$ 15,599,472

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in 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.

B. Benefits Provided

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

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2026 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2026, were $1,585,440. The District's contributions were equal to the required contributions as set by state statute.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

As of June 30, 2026, the District reported a liability of $7,734,657 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $186,584.

School's proportionate share of net pension liability	$ 7,734,657
State of Minnesota's proportionate share of the net pension liability associated with the School	186,584
Total	$ 7,921,241

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 proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.2334% at the end of the measurement period and 0.2451% for the beginning of the period.

For the year ended June 30, 2026, the District recognized pension expense of ($883,587) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized an additional ($28,619) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2026, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources and its contributions subsequent to the measurement date, from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 736,943	$ -
Changes in actuarial assumptions	186,360	1,779,714
Difference between projected and actual investments earnings	-	3,077,694
Change in proportion	-	1,020,823
Contributions paid to PERA subsequent to the measurement date	1,585,440	-
Total	$ 2,508,743	$ 5,878,231

The $1,585,440 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2027	$ (1,366,731)
2028	(1,808,014)
2029	(1,230,395)
2030	(549,788)
Total	$ (4,954,928)

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.5% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3.0% after 27 years of service.

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

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

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)
The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions
- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions
- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

G. Discount Rates
The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	$ 18,786,269	$ 7,734,657	$ (1,230,687)

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

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides postemployment insurance benefits to certain eligible employees through its Other Postemployment Benefits Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

B. Benefits Provided

Employees that meet certain age and/or length of service requirements are eligible for post-retirement healthcare benefits. For teachers hired before July 1, 1989, and certain other employee groups, the District is contractually required to pay health insurance premiums for the period from retirement until eligibility for Medicare. The amount to be paid is equal to the single coverage insurance premium benefit available to full-time employees in the bargaining group.

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, 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. Members

As of July 1, 2025, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Active employees	1,026
Total	1,062

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation measured as of July 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

20-year municipal bond yield	4.90% net of investment expense
Discount rate	4.90%
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.50% in 2025 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.
Mortality Assumption	Pub-2016 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2024, through July 1, 2025.

Changes in actuarial assumptions for the fiscal year ending June 30, 2026:

- The health care 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-2021 Generational Improvement Scale to the Pub-2016 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The discount rate was changed from 4.10% to 4.90%.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2025	$ 5,622,670
Changes for the year	
Service cost	260,636
Interest	226,409
Assumption changes	(92,476)
Differences between expected and actual economic experience	(698,113)
Benefit payments	(729,611)
Net changes	(1,033,155)
Balances at June 30, 2026	$ 4,589,515

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 4.90% as well as the liability measured using 1 percentage point lower and 1 percentage point higher than the current discount rate.

	1% Decrease in Discount Rate (3.90%)	Current Discount Rate (4.90%)	1% Increase in Discount Rate (5.90%)
Total OPEB liability (asset)	$ 4,805,444	$ 4,589,515	$ 4,379,506

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB liability (asset)	$ 4,283,682	$ 4,589,515	$ 4,939,734

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

For the year ended June 30, 2026, the District recognized OPEB expense of ($233,751). At June 30, 2026, 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
Liability gains/losses	$ -	$ 924,788
Changes of assumptions	-	1,312,554
Contributions made subsequent to the measurement date	582,190	-
Total	$ 582,190	$ 2,237,342

The $582,190 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2027.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

Year Ended June 30,	Total
2027	$ (764,355)
2028	(651,203)
2029	(551,343)
2030	(138,682)
2031	(131,759)
Total	$ (2,237,342)

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

A. Dental Self-Insurance Plan

The District established an Internal Service Fund to account for and finance its uninsured risk of loss for employee dental insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan. There have been no significant reductions in insurance coverage from the prior year.

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

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

NOTE 9 – RISK MANAGEMENT (CONTINUED)

A. Dental Self-Insurance Plan (Continued)

Changes in the fund's claims liability amounts for the past three years are as listed:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2024	$ 38,888	$ 848,347	$ 832,531	$ 54,704
2025	54,704	923,100	945,234	32,570
2026	32,570	917,999	933,562	17,007

B. Health Self-Insurance Plan

The District's health benefits plan is a partially self-insured plan and maintains an Internal Service Fund to account for and finance a program for health benefits. 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 expenses. There have been no significant reductions in insurance coverage from the prior year.

Participants in the program make premium payments to the fund based on the composite insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. The District had pre-funded the self-insurance fund with an initial transfer of $2,600,000 at June 30, 2010. At June 30, 2026, there is a reserve of $13,038,979 resulting from fund operations.

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 is a possibility for loss if claims are in excess of the premiums collected up to the amounts covered by the District for single and family coverage. The District held $19,221,029 in cash and investments at June 30, 2026, for payment of claims and carryover balances.

Changes in the fund's claims liability amounts since inception of the fund are as follows:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2024	$ 2,676,448	$ 22,011,393	$ 21,849,063	$ 2,838,778
2025	2,838,778	26,034,144	25,569,108	3,303,814
2026	3,303,814	26,196,961	27,158,797	2,341,978

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle During the current fiscal year, the Independent School District No. 191 implemented GASB Statement No. 103, Financial Reporting Model Improvements. This statement enhances the financial reporting model by standardizing presentation structures, expanding communication effectiveness and refining note disclosures. The implementation of GASB Statement No. 103 required the following presentation modifications:

- Enhancements and clarification of the presentation for the Management Discussion and Analysis (MD&A)
- Reclassification of budgetary comparison schedules from basic financial statements to Required Supplementary Information (RSI) as well as including additional disclosures in the Notes to the Required Supplementary Information - Budget section explaining significant variances between original and final budget estimates and the corresponding actual revenues and expenditures.

The Independent School District No. 191 evaluated the requirements of GASB Statement No. 103 and implemented the applicable provisions during the current fiscal year. Implementation of this Statement resulted in modifications to certain financial statement presentations and disclosures. The adoption of GASB Statement No. 103 had no effect on beginning net position, fund balance, or the Independent School District No. 191's change in net position for the current year.

NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. This Statement will be effective for the year ending June 30, 2027.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 191
Budgetary Comparison Schedule -
General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Final Budget - Over (Under) Original Budget	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final			
Revenues					
Local property taxes	$ 36,981,737	$ 37,170,226	$ 188,489	$ 36,850,135	$ (320,091)
Other local and county revenues	5,088,131	6,400,131	1,312,000	6,457,615	57,484
Revenue from state sources	111,137,151	113,442,039	2,304,888	114,930,199	1,488,160
Revenue from federal sources	5,327,406	5,306,892	(20,514)	5,066,799	(240,093)
Sales and other conversion of assets	56,000	51,000	(5,000)	43,419	(7,581)
Total revenues	158,590,425	162,370,288	3,779,863	163,348,167	977,879
Expenditures					
Current					
Administration	6,337,919	6,802,376	464,457	6,694,896	(107,480)
District support services	5,073,005	5,055,348	(17,657)	5,328,562	273,214
Elementary and secondary regular instruction	66,582,636	66,664,626	81,990	65,333,396	(1,331,230)
Vocational education instruction	2,879,023	2,835,726	(43,297)	2,635,020	(200,706)
Special education instruction	36,136,124	36,158,582	22,458	35,893,997	(264,585)
Instructional support services	12,843,778	12,406,430	(437,348)	12,512,976	106,546
Pupil support services	19,630,020	18,814,050	(815,970)	17,846,505	(967,545)
Sites and buildings	12,326,004	12,456,788	130,784	13,003,251	546,463
Fiscal and other fixed cost programs	580,000	590,000	10,000	592,070	2,070
Capital outlay					
Administration	99,444	133,999	34,555	29,283	(104,716)
District support services	5,500	8,000	2,500	6,028	(1,972)
Elementary and secondary regular instruction	91,041	99,183	8,142	80,357	(18,826)
Vocational education instruction	15,400	15,375	(25)	66,121	50,746
Special education instruction	28,000	25,000	(3,000)	54,151	29,151
Instructional support services	2,312,000	2,502,000	190,000	2,563,943	61,943
Pupil support services	140,190	337,866	197,676	130,015	(207,851)
Sites and buildings	4,355,000	4,409,788	54,788	4,976,047	566,259
Debt service					
Principal	103,000	92,665	(10,335)	1,242,201	1,149,536
Interest and fiscal charges	8,982	17,418	8,436	24,576	7,158
Total expenditures	169,547,066	169,425,220	(121,846)	169,013,395	(411,825)
Excess of revenues over (under) expenditures	(10,956,641)	(7,054,932)	3,901,709	(5,665,228)	1,389,704
Other Financing Sources					
Proceeds from sale of capital assets	-	-	-	1,446	1,446
Lease and subscription proceeds	-	-	-	1,298,728	1,298,728
Insurance recoveries	-	-	-	88,115	88,115
Total other financing sources	-	-	-	1,388,289	1,388,289
Net change in fund balance	$ (10,956,641)	$ (7,054,932)	$ 3,901,709	(4,276,939)	$ 2,777,993
Fund Balance					
Beginning of year				59,044,288	
End of year				$ 54,767,349	

See notes to required supplementary information - budget.

Independent School District No. 191
Budgetary Comparison Schedule -
Food Service Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Final Budget - Over (Under) Original Budget	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final			
Revenues					
Other local and county revenues	$ 70,000	$ 153,000	$ 83,000	$ 161,485	$ 8,485
Revenue from state sources	1,050,000	1,125,000	75,000	1,110,245	(14,755)
Revenue from federal sources	5,522,403	6,002,000	479,597	6,067,822	65,822
Sales and other conversion of assets	185,000	240,000	55,000	191,250	(48,750)
Total revenues	6,827,403	7,520,000	692,597	7,530,802	10,802
Expenditures					
Current					
Food service	6,957,001	7,134,158	177,157	6,658,237	(475,921)
Capital outlay					
Food service	500,000	750,000	250,000	534,729	(215,271)
Total expenditures	7,457,001	7,884,158	427,157	7,192,966	(691,192)
Excess of revenues over (under) expenditures	(629,598)	(364,158)	265,440	337,836	701,994
Other Financing Sources (Uses)					
Proceeds from sale of capital asset	15,000	15,000	-	12,280	(2,720)
Net change in fund balance	$ (614,598)	$ (349,158)	$ 265,440	350,116	$ 699,274
Fund Balance					
Beginning of year				4,495,814	
End of year				$ 4,845,930	

See notes to required supplementary information - budget.

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Budgetary Comparison Schedule -
Community Service Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Final Budget - Over (Under) Original Budget	Actual Amounts	Variance with Final Budget - Over (Under)
	Orignal	Final			
Revenues					
Local property taxes	$ 1,590,370	$ 1,590,370	$ -	$ 1,571,877	$ (18,493)
Other local and county revenues	3,554,923	3,658,775	103,852	3,817,868	159,093
Revenue from state sources	2,018,316	2,237,491	219,175	2,288,004	50,513
Revenue from federal sources	345,589	200,581	(145,008)	189,499	(11,082)
Sales and other conversion of assets	20,000	24,000	4,000	11,797	(12,203)
Total revenues	7,529,198	7,711,217	182,019	7,879,045	167,828
Expenditures					
Current					
Community education and services	7,824,684	8,043,605	218,921	7,754,073	(289,532)
Capital outlay					
Community education and services	59,326	366,326	307,000	497,965	131,639
Total expenditures	7,884,010	8,409,931	525,921	8,252,038	(157,893)
Net change in fund balance	$ (354,812)	$ (698,714)	$ (343,902)	(372,993)	$ 325,721
Fund Balance					
Beginning of year				5,748,588	
End of year				$ 5,375,595	

See notes to required supplementary information - budget.

Independent School District No. 191
Notes to the Required Supplementary Information - Budget

Budgetary Comparison Schedules

Final Budget to Actual

Revenues
Revenue from state sources for the General Fund was over budget due to conservative budgeting for volatile special education funding that can change greatly from year to year.

The Food Service Fund revenues from federal sources were over budget due to conservative budgeting practices.

The Community Service Fund revenues from other local and county sources were over budget due to conservative budgeting practices for uncertain revenues such as interest earnings and tuition from program growth.

Expenditures
Elementary and secondary instruction and pupil support services in the General Fund were under budget due to unfilled positions.

The Food Service Fund expenditures came in under budget due to conservative budgeting for rising food and supply costs.

Community Service Fund capital outlay expenditures were over budget due to making more classroom updates than planned. Current expenditures were under budget due to unfilled positions in the budget.

Other Financing Sources
General Fund budget variance for lease and subscription proceeds was due to not budgeting for the proceeds line item.

Original Budget to Final Budget

Revenues
The General Fund other local and county revenues were amended due to updated expectations for interest earnings and updates to historical trends for third party billings. State revenues budget was amended due to updated expectations for compensatory revenue.

The Food Service Fund other local and county revenues budget was amended due to updated expectations for interest earnings. The budgets for state and federal revenues were amended due to updated expectations to meal claims throughout the year.

The Community Service Fund other local and county revenues budget was amended for updated tuition expectations. The state and federal budgets were amended for a state grant that was originally included in the federal budget line item.

Budgetary Comparison Schedules (Continued)

Original Budget to Final Budget (Continued)

Expenditures
In the General Fund, pupil support services budget was amended due to positions that were eliminated for the program.

The Food Service Fund expenditure budgets were amended to plan to further spend down the fund's reserves.

The Community Service Fund expenditure budgets were amended for updated expectations relating to benefit costs as well as consulting fees and capital purchases.

Independent School District No. 191
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost	$ 588,543	$ 606,199	$ 588,655	$ 669,075
Interest	334,217	338,690	338,166	300,786
Differences between expected and actual experience	-	-	(848,509)	-
Changes of assumptions	-	-	(151,810)	261,394
Changes in plans	-	-	711,831	70,000
Benefit payments	(901,552)	(714,584)	(1,174,779)	(745,184)
Other changes	-	-	-	-
Net change in total OPEB liability	21,208	230,305	(536,446)	556,071
Beginning of year	9,688,366	9,709,574	9,939,879	9,403,433
End of year	$ 9,709,574	$ 9,939,879	$ 9,403,433	$ 9,959,504
Covered-employee payroll	$ 73,187,817	$ 75,383,452	$ 71,912,868	$ 74,070,254
Total OPEB liability as a percentage of covered-	13.27%	13.19%	13.08%	13.45%

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

See notes to required supplementary information – OPEB.

June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
$ 639,535	$ 519,720	$ 279,282	$ 279,474	$ 260,636
243,940	197,882	322,768	226,972	226,409
(425,805)	-	(544,127)	-	-
(253,114)	(599,145)	(1,931,858)	(41,501)	(92,476)
-	-	-	-	-
(874,929)	(775,812)	(842,173)	(757,943)	(698,113)
-	-	-	-	(729,611)
(670,373)	(657,355)	(2,716,108)	(292,998)	(1,033,155)
9,959,504	9,289,131	8,631,776	5,915,668	5,622,670
$ 9,289,131	$ 8,631,776	$ 5,915,668	$ 5,622,670	$ 4,589,515
$ 70,214,895	$ 72,321,342	$ 73,958,345	$ 76,177,095	$ 78,962,583
13.23%	11.94%	8.00%	7.38%	5.81%

Independent School District No. 191
Notes to the Required Supplementary Information - OPEB

Post-Employment Health Care Plan

2026 Changes
Changes in Actuarial Assumptions
- The health care trend rates and mortality tables were updated.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The discount rate was changed from 4.10% to 4.90%.

2025 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 3.90% to 4.10%

2024 Changes
Changes in Actuarial Assumptions
- The health care trend rates and mortality tables were updated.
- The percentage of future retirees not eligible for a subsidy who are assumed to continue on the District's medical plan post-employment was updated.
- The discount rate was changed from 3.80% to 3.90%.

2023 Changes
Changes in Actuarial Assumptions
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.80%.

2022 Changes
Changes in Actuarial Assumptions
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.
- The healthcare trend rates, mortality tables and salary increase rates for non-teachers, termination rates and percentage of future retirees not eligible for subsidy who are assumed to continue on the District's medical plan post-employment were updated.

2021 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 3.10% to 2.40%.

2020 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 3.40% to 3.10%.
- The health care trend rates, mortality tables and salary increase rates were updated.

2019 Changes
Changes in Actuarial Assumptions
- None noted.

Independent School District No. 191
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.2932%	$ 23,806,386	$ 310,890	$ 24,117,276	$ 17,625,160	136.8%	68.9%
2017	0.3073%	19,617,829	246,666	19,864,495	19,893,240	99.9%	75.9%
2018	0.3028%	16,798,103	550,951	17,349,054	20,481,240	84.7%	79.5%
2019	0.2911%	16,094,267	500,224	16,594,491	20,176,920	82.2%	80.2%
2020	0.2833%	16,985,130	523,696	17,508,826	20,203,947	86.7%	79.1%
2021	0.2644%	11,291,065	344,172	11,635,237	19,104,933	60.9%	87.0%
2022	0.2663%	21,091,048	618,310	21,709,358	19,947,693	108.8%	76.7%
2023	0.2566%	14,348,785	395,586	14,744,371	20,408,427	72.2%	83.1%
2024	0.2451%	9,061,124	234,302	9,295,426	20,744,013	44.8%	89.1%
2025	0.2334%	7,734,657	186,584	7,921,241	21,138,680	37.5%	90.8%

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	1.0785%	$ 257,247,983	$ 25,822,002	$ 283,069,985	$ 56,788,600	453.0%	44.9%
2017	1.0605%	211,695,037	20,463,614	232,158,651	57,279,773	369.6%	51.6%
2018	1.0441%	65,576,988	6,161,373	71,738,361	57,861,520	113.3%	78.1%
2019	1.0754%	68,546,222	6,066,291	74,612,513	60,324,630	113.6%	78.2%
2020	1.0079%	74,465,003	6,240,583	80,705,586	58,151,692	128.1%	75.5%
2021	0.9312%	40,752,096	3,436,859	44,188,955	56,610,246	72.0%	86.6%
2022	0.9309%	74,541,548	5,527,758	80,069,306	57,540,036	129.5%	76.2%
2023	0.9075%	74,925,233	5,248,574	80,173,807	57,697,205	129.9%	76.4%
2024	0.8817%	56,026,011	3,664,332	59,690,343	58,413,806	95.9%	82.1%
2025	1.0059%	57,648,003	3,580,351	61,228,354	69,964,891	82.4%	84.5%

See notes to required supplementary information - pension.

Independent School District No. 191
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 1,491,993	$ 1,491,993	$ -	$ 19,893,240	7.50%
2018	1,536,093	1,536,093	-	20,481,240	7.50%
2019	1,513,269	1,513,269	-	20,176,920	7.50%
2020	1,515,296	1,515,296	-	20,203,947	7.50%
2021	1,432,870	1,432,870	-	19,104,933	7.50%
2022	1,496,077	1,496,077	-	19,947,693	7.50%
2023	1,530,632	1,530,632	-	20,408,427	7.50%
2024	1,555,801	1,555,801	-	20,744,013	7.50%
2025	1,585,401	1,585,401	-	21,138,680	7.50%
2026	1,585,440	1,585,440	-	21,139,200	7.50%

Schedule of District Contributions
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 4,295,983	$ 4,295,983	$ -	$ 57,279,773	7.50%
2018	4,339,614	4,339,614	-	57,861,520	7.50%
2019	4,651,029	4,651,029	-	60,324,630	7.71%
2020	4,605,614	4,605,614	-	58,151,692	7.92%
2021	4,602,413	4,602,413	-	56,610,246	8.13%
2022	4,798,839	4,798,839	-	57,540,036	8.34%
2023	4,933,111	4,933,111	-	57,697,205	8.55%
2024	5,111,208	5,111,208	-	58,413,806	8.75%
2025	6,121,928	6,121,928	-	69,964,891	8.75%
2026	6,810,111	6,810,111	-	69,420,092	9.81%

See notes to required supplementary information - pension.

TRA Retirement Fund

2025 Changes

Changes in Actuarial Assumptions

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

2024 Changes

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes of Benefit Terms

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

2023 Changes

Changes in Actuarial Assumptions

- None

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

TRA Retirement Fund (Continued)

2018 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022 and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes
Changes in Actuarial Assumptions

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

2016 Changes
Changes in Actuarial Assumptions

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

TRA Retirement Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

General Employees Fund (Continued)

2022 Changes (Continued)
Changes in Plan Provisions
- There were no changes in plan provisions since the previous valuation.

2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

General Employees Fund (Continued)

2019 Changes (Continued)

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. This does not apply to Rule of 90 retirees, disability benefit recipients or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPLEMENTARY INFORMATION

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Revenues				
Local property taxes	$ 37,170,226	$ 36,850,135	$ (320,091)	$ 39,597,493
Other local and county revenues	6,400,131	6,457,615	57,484	6,739,363
Revenue from state sources	113,442,039	114,930,199	1,488,160	110,975,123
Revenue from federal sources	5,306,892	5,066,799	(240,093)	5,399,331
Sales and other conversion of assets	51,000	43,419	(7,581)	47,236
Total revenues	162,370,288	163,348,167	977,879	162,758,546
Expenditures				
Current				
Administration				
Salaries	4,647,969	4,591,514	(56,455)	4,193,114
Employee benefits	1,829,076	1,805,412	(23,664)	1,598,003
Purchased services	161,252	86,316	(74,936)	140,055
Supplies and materials	93,959	143,522	49,563	100,116
Other expenditures	70,120	68,132	(1,988)	63,835
Total administration	6,802,376	6,694,896	(107,480)	6,095,123
District support services				
Salaries	2,325,364	2,339,501	14,137	2,322,983
Employee benefits	1,093,488	1,069,866	(23,622)	1,022,910
Purchased services	925,150	848,428	(76,722)	839,493
Supplies and materials	800,346	1,164,058	363,712	697,719
Other expenditures	(89,000)	(93,291)	(4,291)	(53,173)
Total District support services	5,055,348	5,328,562	273,214	4,829,932
Elementary and secondary regular instruction				
Salaries	41,238,781	40,493,722	(745,059)	40,268,233
Employee benefits	19,862,647	19,432,142	(430,505)	18,457,490
Purchased services	3,716,715	3,818,371	101,656	3,628,815
Supplies and materials	1,605,578	1,330,314	(275,264)	1,332,216
Other expenditures	240,905	258,847	17,942	233,444
Total elementary and secondary regular instruction	66,664,626	65,333,396	(1,331,230)	63,920,198
Vocational education instruction				
Salaries	1,628,502	1,624,427	(4,075)	1,689,988
Employee benefits	798,497	758,478	(40,019)	802,956
Purchased services	46,045	37,149	(8,896)	43,276
Supplies and materials	59,694	58,283	(1,411)	53,379
Other expenditures	302,988	156,683	(146,305)	56,332
Total vocational education instruction	2,835,726	2,635,020	(200,706)	2,645,931
Special education instruction				
Salaries	20,889,589	19,775,891	(1,113,698)	18,732,608
Employee benefits	10,396,293	9,721,990	(674,303)	8,588,757
Purchased services	4,482,000	6,042,642	1,560,642	5,265,443
Supplies and materials	291,200	252,949	(38,251)	221,731
Other expenditures	99,500	100,525	1,025	91,810
Total special education instruction	36,158,582	35,893,997	(264,585)	32,900,349

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Expenditures (Continued)				
Current (Continued)				
Instructional support services				
Salaries	$ 8,486,926	$ 8,640,582	$ 153,656	$ 8,857,711
Employee benefits	2,532,700	2,493,744	(38,956)	2,535,768
Purchased services	377,804	262,412	(115,392)	280,841
Supplies and materials	924,803	1,048,408	123,605	557,299
Other expenditures	84,197	67,830	(16,367)	68,883
Total instructional support services	12,406,430	12,512,976	106,546	12,300,502
Pupil support services				
Salaries	3,884,032	3,649,420	(234,612)	3,504,432
Employee benefits	1,796,516	1,691,799	(104,717)	1,521,273
Purchased services	12,789,512	11,913,978	(875,534)	12,144,222
Supplies and materials	322,990	574,694	251,704	165,374
Other expenditures	21,000	16,614	(4,386)	14,433
Total pupil support services	18,814,050	17,846,505	(967,545)	17,349,734
Sites and buildings				
Salaries	4,608,977	4,443,721	(165,256)	4,469,587
Employee benefits	2,149,503	2,053,404	(96,099)	1,973,728
Purchased services	5,037,207	5,827,991	790,784	5,380,799
Supplies and materials	998,000	994,943	(3,057)	912,790
Other expenditures	(336,899)	(316,808)	20,091	(280,847)
Total sites and buildings	12,456,788	13,003,251	546,463	12,456,057
Fiscal and other fixed cost programs				
Purchased services	590,000	592,070	2,070	534,891
Capital outlay				
Administration	133,999	29,283	(104,716)	50,653
District support services	8,000	6,028	(1,972)	8,068
Elementary and secondary regular instruction	99,183	80,357	(18,826)	77,467
Vocational education instruction	15,375	66,121	50,746	-
Special education instruction	25,000	54,151	29,151	149,206
Instructional support services	2,502,000	2,563,943	61,943	2,302,869
Pupil support services	337,866	130,015	(207,851)	185,953
Sites and buildings	4,409,788	4,976,047	566,259	3,023,895
Total capital outlay	7,531,211	7,905,945	374,734	5,798,111

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Expenditures (Continued)				
Debt service				
Principal	$ 92,665	$ 1,242,201	$ 1,149,536	$ 127,537
Interest and fiscal charges	17,418	24,576	7,158	6,283
Total debt service	110,083	1,266,777	1,156,694	133,820
Total expenditures	169,425,220	169,013,395	(411,825)	158,964,648
Excess of revenues over (under) expenditures	(7,054,932)	(5,665,228)	1,389,704	3,793,898
Other Financing Sources				
Proceeds from sale of capital assets	-	1,446	1,446	897,235
Lease and SBITA proceeds	-	1,298,728	1,298,728	561,254
Insurance recoveries	-	88,115	88,115	-
Total other financing sources	-	1,388,289	1,388,289	1,458,489
Net change in fund balance	$ (7,054,932)	(4,276,939)	$ 2,777,993	5,252,387
Fund Balance				
Beginning of year		59,044,288		53,791,901
End of year		$ 54,767,349		$ 59,044,288

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual - Food Service Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Revenues				
Other local and county revenues	$ 153,000	$ 161,485	$ 8,485	$ 197,213
Revenue from state sources	1,125,000	1,110,245	(14,755)	1,130,341
Revenue from federal sources	6,002,000	6,067,822	65,822	5,880,926
Sales and other conversion of assets	240,000	191,250	(48,750)	198,085
Total revenues	7,520,000	7,530,802	10,802	7,406,565
Expenditures				
Current				
Food service				
Salaries	2,235,691	2,090,066	(145,625)	2,047,383
Employee benefits	850,718	749,396	(101,322)	772,410
Purchased services	150,000	99,534	(50,466)	122,736
Supplies and materials	3,333,000	3,208,492	(124,508)	3,180,910
Other expenditures	564,749	510,749	(54,000)	376,978
Capital outlay				
Food service	750,000	534,729	(215,271)	602,987
Total expenditures	7,884,158	7,192,966	(691,192)	7,103,404
Excess of revenues over (under) expenditures	(364,158)	337,836	701,994	303,161
Other Financing Sources				
Proceeds from sale of capital assets	15,000	12,280	(2,720)	10,175
Net change in fund balance	$ (349,158)	350,116	$ 699,274	313,336
Fund Balance				
Beginning of year		4,495,814		4,182,478
End of year		$ 4,845,930		$ 4,495,814

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual - Community Service Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Revenues				
Local property taxes	$ 1,590,370	$ 1,571,877	$ (18,493)	$ 1,603,648
Other local and county revenues	3,658,775	3,817,868	159,093	3,694,193
Revenue from state sources	2,237,491	2,288,004	50,513	2,110,691
Revenue from federal sources	200,581	189,499	(11,082)	121,921
Sales and other conversion of assets	24,000	11,797	(12,203)	20,833
Total revenues	7,711,217	7,879,045	167,828	7,551,286
Expenditures				
Current				
Community education and services				
Salaries	4,626,345	4,455,531	(170,814)	3,990,776
Employee benefits	1,819,603	1,736,790	(82,813)	1,400,474
Purchased services	980,355	977,789	(2,566)	860,035
Supplies and materials	573,161	562,363	(10,798)	427,108
Other expenditures	44,141	21,600	(22,541)	39,093
Capital outlay				
Community education and services	366,326	497,965	131,639	262,027
Total expenditures	8,409,931	8,252,038	(157,893)	6,979,513
Net change in fund balance	$ (698,714)	(372,993)	$ 325,721	571,773
Fund Balance				
Beginning of year		5,748,588		5,176,815
End of year		$ 5,375,595		$ 5,748,588

Independent School District No. 191
Schedule of Revenues, Expenditures and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	2026			2025
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
Revenues				
Local property taxes	$ 10,629,662	$ 10,509,170	$ (120,492)	$ 10,004,638
Other local and county revenues	567,002	796,271	229,269	844,772
Revenue from state sources	28,336	28,448	112	(253)
Total revenues	11,225,000	11,333,889	108,889	10,849,157
Expenditures				
Debt service				
Principal	8,250,000	8,250,000	-	7,640,000
Interest and fiscal charges	2,940,000	2,934,991	(5,009)	4,237,187
Total expenditures	11,190,000	11,184,991	(5,009)	11,877,187
Excess of revenues over (under) expenditures	$ 35,000	148,898	$ 113,898	(1,028,030)
Other Financing Sources (Uses)				
Bond issuance	-	-	-	33,325,000
Bond premium	-	-	-	2,667,815
Bond discount	-	-	-	(35,295,000)
Total other financing sources (uses)	-	-	-	697,815
Net change in fund balance	$ 35,000	148,898	$ 113,898	(330,215)
Fund Balance				
Beginning of year		4,408,953		4,739,168
End of year		$ 4,557,851		$ 4,408,953

Independent School District No. 191
Combining Statement of
Net Position - Internal Service Funds
Year Ended June 30, 2026
(With Summarized Financial Information as of June 30, 2025)

	Self-Insured Dental	Self-Insured Health	Severance Benefits	OPEB Revocable Trust
Assets				
Current assets				
Cash and investments	$ 483,669	$ 19,221,029	$ 202,263	$ 12,331,752
Interest receivable	-	-	-	-
Accounts receivable	-	412	-	-
Due from other funds	6,976	213,908	-	-
Total assets	490,645	19,435,349	202,263	12,331,752
Liabilities				
Current liabilities				
Health and dental claims payable	17,007	2,341,978	-	-
Due to plan participants	-	4,025,224	-	-
Severance benefits payable	-	-	22,335	-
Due to other funds	-	-	-	582,190
Unearned revenue	7,379	29,168	-	-
Total current liabilities	24,386	6,396,370	22,335	582,190
Noncurrent liabilities				
Severance benefits payable	-	-	179,928	-
Total liabilities	24,386	6,396,370	202,263	582,190
Net Position				
Unrestricted	$ 466,259	$ 13,038,979	$ -	$ 11,749,562

Totals	
2026	2025
$ 32,238,713	$ 28,290,099
-	42,235
412	427,700
220,884	296,188
32,460,009	29,056,222
2,358,985	3,336,384
4,025,224	3,892,729
22,335	22,510
582,190	729,611
36,547	68,610
7,025,281	8,049,844
179,928	287,988
7,205,209	8,337,832
$ 25,254,800	$ 20,718,390

Independent School District No. 191
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	Self-Insured Dental	Self-Insured Health	Severance Benefits	OPEB Revocable Trust
Operating Revenues				
Charges for services	$ 866,469	$ 29,804,331	$ -	$ -
Other services	15,898	275,787	-	-
Total operating revenues	882,367	30,080,118	-	-
Operating Expenses				
Health insurance claim payments	-	26,196,961	-	-
Dental insurance claim payments	917,999	-	-	-
OPEB payments	-	-	-	635,401
Total operating expenses	917,999	26,196,961	-	635,401
Operating income (loss)	(35,632)	3,883,157	-	(635,401)
Nonoperating Income				
Earnings on investments	20,105	178,949	-	1,125,232
Change in net position	(15,527)	4,062,106	-	489,831
Net Position				
Beginning of year	481,786	8,976,873	-	11,259,731
End of year	$ 466,259	$ 13,038,979	$ -	$ 11,749,562

Totals	
2026	2025
$ 30,670,800	$ 31,227,841
291,685	681,546
30,962,485	31,909,387
26,196,961	29,857,596
917,999	924,042
635,401	782,539
27,750,361	31,564,177
3,212,124	345,210
1,324,286	1,248,312
4,536,410	1,593,522
20,718,390	19,124,868
$ 25,254,800	$ 20,718,390

Independent School District No. 191
Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2026
(With Summarized Financial Information for Year Ended June 30, 2025)

	Self-Insured Dental	Self-Insured Health	Severance Benefits	OPEB Revocable Trust
Cash Flows - Operating Activities				
Receipts from interfund services provided	$ 885,935	$ 30,547,079	$ -	$ -
Payments for health and dental claims	(933,562)	(27,026,302)	-	-
Payments to employee OPEB	-	-	-	(782,822)
Payments for severance benefits	-	-	(108,235)	-
Net cash flows - operating activities	(47,627)	3,520,777	(108,235)	(782,822)
Cash Flows - Investment Activities				
Interest received	20,105	178,949	-	1,167,467
Net change in cash and cash equivalents	(27,522)	3,699,726	(108,235)	384,645
Cash and Cash Equivalents				
Beginning of year	511,191	15,521,303	310,498	11,947,107
End of year	$ 483,669	$ 19,221,029	$ 202,263	$ 12,331,752
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	$ (35,632)	$ 3,883,157	$ -	$ (635,401)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Health and dental claims payable	(15,563)	(961,836)	-	-
Due to plan participants	-	132,495	-	-
Severance payable	-	-	(108,235)	-
Due to other funds	-	-	-	(147,421)
Accounts receivable	-	427,288	-	-
Due from other funds	2,920	72,384	-	-
Unearned revenue	648	(32,711)	-	-
Net adjustments	(11,995)	(362,380)	(108,235)	(147,421)
Net cash flows - operating activities	$ (47,627)	$ 3,520,777	$ (108,235)	$ (782,822)

Totals	
2026	2025
$ 31,433,014	$ 31,949,260
(27,959,864)	(30,463,165)
(782,822)	(810,871)
(108,235)	(55,180)
2,582,093	620,044
1,366,521	1,249,122
3,948,614	1,869,166
28,290,099	26,420,933
$ 32,238,713	$ 28,290,099
$ 3,212,124	$ 345,210
(977,399)	442,902
132,495	(124,429)
(108,235)	(55,180)
(147,421)	(28,332)
427,288	-
75,304	31,852
(32,063)	8,021
(630,031)	274,834
$ 2,582,093	$ 620,044

Independent School District No. 191
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2026

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 163,348,167	$ 163,348,165	$ 2
Total expenditures	169,013,395	169,013,395	-
Nonspendable:			
460 Nonspendable Fund Balance	279,374	279,373	1
Restricted/reserved:			
401 Student Activities	306,615	306,615	-
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Projects Levy	39,534	39,534	-
408 Cooperative Programs	-	-	-
412 Literacy Incentive Aid	270,740	270,740	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
420 American Indian Education Aid	-	-	-
424 Operating Capital	1,240,842	1,240,842	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	8,021,266	8,021,266	-
435 Contracted Alt. Programs	-	-	-
436 State Approved Alt. Program	-	-	-
437 Q Comp	-	-	-
438 Gifted and Talented	-	-	-
439 English Learner	-	-	-
440 Teacher Development and Evaluation	-	-	-
441 Basic Skills Programs	-	-	-
443 School Library Aid	-	-	-
448 Achievement of Integration	-	-	-
449 Safe Schools Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liab Not in Trust	-	-	-
453 Unfunded Sev & Retirement Levy	-	-	-
456 READ Act - Literacy aid	161,995	161,995	-
457 READ Act - Tchr Training Compensation	51,222	51,222	-
467 LTFM	(278,748)	(278,748)	-
471 Student Support Personnel Aid	156,790	156,790	-
472 Medical Assistance	2,527,811	2,527,811	-
Restricted:			
464 Restricted Fund Balance	-	-	-
475 Title VII - Impact Aid	-	-	-
476 Payments in Lieu of Taxes	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	1,398,369	1,398,369	-
Assigned:			
462 Assigned Fund Balance	500,000	500,000	-
Unassigned:			
422 Unassigned Fund Balance	40,091,539	40,091,539	-
02 FOOD SERVICES FUND			
Total revenue	$ 7,530,802	$ 7,530,802	$ -
Total expenditures	7,192,966	7,192,962	4
Nonspendable:			
460 Nonspendable Fund Balance	314,259	314,258	1
Restricted/reserved:			
452 OPEB Liab Not in Trust	-	-	-
Restricted:			
464 Restricted Fund Balance	4,531,671	4,531,672	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 7,879,045	$ 7,879,044	$ 1
Total expenditures	8,252,038	8,252,039	(1)
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted/reserved:			
426 $25 Taconite	-	-	-
431 Community Education	3,996,317	3,996,317	-
432 E.C.F.E.	685,063	685,063	-
437 Q Comp	-	-	-
440 Teacher Development and Evaluation	-	-	-
444 School Readiness	654,334	654,334	-
447 Adult Basic Education	-	-	-
452 OPEB Liab Not in Trust	-	-	-
456 READ Act - Literacy Aid	-	-	-
457 READ Act - Tchr Training Compensation	-	-	-
Restricted:			
464 Restricted Fund Balance	39,881	39,881	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted/reserved:			
407 Capital Projects Levy	-	-	-
413 Funded by COP/FP	-	-	-
467 LTFM	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ 9,916,939	$ 9,916,939	$ -
Total expenditures	9,787,533	9,787,533	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted/reserved:			
425 Bond Refundings	-	-	-
433 Maximum Effort Loan Aid	-	-	-
451 QZAB Payments	-	-	-
467 LTFM	-	-	-
Restricted:			
464 Restricted Fund Balance	4,105,689	4,105,689	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Unassigned Fund Balance (Net Assets)	-	-	-
18 CUSTODIAL FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Restricted/Reserved			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ 31,161,539	$ 31,161,537	$ 2
Total expenditures	27,114,960	27,114,959	1
Unassigned:			
422 Unassigned Fund Balance (Net Assets)	13,505,238	13,505,238	-
25 OPEB REVOCABLE TRUST			
Total revenue	$ 1,125,232	$ 1,125,232	$ -
Total expenditures	635,401	635,401	-
Unassigned:			
422 Unassigned Fund Balance (Net Assets)	11,749,562	11,749,562	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
422 Unassigned Fund Balance (Net Assets)	-	-	-
47 OPEB DEBT SERVICE			
Total revenue	$ 1,416,950	$ 1,416,950	$ -
Total expenditures	1,397,458	1,397,458	-
Nonspendable:			
460 Nonspendable Fund Balance			
Restricted:	-	-	-
425 Bond Refundings			
464 Restricted fund balance	452,162	452,162	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

STATISTICAL SECTION

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Statistical Section (Unaudited)

This part of the Independent School District No. 191's annual comprehensive financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents **Page**

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. 122

Revenue Capacity
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. 131

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. 141

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. 148

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. 151

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Independent School District No. 191
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2017	2018	2019	2020
Governmental Activities				
Net investment in capital assets	$ 17,935,621	$ 21,465,486	$ 17,556,925	$ 18,169,748
Restricted	6,015,244	5,821,544	7,213,277	10,055,184
Unrestricted	(82,095,271)	(132,084,628)	(102,679,715)	(104,737,977)
Total governmental activities net positions	$ (58,144,406)	$ (104,797,598)	$ (77,909,513)	$ (76,513,045)

Table 1

Fiscal Year					
2021	2022	2023	2024	2025	2026
$ 18,451,265	$ 15,754,751	$ 19,119,846	$ 23,178,391	$ 24,000,686	$ 30,396,245
12,222,610	15,559,970	24,372,515	28,507,956	29,456,845	26,266,757
(99,949,434)	(88,670,448)	(66,772,656)	(39,601,951)	(47,938,566)	(38,189,943)
$ (69,275,559)	$ (57,355,727)	$ (23,280,295)	$ 12,084,396	$ 5,518,965	$ 18,473,059

Independent School District No. 191
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2017	2018	2019	2020
Expenses				
Governmental activities				
Administration	$ 7,177,258	$ 7,064,664	$ 4,498,702	$ 6,283,726
District support services	4,591,300	5,416,849	3,580,259	4,499,129
Elementary and secondary regular instruction	84,957,113	84,580,748	46,871,276	67,088,099
Vocational education instruction	2,662,664	2,727,220	1,425,163	2,291,553
Special education instruction	32,487,928	31,733,029	17,808,445	26,266,898
Instructional support services	15,404,303	15,039,975	11,229,401	13,321,257
Pupil support services	12,265,084	12,947,885	10,957,678	12,442,456
Sites and buildings	9,334,739	10,134,372	11,424,974	7,998,838
Fiscal and other fixed cost programs	353,822	313,683	336,761	393,852
Food service	5,989,896	5,952,121	5,940,220	5,603,072
Community education and services	7,763,673	8,255,773	6,684,160	6,232,992
Interest and fiscal charges on long-term debt	7,150,741	5,109,211	4,401,719	4,254,002
Total governmental activities expenses	190,138,521	189,275,530	125,158,758	156,675,874
Program Revenues				
Governmental activities				
Charges for services				
Administration	226,224	222,431	190,346	212,676
District support services	-	4,349	5,225	11,610
Elementary and secondary regular instruction	640,147	541,823	560,837	303,228
Vocational education instruction	-	420	490	560
Special education instruction	363,885	531,289	384,019	381,426
Instructional support services	-	15	534	12,818
Pupil support services	79,865	88,931	87,135	61,562
Sites and buildings	278,415	276,796	307,817	310,907
Food service	1,653,583	1,679,706	1,578,052	1,118,791
Community education and services	3,266,333	3,495,283	3,630,543	3,011,600
Operating grants and contributions	32,886,488	30,630,308	27,140,691	33,011,399
Capital grants and contributions	1,153,072	1,417,759	1,464,809	1,353,380
Total governmental activities program revenues	40,548,012	38,889,110	35,350,498	39,789,957
Net expense	(149,590,509)	(150,386,420)	(89,808,260)	(116,885,917)
General Revenues				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	25,712,820	26,224,210	30,350,044	30,536,476
Property taxes, levied for community service	1,545,989	1,554,844	1,403,837	1,536,763
Property taxes, levied for debt service	11,915,513	10,476,105	10,401,754	11,720,386
General grants and aids	72,447,212	72,254,897	72,209,515	71,259,679
Gain on sale of capital assets	-	-	-	-
Other general revenues	1,259,886	843,809	571,326	1,729,530
Investment earnings	1,516,101	1,603,649	1,759,869	1,404,935
Total governmental activities	114,397,521	112,957,514	116,696,345	118,187,769
Change in net position	$ (35,192,988)	$ (37,428,906)	$ 26,888,085	$ 1,301,852

Table 2

Fiscal Year					
2021	2022	2023	2024	2025	2026
$ 5,166,623	$ 5,146,405	$ 4,576,004	$ 5,216,273	$ 5,966,667	$ 6,146,985
4,169,348	4,541,713	2,503,974	5,569,369	4,895,918	5,064,720
64,783,060	63,294,480	42,804,488	53,440,089	62,397,810	61,318,815
2,236,379	2,107,317	1,777,613	2,015,070	2,594,551	2,535,665
26,088,835	24,494,292	21,955,865	26,290,985	32,291,535	33,881,329
15,008,017	13,021,759	14,855,402	15,130,117	15,673,636	14,644,913
9,996,462	11,406,634	12,180,617	16,260,415	17,373,502	17,556,216
9,705,716	11,129,335	16,762,838	16,079,494	18,617,910	19,093,293
391,943	426,427	437,360	525,199	534,891	592,070
4,397,704	4,955,498	5,318,407	6,377,037	7,045,694	7,074,697
5,246,669	4,995,800	6,391,286	5,969,879	6,935,658	7,697,453
3,968,235	2,951,742	2,819,947	2,695,674	3,006,011	1,360,936
151,158,991	148,471,402	132,383,801	155,569,601	177,333,783	176,967,092
217,776	272,600	4,167	1,573	1,283	3,491
3,040	4,207	1,345	2,339	2,186	1,100
203,657	307,145	516,575	447,534	455,427	544,627
-	-	-	-	20	-
568,522	784,954	2,107,749	2,240,236	2,266,146	2,073,944
1,102	17,383	9,379	373,963	574	-
22,230	67,427	182,824	92,267	206,793	240,431
315,763	336,262	289,291	267,514	267,130	309,712
-	47,741	1,109,413	208,483	198,085	191,250
2,021,666	2,608,216	2,595,850	2,803,010	3,027,713	3,150,702
37,491,428	42,182,191	45,053,587	51,510,227	46,761,301	49,643,206
1,085,774	1,948,280	984,766	825,099	619,365	476,705
41,930,958	48,576,406	52,854,946	58,772,245	53,806,023	56,635,168
(109,228,033)	(99,894,996)	(79,528,855)	(96,797,356)	(123,527,760)	(120,331,924)
31,931,034	30,967,231	29,793,091	37,787,542	39,641,017	36,815,398
1,807,827	1,636,161	1,597,814	1,603,278	1,604,858	1,570,492
10,931,280	11,779,084	10,399,992	9,767,643	10,011,234	10,500,035
68,832,548	66,786,109	69,788,147	79,218,657	81,211,966	80,892,141
-	-	16,900	7,074	907,410	13,726
1,357,592	1,538,853	-	-	-	-
1,605,238	(892,610)	2,008,343	3,777,853	4,145,153	3,494,226
116,465,519	111,814,828	113,604,287	132,162,047	137,521,638	133,286,018
$ 7,237,486	$ 11,919,832	$ 34,075,432	$ 35,364,691	$ 13,993,878	$ 12,954,094

Independent School District No. 191
Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2017	2018	2019	2020
General Fund				
Nonspendable	$ 328,969	$ 374,535	$ 469,392	$ 435,457
Restricted	4,027,713	4,158,407	5,847,738	7,878,828
Committed	1,293,948	1,257,804	1,550,194	1,735,209
Assigned	-	-	-	-
Unassigned	14,466,101	10,024,458	7,417,075	10,276,533
Total general fund	$ 20,116,731	$ 15,815,204	$ 15,284,399	$ 20,326,027
All Other Governmental Funds				
Nonspendable	$ 177,574	$ 190,617	$ 2,452,384	$ 244,230
Restricted	40,759,460	8,370,219	5,147,420	8,312,697
Total all other governmental funds	40,937,034	8,560,836	7,599,804	8,556,927
Total all funds	$ 61,053,765	$ 24,376,040	$ 22,884,203	$ 28,882,954

Table 3

Fiscal Year					
2021	2022	2023	2024	2025	2026
$ 382,338	$ 254,436	$ 603,936	$ 342,495	$ 291,247	$ 279,374
9,020,782	9,841,888	13,137,246	15,812,007	15,541,157	12,776,815
1,849,490	1,837,017	1,505,311	1,207,116	1,605,982	1,398,369
5,081,823	1,810,980	-	-	250,000	500,000
13,187,447	18,777,579	22,236,723	36,430,283	41,355,902	39,812,791
$ 29,521,880	$ 32,521,900	$ 37,483,216	$ 53,791,901	$ 59,044,288	$ 54,767,349
$ 182,267	$ 253,940	$ 269,532	$ 360,300	$ 223,243	$ 314,259
8,790,900	11,244,924	12,477,357	13,738,161	14,430,112	14,465,117
8,973,167	11,498,864	12,746,889	14,098,461	14,653,355	14,779,376
$ 38,495,047	$ 44,020,764	$ 50,230,105	$ 67,890,362	$ 73,697,643	$ 69,546,725

Independent School District No. 191
Changes in Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2017	2018	2019	2020
Revenues				
Local sources				
Taxes	$ 39,094,623	$ 38,097,535	$ 42,385,297	$ 43,831,187
Investment earnings	540,031	653,809	911,976	735,602
Other	8,484,173	8,609,002	7,919,917	7,905,510
State sources	93,346,633	95,558,484	96,762,424	95,745,693
Federal sources	8,631,725	7,806,378	7,985,785	9,050,890
Total revenues	150,097,185	150,725,208	155,965,399	157,268,882
Expenditures				
Current				
Administration	5,519,388	5,680,528	5,774,945	5,933,083
District support services	4,185,606	5,027,862	3,396,407	4,170,798
Elementary and secondary regular instruction	54,976,422	55,398,654	55,816,055	53,440,674
Vocational education instruction	1,876,990	2,150,295	2,036,313	2,138,054
Special education instruction	24,027,079	24,767,930	25,398,748	24,625,186
Instructional support services	10,862,353	10,888,211	12,205,567	11,014,880
Pupil support services	11,000,503	11,877,743	11,884,787	12,120,045
Sites and buildings	9,302,350	9,535,036	10,138,616	9,787,117
Fiscal and other fixed cost programs	353,822	313,683	336,761	393,852
Food service	5,733,255	5,829,895	5,902,901	5,536,006
Community service	6,875,455	7,443,701	7,324,705	6,050,923
Capital outlay	28,169,017	6,718,409	5,699,115	4,060,380
Debt service				
Principal	6,726,213	6,037,595	6,720,495	7,409,689
Interest and fiscal charges	7,520,641	6,444,307	4,828,185	4,691,853
Total expenditures	177,129,094	158,113,849	157,463,600	151,372,540
Excess of revenues over (under) expenditures	(27,031,909)	(7,388,641)	(1,498,201)	5,896,342
Other Financing Sources (Uses)				
Bonds issued	13,990,000	-	-	-
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	(22,620,346)	(29,330,000)	-	-
Capital lease/certificates of participation	-	-	-	-
Proceeds from sale of assets	-	-	-	7,793
Lease and subscription issuance	187,105	40,916	6,364	-
Proceeds from insurance recovery	-	-	-	-
Transfer in	27,082	-	-	-
Transfer out	(27,082)	-	-	-
Total other financing sources (uses)	(8,443,241)	(29,289,084)	6,364	7,793
Net change in fund balances	$ (35,475,150)	$ (36,677,725)	$ (1,491,837)	$ 5,904,135
Debt services as a percentage of noncapital expenditures	9.42%	8.12%	7.44%	8.22%

Table 4

Fiscal Year					
2021	2022	2023	2024	2025	2026
$ 44,624,245	$ 44,363,003	$ 41,799,089	$ 49,169,156	$ 51,205,779	$ 48,931,182
110,430	(53,201)	2,008,343	3,777,853	5,393,465	4,818,519
5,144,941	6,427,812	8,598,030	7,402,782	6,347,977	6,661,186
93,225,958	88,876,351	93,864,029	110,153,102	114,216,155	118,356,896
13,536,886	21,278,337	19,743,383	20,083,356	11,402,178	11,324,120
156,642,460	160,892,302	166,012,874	190,586,249	188,565,554	190,091,903
5,002,830	5,429,133	5,291,647	5,630,932	6,095,123	6,694,896
4,090,450	4,491,751	4,591,871	4,619,344	4,829,932	5,328,562
51,987,520	56,035,263	56,761,715	60,457,360	63,920,198	65,333,396
2,088,358	2,216,393	2,168,497	2,234,521	2,645,931	2,635,020
24,311,718	26,046,717	26,718,001	28,874,464	32,900,349	35,893,997
13,513,379	12,953,823	12,435,175	10,888,514	12,300,502	12,512,976
9,835,715	11,696,713	12,688,513	16,650,421	17,349,734	17,846,505
10,097,808	10,668,520	11,735,834	11,592,406	12,456,057	13,003,251
391,943	426,427	472,595	525,199	534,891	592,070
4,345,690	4,913,797	5,209,869	5,882,458	6,500,417	6,658,237
5,184,290	5,258,859	5,831,718	6,115,597	6,717,486	7,754,073
4,319,224	5,127,286	4,422,885	7,949,367	6,663,125	8,938,639
7,335,430	7,169,637	7,284,147	7,697,347	7,767,537	9,492,201
4,703,396	4,404,624	4,228,108	3,813,729	4,243,470	2,959,567
147,207,751	156,838,943	159,840,575	172,931,659	184,924,752	195,643,390
9,434,709	4,053,359	6,172,299	17,654,590	3,640,802	(5,551,487)
11,485,000	9,680,000	-	-	33,325,000	-
1,477,046	2,143,678	-	-	2,667,815	-
(12,785,000)	(11,705,000)	-	-	(35,295,000)	-
-	187,949	-	-	-	-
338	1,165,731	1,807	5,667	907,410	13,726
-	-	35,235	-	561,254	1,298,728
-	-	-	-	-	88,115
-	-	-	-	-	-
-	-	-	-	-	-
177,384	1,472,358	37,042	5,667	2,166,479	1,400,569
$ 9,612,093	$ 5,525,717	$ 6,209,341	$ 17,660,257	$ 5,807,281	$ (4,150,918)
8.37%	7.60%	7.59%	6.94%	6.70%	6.70%

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
General Governmental Tax Revenues by Source and Levy Type
Last Ten Years

Table 5

Fiscal Year	Property Tax				
	General Fund	Community Service	Capital Projects - Building Construction Fund	Debt Service	Total
2017	$ 25,663,259	$ 1,542,386	$ -	$ 11,888,978	$ 39,094,623
2018	26,115,668	1,548,150	-	10,433,697	38,097,515
2019	30,501,787	1,413,236	-	10,470,273	42,385,296
2020	30,562,242	1,538,149	-	11,730,795	43,831,186
2021	31,896,091	1,805,658	-	10,922,497	44,624,246
2022	30,955,773	1,635,122	-	11,772,107	44,363,002
2023	29,798,183	1,598,163	-	10,402,745	41,799,091
2024	37,785,289	1,604,461	-	9,779,404	49,169,154
2025	39,597,499	1,603,649	-	10,004,638	51,205,785
2026	36,850,134	1,571,876	-	10,509,171	48,931,181

Independent School District No. 191
Tax Capacities and Market Value
Last Ten Years

For Taxes Collectible	Tax Capacity Valuation			
			Fiscal Disparities	
	Agricultural	Non-Agricultural	Contribution	Distribution
Dakota County				
2017	$ -	$ 59,771,813	$ (9,204,390)	$ 6,571,222
2018	-	65,136,255	(9,024,255)	6,931,010
2019	-	70,058,732	(9,590,323)	7,349,467
2020	-	75,835,267	(10,407,209)	7,943,503
2021	-	79,720,661	(11,208,648)	8,293,216
2022	-	84,184,980	(12,005,956)	9,055,616
2023	-	95,650,885	(11,972,075)	9,205,170
2024	-	103,398,669	(12,582,178)	9,697,164
2025	-	103,119,690	(14,086,454)	10,921,429
2026	-	106,478,748	(14,606,778)	10,587,689
Scott County				
2017	$ 37,415	$ 19,869,873	$ (3,175,091)	$ 1,709,580
2018	29,841	21,039,808	(3,770,912)	1,782,864
2019	20,259	22,823,684	(3,868,467)	1,871,118
2020	3,959	24,655,629	(4,053,563)	2,031,820
2021	4,110	27,223,848	(4,506,916)	2,175,584
2022	4,012	28,767,419	(5,226,294)	2,372,103
2023	28,590	33,673,632	(5,443,134)	2,264,207
2024	813	36,915,657	(5,873,164)	2,353,968
2025	813	38,195,738	(7,051,147)	2,486,448
2026	790	38,498,114	(7,620,454)	2,438,605

Source: School Tax Report issued by the Minnesota Department of Education and Scott and Dakota Counties

Table 6

Tax Capacity Valuation		Taxable Market Value	Tax Capacity as a Percentage of Market Value
Tax Increment	Total Taxable		
$ (3,378,035)	$ 54,661,226	$ 5,003,279,610	1.09
(3,902,924)	60,088,642	5,447,134,772	1.10
(4,413,182)	64,337,435	5,840,024,400	1.10
(3,891,891)	70,881,145	6,276,544,125	1.13
(3,836,225)	74,366,311	6,562,525,800	1.13
(4,097,927)	78,023,994	6,905,405,825	1.13
(4,621,448)	89,199,988	7,871,121,243	1.13
(5,551,906)	95,857,330	8,386,233,135	1.14
(5,605,463)	94,967,131	8,377,783,825	1.13
(5,733,798)	97,317,748	8,586,683,025	1.13
$ (138,187)	$ 18,729,804	$ 1,618,071,200	1.16
(159,437)	19,467,664	1,704,789,900	1.14
(166,937)	21,231,291	1,844,550,200	1.15
(188,073)	23,059,234	1,988,017,400	1.16
(218,881)	25,313,649	2,155,452,700	1.17
(234,595)	26,494,935	2,288,792,997	1.16
(275,727)	30,682,064	2,667,771,400	1.15
(356,125)	33,458,959	2,813,700,000	1.19
(344,748)	33,725,912	2,913,999,000	1.16
(335,754)	33,423,518	2,940,275,788	1.14

Independent School District No. 191
Direct and Overlapping Tax Capacity Rates
Last Ten Years

			Overlapping Rates				
			Municipalities				
Rate	Tax Collection Year	ISD No. 191	Apple Valley	Burnsville	Eagan	Savage	Shakopee
Tax Capacity Rate	2017	27.529%	44.473%	46.557%	37.385%	47.841%	38.522%
Market Value Rate	2017	0.23336%	0.23336%	--	0.01451%	0.01344%	--
Tax Capacity Rate	2018	25.759%	42.475%	46.670%	36.378%	47.117%	37.212%
Market Value Rate	2018	0.29246%	0.01798%	--	0.01359%	0.01100%	--
Tax Capacity Rate	2019	26.202%	39.603%	43.595%	35.227%	44.474%	34.943%
Market Value Rate	2019	0.24409%	0.01719%	--	0.01235%	0.01000%	--
Tax Capacity Rate	2020	23.765%	38.782%	43.148%	35.262%	42.357%	33.965%
Market Value Rate	2020	0.23263%	0.01646%	--	0.01159%	0.00900%	--
Tax Capacity Rate	2021	23.699%	38.192%	42.853%	36.333%	42.254%	32.105%
Market Value Rate	2021	0.20745%	0.01622%	--	--	0.00600%	--
Tax Capacity Rate	2022	20.273%	38.182%	43.054%	36.119%	40.326%	32.111%
Market Value Rate	2022	0.19053%	0.01591%	--	--	--	--
Tax Capacity Rate	2023	19.403%	35.273%	42.274%	33.566%	35.986%	28.585%
Market Value Rate	2023	0.22396%	0.01424%	--	--	--	--
Tax Capacity Rate	2024	17.021%	36.789%	42.503%	33.585%	37.606%	27.402%
Market Value Rate	2024	0.23321%	0.01397%	--	--	--	--
Tax Capacity Rate	2025	20.374%	41.810%	45.806%	36.177%	40.533%	27.768%
Market Value Rate	2025	0.17764%	0.01410%	--	--	--	--
Tax Capacity Rate	2026	21.857%	46.059%	48.720%	38.350%	42.557%	26.935%
Market Value Rate	2026	0.18899%	0.01402%	--	--	--	--

Source: Certificates as to Taxes and Taxable Property, furnished by Dakota and Scott Counties.

Table 7

Overlapping Rates					
Counties		Special Taxing Jurisdictions		Total*	
Dakota County	Scott County	Dakota County	Scott County	Burnsville Resident	Savage Resident
28.004%	35.896%	4.458%	4.979%	106.548%	116.245%
--	--	--	--	0.23336%	0.24680%
26.580%	35.114%	3.878%	5.090%	102.887%	113.080%
--	--	--	--	0.29246%	0.30346%
25.386%	33.841%	3.824%	4.891%	99.007%	109.408%
--	--	--	--	0.24409%	0.25409%
24.133%	32.718%	3.767%	4.583%	94.813%	103.423%
--	--	--	--	0.23263%	0.24163%
22.716%	31.025%	4.342%	4.768%	93.610%	101.746%
--	--	--	--	0.20745%	0.21345%
21.630%	30.492%	4.252%	5.026%	89.209%	96.117%
--	--	--	--	0.19053%	0.19053%
18.816%	26.578%	3.906%	6.294%	84.399%	88.261%
--	--	--	--	0.22396%	0.22396%
18.323%	26.228%	4.075%	2.525%	81.922%	83.381%
--	--	--	--	0.23321%	0.23321%
19.948%	26.977%	4.041%	4.765%	90.169%	92.649%
--	--	--	--	0.17764%	0.17764%
21.031%	28.107%	0.354%	5.044%	91.962%	97.565%
--	--	--	--	0.18899%	0.18899%

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Principal Property Taxpapers

Table 8

Taxpayer	2026 Net Tax Capacity	2026 Rank	2026 Percentage of Tax Capacity Value	2017 Net Tax Capacity	2017 Rank	2017 Percentage of Tax Capacity Value
Xcel Energy	$ 3,877,294	1	2.66%	$ 2,379,689	1	2.94%
Paragon Outlets Eagan	1,739,250	2	1.19%	1,740,242	2	2.15%
Individual	840,573	3	0.58%	365,609	5	0.45%
Cargill Inc.	653,136	4	0.45%	333,775	10	0.41%
FLT Summit Park Apartments LLC	593,638	5	0.41%			
Rosemount Aerospace Inc.	581,748	6	0.40%	338,482	7	0.42%
Flats at Cedar Grove LLC	579,580	7	0.40%	334,825	8	0.41%
View Pointe Apartments LLC	532,746	8	0.36%			
Breit Dakota industrial Owner LLC	528,792	9	0.36%			
PRCP-Minnesota Stone LLC	518,529	10	0.36%			
Rosemount Inc.				405,400	4	0.50%
ASB MN Shakopee LLC						
Minnegasco, Inc.				445,686	3	0.55%
Walmart						
Hudson Redwood Raven Hill LLC				346,920	6	0.43%
Summit Park LLC				334,603	9	0.41%
Total	$ 10,445,286		7.15%	$ 7,025,231		8.67%

Source: Certificates as to Taxes and Taxable Property, furnished by Dakota and Scott Counties.

Independent School District No. 191
Property Tax Levies, Collections and Receivables
Last Ten Years

For Taxes Collectible	Original Levy			Collections	
				First Year Levy Recognized	
	Local Spread	Fiscal Disparities	Total Spread	Amount	Percentage of Levy
2017	$ 33,374,272	$ 4,659,195	$ 38,033,467	$ 17,616,603	46.3 %
2018	37,936,271	4,466,731	42,403,002	19,671,004	46.4
2019	38,771,436	4,929,600	43,701,036	20,547,965	47.0
2020	39,179,819	5,063,180	44,242,999	20,222,791	45.7
2021	39,226,223	4,884,931	44,111,154	21,109,293	47.9
2022	36,389,401	5,008,766	41,398,167	19,506,403	47.1
2023	44,640,414	4,430,239	49,070,653	23,440,645	47.8
2024	46,078,514	4,961,573	51,040,087	24,381,084	47.8
2025	43,546,644	5,268,613	48,815,257	23,354,322	47.8
2026	47,513,434	4,920,397	52,433,831	25,276,593	48.2

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Note 3: Only a portion of the taxes levied for the most recent fiscal year is collected by June 30.

Source: State of Minnesota School Tax Report

Table 9

Collections			Uncollected Taxes Receivable as of June 30, 2026			
Received in Subsequent Years	Total to Date		Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
$ 20,416,864	$ 38,033,467	100.0 %	$ -	- %	$ -	- %
22,731,998	42,403,002	100.0	-	-	-	-
23,153,071	43,701,036	100.0	-	-	-	-
23,982,598	44,205,389	99.9	37,610	0.1	-	-
22,990,265	44,099,558	100.0	11,596	0.0	-	-
21,875,815	41,382,218	100.0	15,949	0.0	-	-
25,588,573	49,029,217	99.9	41,436	0.1	-	-
26,574,518	50,955,602	99.8	84,484	0.2	-	-
25,209,288	48,563,610	99.5	251,647	0.5	-	-
-	25,276,593	48.2	-	-	27,157,238	51.8
			$ 442,723		$ 27,157,238	

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Ratios of Outstanding Debt By Type

Table 10

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Lease Liability, Subscription Liability and Financed Purchases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2017	$ 186,029,667	$ 1,871,605	$ 187,901,272	5.83 %	$ 2,789
2018	150,839,845	1,270,148	152,109,993	4.19	2,258
2019	144,096,605	884,653	144,981,258	3.82	2,152
2020	136,683,365	479,964	137,163,329	3.52	2,009
2021	129,054,114	234,534	129,288,648	3.10	1,894
2022	120,292,825	160,460	120,453,285	2.74	1,765
2023	111,979,366	238,735	112,218,101	2.49	1,441
2024	103,447,615	91,389	103,539,004	2.11	1,418
2025	95,617,636	525,017	96,142,653	1.88	1,310
2026	86,212,023	581,634	86,793,657	1.70	1,169

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

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

Independent School District No. 191
Ratio of Net General Obligation Bonded Debt to Tax Capacity and Net Obligation Bonded Debt Per Capita
Last Ten Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand (1)	Net Bonded Debt	Tax Capacity
2017	$ 186,029,667	$ 32,620,732	$ 153,408,935	$ 73,391,030
2018	150,839,845	3,161,989	147,677,856	79,556,306
2019	144,096,605	3,331,940	140,764,665	85,568,726
2020	136,683,365	4,297,210	132,386,155	93,940,379
2021	129,054,114	4,123,715	124,930,399	108,981,830
2022	120,292,825	5,791,891	114,500,934	104,518,929
2023	111,979,366	5,487,111	106,492,255	119,882,052
2024	103,447,615	4,739,167	98,708,448	129,316,289
2025	95,617,636	4,408,952	91,208,684	128,693,043
2026	86,212,023	4,557,851	81,654,172	130,741,266

(1) - Debt service monies available include amounts restricted in the debt service funds repaying the related debt.

(2) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census, U.S. census, National Center for Education Statistics

Table 11

Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (2)	Estimated Population	Net Bonded Debt per Capita
209.03 %	2.32 %	67,370	$ 2,277
185.63	2.06	67,370	2,192
164.50	1.83	67,370	2,089
140.93	1.62	68,261	1,939
114.63	1.43	68,261	1,830
109.55	1.25	68,261	1,677
88.83	1.01	77,881	1,367
76.33	0.88	73,006	1,352
70.87	0.81	73,389	1,243
62.45	0.71	74,219	1,100

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 191
Direct and Overlapping Debt
June 30, 2026

Table 12

Governmental Unit	2025/26 Taxable Net Tax Capacity	Bonded Debt [1]	Percent Allocable to ISD No. 191	Portion Allocable to ISD No. 191
Independent School District No. 191	$ 128,692,952	$ 81,300,000	100.0000 %	$ 81,300,000
Overlapping Debt				
Dakota County	880,683,403	35,640,000	9.0833%	32,373
Scott County	345,024,650	83,030,000	4.2761%	35,504
City of Apple Valley	95,439,722	77,270,000	0.6354%	4,909
City of Burnsville	119,275,194	100,455,000	55.7705%	560,242
City of Eagan	150,677,458	60,810,000	8.5402%	51,933
City of Savage	62,971,279	22,820,000	21.2708%	48,540
City of Shakopee	97,843,961	38,895,000	1.3890%	5,402
Metropolitan Council	6,330,160,332	261,560,000 [2]	1.4968%	39,150
Total Overlapping Debt				778,053
Total Direct and Overlapping Debt				$ 82,078,053

1) Does not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

2) The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in Overlapping Debt.

Source: Official Statements obtained on EMMA, the Municipal Advisor's records, and Certificates as to Taxes and Taxable Property, furnished by Dakota and Scott Counties.

Independent School District No. 191
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2017	2018	2019	2020
Debt Limit	$ 1,067,125,043	$ 1,150,340,516	$ 1,239,580,812	$ 1,249,694,940
Total Net Debt Applicable to Limit	153,878,208	131,225,000	126,015,000	107,540,180
Legal Debt Margin	$ 913,246,835	$ 1,019,115,516	$ 1,113,565,812	$ 1,142,154,760
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.42%	11.41%	10.17%	8.61%

Source: Minnesota Department of Revenue.

Table 13

Fiscal Year					
2021	2022	2023	2024	2025	2026
$ 1,384,802,766	$ 1,389,585,525	$ 1,391,697,690	$ 1,762,356,323	$ 1,840,764,690	$ 1,881,899,498
116,293,249	119,603,099	90,025,000	92,690,000	80,338,717	73,219,311
$ 1,268,509,517	$ 1,269,982,426	$ 1,301,672,690	$ 1,669,666,323	$ 1,760,425,973	$ 1,808,680,187
8.40%	8.61%	6.47%	5.26%	4.36%	3.89%

Legal Debt Margin Calculation for Fiscal Year 2026

Economic Market Value	$ 12,545,996,651 [(1)]
Debt Limit (15% of Market Value)	1,881,899,498
Debt Applicable to Limit:	
General Obligation Bonds	77,325,000
Annual Appropriation Debt	-
Less: Amount Set Aside for Repayment of General Obligation Debt	(4,105,689)
Total Net Debt Applicable to Limit	73,219,311
Legal Debt Margin	$ 1,808,680,187

(1) Economic Market Value - Assessment Year 2025 for taxes payable in 2026

Independent School District No. 191
Demographic and Economic Statistics
Last Ten Years

Table 14

Calendar Year	City of Burnsville Population (1)	Estimated Personal Income (1)	Per Capita Personal Income (1)	Total ISD No. 191 Population (3)	School Enrollment (4)	City of Burnsville Unemployment Rate (1)
2016	61,849	3,223,384,333	52,117	67,370	8,914	3.5
2017	62,239	3,628,844,895	58,305	67,370	8,563	3.1
2018	62,657	3,793,192,123	60,539	67,370	8,874	2.7
2019	62,785	3,891,225,945	61,977	67,370	8,603	3.2
2020	64,317	4,164,397,116	64,748	71,881	8,010	7.3
2021	64,627	4,389,918,229	67,927	71,945	7,744	3.6
2022	64,522	4,515,507,648	69,984	71,621	7,721	2.4
2023	65,327	4,900,766,213	75,019	73,006	7,696	2.6
2024	65,696	5,116,798,656	77,886	73,389	7,467	4.0
2025	65,696	5,116,798,656	77,886	74,219	7,473	4.0

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

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

(1) City of Burnsville Comprehensive Annual Financial Report for the year ended December 31, 2025
(2) Estimated personal income is calculated by multiplying the per capital personal income by the City of Burnsville population
(3) Annual school district census, U.S. census, and National Center for Education Statistics
(4) ISD No. 191 - average daily membership (for students served or tuition paid)

Independent School District No. 191
Principal Employers

Table 15

Employer	2026 Employees	2026 Rank	2017 Employees	2017 Rank
Collins Aerospace	1,900	1	1,800	1
Independent School District No. 191	1,346	2	1,510	2
Pepsi Bottling Group	500	3	500	3
City of Burnsville	404	4	486	4
Ames Construction	400	5	400	5
Northern Tool & Equipment	300	6	300	6
Super Target	300	7	300	7
Telex Communications	300	8	300	8
Fabcon Precast	275	9	275	10
Truestone Financial CU	200	10		
YRC Freight			300	9
Total	5,925		6,171	

Note: Information regarding the percentage of total employment for each employer was not available.

Sources: Ehlers

Independent School District No. 191
Employees by Classification
Last Ten Years

Table 16

Employees	Fiscal Years									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administrators/Principals	51	49	50	50	48	47	48	49	53	49
Confidential/Support Specialist	43	47	48	51	49	43	62	71	72	53
Teachers	730	741	721	680	649	612	626	644	711	730
Clerical	64	65	58	59	51	47	50	53	53	56
Paraprofessionals	214	213	214	221	190	163	211	208	170	170
Nurses	15	14	14	11	10	13	16	16	13	18
Operations/Maintenance Supervisors	3	3	3	2	2	3	4	4	4	4
Technical Specialists	10	10	11	12	14	13	14	14	14	15
Community Education	51	60	61	56	59	55	62	86	35	44
Cafeteria	76	73	79	88	68	47	65	79	74	77
Custodians	82	80	77	78	73	66	73	75	79	89
Total	1,339	1,355	1,336	1,308	1,213	1,109	1,231	1,299	1,278	1,305

Note: This schedule is a headcount based on contract group. If an employee has multiple contract groups, they are reflected multiple times. Full and part-time employees count the same.

Source: STAR report and District payroll records

Independent School District No. 191
Student to Staff Ratios
Last Ten Years

Table 17

Fiscal Year	ISD No. 191 Student to Teacher Ratios (1)	Minnesota Department of Education Student to Staff Ratio (2)		
		ISD No. 191	Dakota County Average	State Average
2016	14.83	12.43	14.04	12.84
2017	15.27	12.41	13.82	12.72
2018	15.00	12.00	13.36	13.00
2019	15.00	12.00	13.40	13.00
2020	16.00	13.00	13.45	13.00
2021	15.00	12.00	13.00	12.00
2022	16.00	12.00	13.55	11.73
2023	15.50	12.00	13.00	11.65
2024	14.45	11.98	12.53	12.03
2025	14.44	11.60	12.24	12.18

Note 1: Information is not yet available for 2026

Sources: Minnesota Department of Education

(1) This data is computed using only full-time equivalent licensed classroom teaching staff

(2) This data is computed by dividing total students (MDE enrollment numbers pre-kindergarten through Grade 12) by total certified staff. Certified staff includes classroom teachers, administrators, special education teachers, and all other licensed professionals measured in full-time equivalents.

Independent School District No. 191
Operating Indicators by Function - Standardized Testing
Last Ten Years

	Fiscal Year				
	2017	2018	2019	2020 (2)	2021 (3)
Standardized Tests					
MCA Reading (See Note 1)					
Grade 3	43.7 %	48.7 %	45.4 %		34.4 %
Grade 5	62.0	55.0	52.9		49.9
Grade 7	53.1	51.0	47.6		40.3
Grade 10	38.3	54.5	55.4		50.9
MCA Math (See Note 1)					
Grade 3	54.0	58.4	56.6		44.1
Grade 5	49.9	45.0	41.5		31.1
Grade 7	48.4	40.1	39.1		18.4
Grade 11	35.3	39.1	38.1		26.1
ACT					
Independent School District No. 191					
Average Composite Score	21.2	20.3	20.4	20.0	19.9
State Average Composite Score (1)	21.5	21.3	21.4	21.3	21.6

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test
Note 2: Due to COVID-19 Pandemic, student participation in the MCA was only 50% district wide

(1) Per ESSA School districts must offer a college and career readiness assessment, however the state no longer mandates ACT Average Composite Scores are available through MN Office of Higher Education

(2) Due to COVID-19 Pandemic, MCA and ACT testing did not occur in the 2019-2020 school year. Tests were administered fall of 2020 for the class of of 2020

(3) Due to COVID-19 Pandemic, student participation in the MCA was only 50% district wide

(4) The State Average Composite Score for the ACT Test was not yet available for FY25 or FY26

Source: MDE Report Card

Table 18

Fiscal Year				
2022	2023	2024	2025	2026
36.7 %	33.0%	30.9%	39.0%	34.0%
52.9	49.7%	45.4%	52.0%	47.3%
32.8	33.4%	36.2%	30.2%	24.5%
45.9	40.2%	42.3%	31.8%	31.1%
45.3	48.8%	38.1%	43.2%	39.2%
33.3	33.2%	33.7%	37.5%	27.6%
27.0	27.0%	24.1%	22.7%	19.0%
21.6	17.2%	16.3%	17.2%	16.5%
19.8	18.4	18.7	18.8	17.9
21.6	20.8	20.7		

Independent School District No. 191
School Facilities

Facility	Use	Constructed	Acres	Classrooms
Gideon Pond Elementary	School	1965/1971/1995	13.00	17
Edward Neill Elementary	School	1968/1976/1995	10.00	19
Vista View Elementary	School	1950/1954/1957 1963/1971/1995	16.50	18
Williams Byrne Elementary	School	1967/1971/1995/2016	10.50	24
Rahn Elementary	School	1969/1995	16.00	18
Sky Oaks Elementary	School	1975	11.00	24
Hidden Valley Elementary	School	1989	16.00	24
Harriet Bishop Elementary	School	1996	17.36	25
Eagle Ridge Junior High	School	1996	31.00	45
Nicollet Junior High	School	1970/1995	35.00	50
Burnsville Senior High	School	1955/1958/1962 1971/1976/1977 1980/1993/1998/2016	63.50	112
Cedar School-Burnsville Alt HS	School	1961/1971	10.00	12
Diamondhead Education-Ready to Learn, Early Education, BES Transition Program	Office/ School/ Programs	1971	11.50	16
WH/Maintenance		1958/1962/1980	Part of BHS Acreage	N/A

(1) Source: 2022-23 MN Department of Education School ADM Served Report

Table 19

Square Footage	Capacity	Enrollment (1)
75,700	488	341
68,550	488	368
80,069	488	311
79,856	650	547
67,448	488	362
85,850	650	494
89,525	650	457
78,107	650	500
132,000	950	522
188,772	1,100	606
524,283	2,750	1,965
60,952	300	184
140,000	430	180
20,780	N/A	N/A

Independent School District No. 191
School Lunch Program Data
Last Ten Years

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percent of Average Daily Attendance
2017	8,693	1,082,421	174	6,221	71.56 %
2018	8,563	1,040,408	174	5,979	69.83
2019	8,336	1,030,144	169	6,096	73.12
2020 (2)	8,086	697,480	116	6,013	74.36
2021 (3)	-	-	-	-	-
2022 (4)	-	-	-	-	-
2023	7,234	821,143	165	4,977	68.79
2024 (5)	7,019	898,967	169	5,319	75.78
2025	7,025	917,138	167	5,492	78.18
2026	6,875	898,660	169	5,318	77.35

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94% of enrollment.

(2) Due to COVID-19 Pandemic, School Lunch Program Data is through March 13th, 2020, at which time ISD191 went fully virtual learning and meal service operations transitioned to Summer Feeding.

(3) Due to COVID-19 Pandemic, ISD 191 utilized Summer Food Program, which allowed students to receive free meals throughout the school year.
Summer Food numbers - 395,527 breakfasts, 465,531 lunches in 2020-21

(4) Due to COVID-19 Pandemic, ISD 191 utilized Summer Food Program, which allowed students to receive free meals throughout the school year.
Summer Food numbers - 550,409 breakfasts, 816,238 lunches, and 27,813 snacks in 2021-22

(5) The District began operating using the CEP program for meals, which are reimbursed at the free or paid rates, not reduced rates.

Table 20

Free Lunch			Reduced Lunch		
Number Served	Percent of Total		Number Served	Percent of Total	
545,677	50.41	%	110,524	10.21	%
512,908	49.30		115,231	11.08	
475,065	46.12		134,711	13.08	
322,177	46.19		100,312	14.38	
-	-		-	-	
-	-		-	-	
485,216	59.09		89,394	10.89	
712,780	79.29		259	0.03	
625,698	68.22		-	-	
686,923	76.44		-	-	

Independent School District No. 191
Schedule of Insurance Coverage

Table 21

Type of Coverage	Amount of Coverage
Property Coverage	
Real and Personal Property (Blanketed)	$ 400,000,000
Unscheduled Locations	None
Valuable Papers and Records	5,000,000
Accounts Receivable - On Premises	1,000,000
Boiler and Machinery Coverage	
Property Damage	Included in Property Limit
Crime Coverage	
Employee Dishonesty	500,000
Forgery or Alteration	500,000
Computer Fraud	500,000
Theft of Money and Securities - Inside the Premises	135,000
Theft of Money and Securities - Outside the Premises	270,000
General Liability Coverages	
General	
Each Occurrence	1,000,000
General Aggregate Limit	3,000,000
Medical Expense Limit - Any One Person	10,000
Damage to Premises Rented to You	1,000,000
Products/Completed Operations Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Umbrella Liability	
Each Occurrence	4,000,000
Aggregate	4,000,000
Business Automobile Liability Coverage	
Bodily Injury and Property Damage	1,000,000
Personal Injury Protection	Basic
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Collision	1,000
Comprehensive	500
Educators Legal Liability (Professional)/Employment Practices Liability	
Each Wrongful Act	1,000,000
Aggregate	3,000,000
Educators Legal Liability Deductible	25,000
Employment Practices Liability Decuctible	25,000
Storage Tank Environmental Impairment Liability	
Per Pollution Condition	1,000,000
Aggregate	1,000,000
Self-Insured Retention	50,000
Cyber Risk Liability	
Policy Aggregate Limit of Liability	1,000,000

Independent School District No. 191
Student Enrollment
Last Ten Years

Table 22

Year Ended June 30,	Early Childhood and Voluntary Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2016	209	600	4,253	4,059	9,121	9,933
2017	180	642	4,174	4,113	9,109	9,932
2018	251	657	3,918	4,015	8,841	9,644
2019	268	646	3,784	3,976	8,673	9,468
2020	264	653	3,555	3,883	8,355	9,131
2021	235	618	3,334	3,644	7,831	8,560
2022	263	600	3,261	3,596	7,720	8,439
2023	236	579	3,313	3,569	7,696	8,410
2024	259	577	3,236	3,396	7,467	8,146
2025	273	521	3,302	3,373	7,469	8,144

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

Note 2: Beginning in fiscal 2004, ADM is limited to 1.0 ADM per student.

Note 3: ADM is weighted as follows in computing pupil units.

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2009 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal 2015 through 2024	1.000	1.000	1.00	1.00	1.00	1.20

Source: Minnesota Department of Education student reporting system - School ADM Served Report

Independent School District No. 191
Expenditures per Student

Table 23

	State Average 2024	ISD No. 191 2024
Expenditures Per Student (ADM) (1)		
General Fund		
District Level Administration	$ 848	$ 712
School Level Administration	596	725
Regular Instruction	6,524	7,476
Career and Technical Instruction	224	289
Special Education	3,187	3,731
Student Activities/Athletics	447	330
Instructional Support Services	842	1,297
Pupil Support Services	612	692
Operations, Maintenance, and Other	1,179	1,423
Student Transportation	1,101	1,464
Capital Expenditures	1,090	1,159
Total General Fund Expenditures	$ 16,650	19,298
ADM Used Per Profile Model Format		$ 7,716

(1) Average daily membership (ADM) is a measure of student attendance

Note: School District Profiles Report not available for June 30, 2025

Source: Minnesota Department of Education School District Profiles Report - Expenditure Per Average Daily Membership (ADM) Served Plus Tuitioned Out