Independent School District No. 316
Coleraine, Minnesota

Basic Financial Statements

June 30, 2025

Independent School District No. 316
Table of Contents

Independent School District No. 316
Board of Education and Administration
June 30, 2025

Board of Education	Position	Term Expires
Bob Schwartz	Chair	2026
Carissa McIlwain	Vice Chair	2028
LaNea Johnson	Treasurer	2028
Doug Cogswell	Director	2028
Bill Hoeft	Director	2026
Gene Storlie	Director	2026

Administration	
David Pace	Superintendent
Miranda Jurgansen	Business Manager

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Independent Auditor's Report

To the School Board
Independent School District No. 316
Coleraine, 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. 316, Coleraine, Minnesota, as of and for the year ended June 30, 2025, and the related notes to 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. 316, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 316 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 316 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
November 6, 2025

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Independent School District No. 316
Management Discussion and Analysis
June 30, 2025

This section of Independent School District No. 316's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024-2025 include the following:

- Total General Fund revenues were $18,093,482 and total General Fund expenditures were $18,228,925 for the fiscal year ended June 30, 2025. Total revenues and expenditures for all governmental funds combined were $21,996,454 and $22,226,897, respectively.

- The total fund balance in the General Fund decreased by $62,361 to $7,039,106. The Unassigned fund balance in the General Fund increased by $618,882 to $3,091,745. Total General Fund revenues were 3.4% higher than the final budget, and total General Fund expenditures were 1.4% higher than the final budget.

- The total fund balance in the Food Services fund decreased by $34,961 to $236,101, with revenue of $901,607 and expenditures of $936,628.

- The total fund balance in the Community Service fund increased by $30,933 to $290,785, with revenue of $285,273 and expenditures of $254,340.

- The net long-term liability for other postemployment benefits is $1,918,204 at June 30, 2025. This liability decreased by $120,596 in 2024-2025.

- The District has general obligation bonded debt principal outstanding in the amount of $14,981,230 as of June 30, 2025. This is a decrease of $1,902,718 from the previous fiscal year end.

- Net position of governmental activities increased by $1,637,069, offset by a change in accounting principle of $1,569,672 for an overall increase of $67,397 for the fiscal year. The total expense of governmental activities was $20,562,843. Program revenues totaled $8,964,119 and general revenues totaled $13,235,793.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and single audit and other required reports. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

DISTRICT-WIDE STATEMENTS

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

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

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown as Governmental activities:

- 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 establishes other funds to control and manage money for particular purposes.

Governmental Funds - 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 district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position from Governmental activities was $804,231 on June 30, 2025. (See Table A-1). This represents an increase of $67,397 in net position. Total assets and deferred outflows of resources decreased by $1,323,431, or 3.3%, based on a district capital asset review and removal of items as needed. Total liabilities and deferred inflows of resources decreased by approximately $1.4 million, or 3.5%, with long-term liabilities decreasing by approximately $3.2 million primarily due to a decrease in the general obligation bond liability.

Table A-1
Net Position - Governmental Activities

	Year Ended 2025	Year Ended 2024	Percentage Change
Assets			
Current and other assets	$ 14,525,993	$ 14,259,019	1.87%
Capital assets	22,092,243	23,211,670	-4.82%
Total assets	36,618,236	37,470,689	-2.27%
Deferred Outflows of Resources	2,486,919	2,957,897	-15.92%
Total assets and deferred outflows of resources	$ 39,105,155	$ 40,428,586	-3.27%
Liabilities			
Other liabilities	$ 3,730,598	$ 3,551,465	5.04%
Long-term liabilities	28,274,498	31,507,089	-10.26%
Total liabilities	$ 32,005,096	$ 35,058,554	-8.71%
Deferred Inflows of Resources	$ 6,295,828	$ 4,633,198	35.89%
Net Position			
Net investment in capital assets	$ 5,180,706	$ 5,396,306	-4.00%
Restricted	3,868,675	3,870,447	-0.05%
Unrestricted	(8,245,150)	(8,529,919)	3.34%
Total net position	$ 804,231	$ 736,834	-9.15%

Changes in Net Position

The District's total revenues were $22,199,912 for the year ended June 30, 2025. Property taxes and state formula aid accounted for 59% of total revenue for the year (See Figure A-2). 41% of total revenue came from program revenues and investment earnings.

The total cost of all programs and services was $20,562,843. The District's expenses are predominantly related to educating and caring for students, approximately 60% (See Figure A-2). The purely administrative activities of the District accounted for just 5% of total costs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Total revenues exceeded expenditures, increasing net position by $1,637,069.

Table A-2
Change in Net Position

	Year Ended 2025	Year Ended 2024	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 420,187	$ 528,627	-20.51%
Operating grants and contributions	8,543,932	8,883,067	-3.82%
General revenues			
Property taxes	5,096,802	5,513,079	-7.55%
General grants and aids	7,907,269	7,956,619	-0.62%
Investment earnings	231,722	131,837	75.76%
Total revenues	22,199,912	23,013,229	-3.53%
Expenses			
Administration	1,039,934	1,029,069	1.06%
District support services	557,264	535,934	3.98%
Elementary and secondary regular instruction	7,323,028	7,115,753	2.91%
Vocational education instruction	231,776	284,880	-18.64%
Special education instruction	4,051,094	3,902,095	3.82%
Instructional support services	768,709	640,568	20.00%
Pupil support services	1,893,854	1,658,520	14.19%
Sites and buildings	1,768,060	1,384,093	27.74%
Fiscal and other fixed cost programs	110,596	109,129	1.34%
Food service	896,329	876,215	2.30%
Community education and services	251,093	260,156	-3.48%
Unallocated depreciation	1,216,582	1,140,586	6.66%
Interest and fiscal charges on long-term debt	454,524	1,267,068	-64.13%
Total expenses	20,562,843	20,204,066	1.78%
Increase (decrease) in net position	1,637,069	2,809,163	-41.72%
Net Position			
Net position - beginning	736,834	(2,072,329)	-135.56%
Change in accounting principle	(1,569,672)	-	
Beginning of year	(832,838)	(2,072,329)	59.81%
End of year	$ 804,231	$ 736,834	-9.15%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Figure A-1
Source of Revenues for Fiscal Year 2025

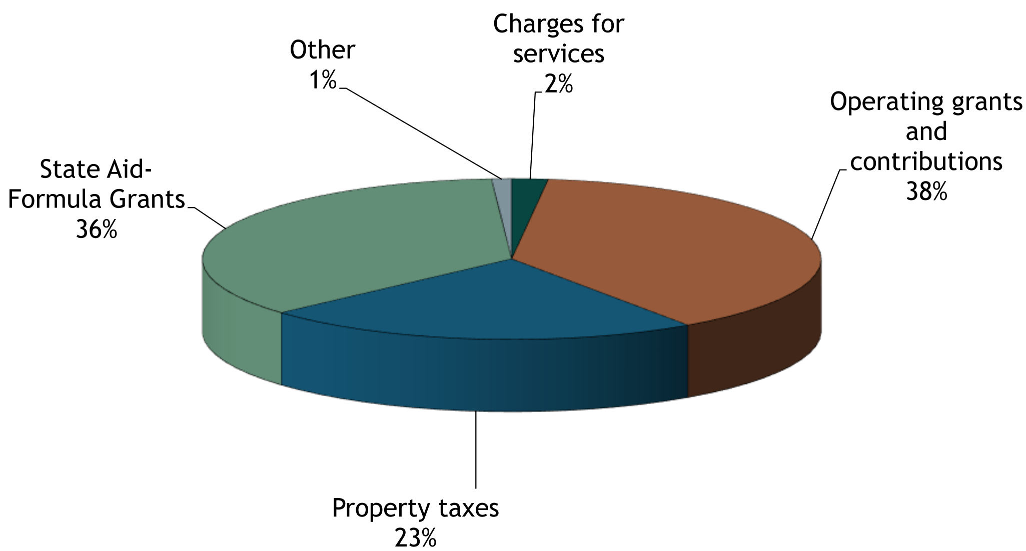
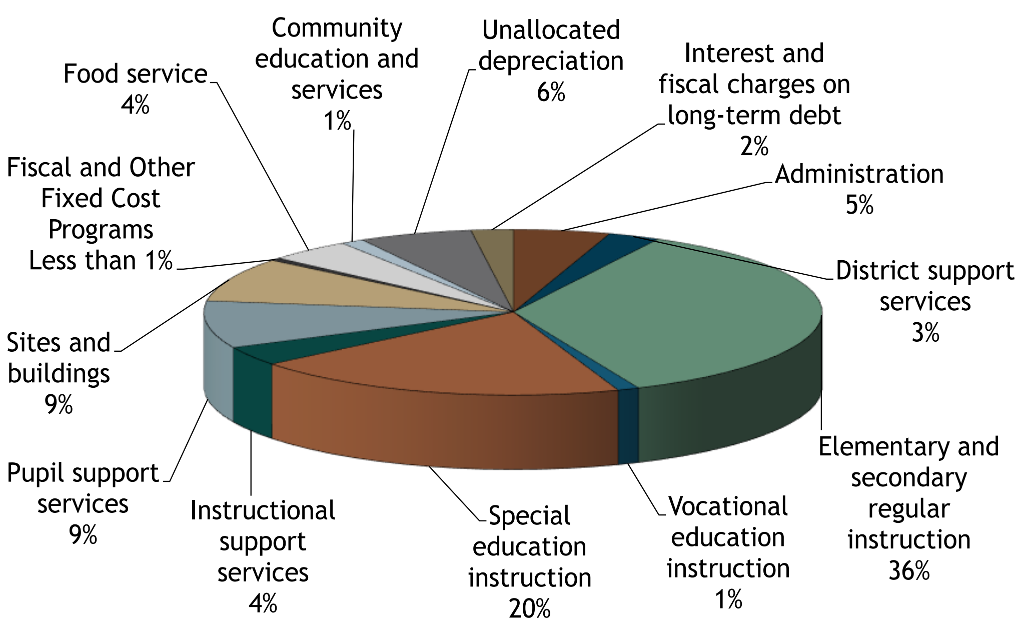


Figure A-2
Expenses for Fiscal Year 2025



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in net position (Continued)

- The cost of all governmental activities was $20,562,843, which is a increase of 1.78% from the previous year.
- Some of the cost was paid by the users of the District's programs ($420,187).
- The federal and state governments subsidized certain programs with grants and contributions ($8,543,932).
- Most of the District's costs ($13,004,071), however, were paid for by District taxpayers and the taxpayers of the State of Minnesota.
- The net expense of governmental activities in excess of program revenue was paid for with $5,096,802 in property taxes and $7,907,269 of state aid based on the statewide education aid formula. Investments earnings were $231,772 for the year ended June 30, 2025.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Administrative	$ 1,039,934	$ 1,029,069	1.06%	$ 1,039,934	$ 1,029,069	1.06%
District support services	557,264	535,934	3.98%	557,264	532,678	4.62%
Elementary and secondary regular instruction	7,323,028	7,115,753	2.91%	4,677,227	3,821,786	22.38%
Vocational education instruction	231,776	284,880	-18.64%	231,776	282,300	-17.90%
Special education instruction	4,051,094	3,902,095	3.82%	(53,743)	251,143	-121.40%
Instructional support services	768,709	640,568	20.00%	370,602	307,321	20.59%
Pupil support services	1,893,854	1,658,520	14.19%	1,357,573	1,082,073	25.46%
Sites and buildings	1,768,060	1,384,093	27.74%	1,592,603	929,475	71.34%
Fiscal and other fixed cost programs	110,596	109,129	1.34%	110,596	109,129	1.34%
Food service	896,329	876,215	2.30%	811	(51,758)	-101.57%
Community education and services	251,093	260,156	-3.48%	42,975	91,502	-53.03%
Unallocated depreciation	1,216,582	1,140,586	6.66%	1,216,582	1,140,586	6.66%
Interest and fiscal charges on long-term debt	454,524	1,267,068	-64.13%	454,524	1,267,068	-64.13%
Total	$ 20,562,843	$ 20,204,066	1.78%	$ 11,598,724	$ 10,792,372	7.47%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $8,871,650, which is an increase of $280,908 from the prior year ending fund balance. Revenues for the District's governmental funds were $21,996,454, total expenditures were $22,226,897, and other financing sources provided $511,351.

The Debt Service Fund balance increased by $683,881 in the current fiscal year. The fund balance of the General Fund decreased by $62,361. The Post Employment Debt Service Fund balance decreased $513,778 to a zero balance and this fund is now presented in other governmental funds. The operations of the other governmental funds resulted in the fund balance of the Food Service Fund decreasing by $34,961, the fund balance of the Community Service fund increasing $30,933, and the Building Construction Fund balance increasing by $177,194, from a zero balance.

GENERAL FUND

The following schedule presents a summary of General Fund Revenues.

Table A-4
General Fund Revenues

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local property taxes	$ 2,684,466	$ 3,033,999	$ (349,533)	-11.5%
Revenue from state sources	14,187,729	13,717,507	470,222	3.4%
Revenue from federal sources	537,985	1,649,987	(1,112,002)	-67.4%
Other	683,302	676,785	6,517	1.0%
Total	$ 18,093,482	$ 19,078,278	$ (984,796)	-5.2%

Total General Fund revenue of $18,093,482 was a decrease of $984,796, or 5.2%, compared to the previous year. The biggest decrease was from federal sources, which decreased by $1,112,002, or 67.4%, due to the decrease in COVID aid. Basic general education revenue is determined by the state per student funding formula and consists of state aid revenue. Other state-authorized revenue including excess levy referendum and operating capital involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change of revenue.

The following schedule presents a summary of General Fund expenditures.

Table A-5
General Fund Expenditures

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Salaries	$ 9,099,036	$ 9,557,831	$ (458,795)	-4.8%
Employee benefits	3,918,342	3,891,881	26,461	0.7%
Purchased services	3,605,617	3,541,028	64,589	1.8%
Supplies and materials	483,587	728,396	(244,809)	-33.6%
Capital expenditures	607,779	376,923	230,856	61.2%
Debt service expenditures	458,385	580,452	(122,067)	-21.0%
Other expenditures	56,179	52,186	3,993	7.7%
Total	$ 18,228,925	$ 18,728,697	$ (499,772)	-2.7%

GENERAL FUND (CONTINUED)

The total General Fund expenditures of $18,228,925 was a decrease of $499,772, or 2.7%, over the prior year. Salaries and benefits decreased by $432,334 combined. Salaries decreased 4.8% and employee benefits increased by 0.7%. Capital expenditures increased $230,856 from the prior year which was offset by a decrease in supplies and materials of $244,809. The remaining categories of purchased services, debt service, and other expenditures net to an overall cost decrease of $53,485 from 2024 to 2025, driven by debt service expenditures which decreased 21%.

In 2024-2025, General Fund revenues and other financing sources were $62,361 less than expenditures, which was $416,392 better than the budgeted expectation. General Fund revenue was $594,682 higher than budgeted and expenditures were $248,166 more than budgeted. The unassigned fund balance increased from $2,472,863 at June 30, 2024, to $3,091,745 at June 30, 2025.

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the District. By operating in this manner, the Student Nutrition Services program is self-contained and does not pull resources away from direct K-12 instruction.

The fund balance decreased by $34,961 in 2024-2025. Food Service Fund revenue for 2024-2025 totaled $901,067, which is a decrease of $29,758, or 3.2%, from 2023-2024. Food Service Fund expenditures for 2024-2025 totaled $936,028, an increase of $40,970, or 4.6%, from 2023-2024.

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on a year-to-year basis so that it does not pull resources away from K-12 instruction.

The fund balance increased by $30,033 in 2024-2025. Community Service Fund revenues for 2024-2025 totaled $285,273. This was an increase of $11,752, or 4.3%, from 2023-2024. Community Service Fund expenditures for 2024-2025 totaled $254,340. This was a decrease of $8,166, or 3.1%, from 2023-2024.

The entire fund balance is restricted to be used for specific purposes based on state requirements.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the costs of school construction, addition, and renovation projects. Bond proceeds are deposited in the Capital Projects Fund and are then drawn down as the payments are made for work completed on the various building projects. The proceeds of bonds can only be used for the purpose for which the bonds were issued.

The District had other local revenues totaling $13,097 related to investment performance.

The District expended $274,172 on capital projects during the year. The District has a construction project in process. The fund balance of this fund is now $177,194.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

Debt service revenue was $1,237,958 for 2024-2025, 75% of which came from property tax revenue. Debt service expenditures were $1,011,844. The District made principal payments in the amount of $780,723 and interest and other payments of $231,121. The Debt Service Fund has a fund balance of $1,128,464 as of June 30, 2025, which is restricted to be used for future debt payments.

The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. Fund balance and collection of tax levies will provide adequate cash flow for timely payment of principal and interest.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2025, the District had invested $37,622,433 in a broad range of capital assets including: school buildings, land, and other equipment for various instructional programs (see Table A-6). Accumulated depreciation/amortization as of June 30, 2025, was $15,530,190, with current year depreciation/amortization expense for governmental activities totaling $1,519,798. More detailed information about capital assets can be found in Note 4 to the basic financial statements.

Table A-6
Capital Assets

	Year Ended 2025	Year Ended 2024	Percent Change
Land	$ 54,720	$ 54,720	0.0%
Construction in progress	255,616	116,000	120.4%
Land improvements	1,245,513	1,225,433	1.6%
Buildings	34,403,524	34,580,759	-0.5%
Equipment	1,447,882	2,551,580	-43.3%
Leased equipment	82,353	149,837	-45.0%
Subscription assets	132,825	132,825	0.0%
Less accumulated depreciation/amortization	(15,530,190)	(15,599,484)	-0.4%
Total capital assets	$ 22,092,243	$ 23,211,670	-4.8%

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

For the fiscal year ended June 30, 2025, the District had $28,274,498 in long-term liabilities outstanding, including $14,623,265 in General Obligation Bonds. The decrease in total long-term liabilities was $3,232,591 from last year (see Table A-7) due in large part to a decrease in general obligation bond liability and in net pension liability, offset by an increase in compensated absences payable, partially due to a change in accounting principle. More detailed information about the long-term liabilities is presented in Note 5 of the financial statements.

Table A-7
Long-Term Liabilities

	Year Ended 2025	Year Ended 2024	Percent Change
General obligation bonds	$ 14,623,265	$ 16,503,987	-11.4%
Net bond premium and discount	357,965	379,961	-5.8%
Certificates of participation payable	2,055,000	2,365,000	-13.1%
Lease liability	52,501	46,416	13.1%
Net pension liability	7,650,493	10,172,925	-24.8%
Net OPEB liability	1,918,204	2,038,800	-5.9%
Compensated absences payable	1,617,070	-	N/A
Total long-term liabilities	$ 28,274,498	$ 31,507,089	-10.3%
Long-term liabilities			
Due within one year	$ 3,587,127	$ 3,454,389	
Due in more than one year	24,687,371	28,052,700	
Total	$ 28,274,498	$ 31,507,089	

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, ISD No. 316, 499 Powell Ave, Coleraine, MN 55722.

BASIC FINANCIAL STATEMENTS

Independent School District No. 316
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	$ 10,331,433
Current property taxes receivable	1,435,235
Delinquent property taxes receivable	180,963
Accounts receivable	21,154
Interest receivable	3,041
Due from Department of Education	1,748,763
Due from other Minnesota school districts	14,923
Due from Federal Government through Department of Education	245,977
Due from other governmental units	502,659
Inventory	41,845
Capital assets not being depreciated	
Land	54,720
Construction in progress	255,616
Capital assets net of accumulated depreciation	
Land improvements	637,643
Buildings and improvements	20,477,565
Equipment	558,971
Leased assets net of accumulated amortization	
Leased equipment	48,243
Subscription assets net of accumulated amortization	
Subscription assets	59,485
Total assets	36,618,236
Deferred Outflows of Resources	
Deferred outflows related to OPEB	352,788
Deferred outflows related to pensions	2,134,131
Total deferred outflows of resources	2,486,919
Total assets and deferred outflows of resources	$ 39,105,155
Liabilities	
Accounts and contracts payable	$ 515,139
Salaries and benefits payable	1,513,741
Interest payable	1,218,084
Due to other Minnesota school districts	373,891
Unearned revenue	109,743
Net bond principal payable	
Payable within one year	2,246,163
Payable after one year	12,735,067
Certificates of particpation payable	
Payable within one year	320,000
Payable after one year	1,735,000
Lease liability	
Payable within one year	15,377
Payable after one year	37,124
Compensated absences payable	
Payable within one year	258,680
Payable after one year	1,358,390
Net OPEB liability	
Payable within one year	746,907
Payable after one year	1,171,297
Net pension liability	7,650,493
Total liabilities	32,005,096
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	2,960,866
Deferred inflows related to OPEB	640,691
Deferred inflows related to pensions	2,694,271
Total deferred inflows of resources	6,295,828
Net Position	
Net investment in capital assets	5,180,706
Restricted for	
General purposes	2,209,377
Debt service	1,130,702
Food service	236,101
Community service	292,495
Unrestricted	(8,245,150)
Total net position	804,231
Total liabilities, deferred inflows of resources, and net position	$ 39,105,155

Independent School District 316
Statement of Activities
Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	$ 1,039,934	$ -	$ -	$ -	$ (1,039,934)
District support services	557,264	-	-	-	(557,264)
Elementary and secondary regular instruction	7,323,028	137,241	2,508,560	-	(4,677,227)
Vocational education instruction	231,776	-	-	-	(231,776)
Special education instruction	4,051,094	214,035	3,890,802	-	53,743
Instructional support services	768,709	-	398,107	-	(370,602)
Pupil support services	1,893,854	-	536,281	-	(1,357,573)
Sites and buildings	1,768,060	1,255	174,202	-	(1,592,603)
Fiscal and other fixed cost programs	110,596	-	-	-	(110,596)
Food service	896,329	47,027	848,491	-	(811)
Community education and services	251,093	20,629	187,489	-	(42,975)
Unallocated depreciation	1,216,582	-	-	-	(1,216,582)
Interest and fiscal charges on long-term debt	454,524	-	-	-	(454,524)
Total governmental activities	$ 20,562,843	$ 420,187	$ 8,543,932	$ -	(11,598,724)

General revenues	
Taxes	
Property taxes, levied for general purposes	2,681,892
Property taxes, levied for debt service	1,007,140
Property taxes, levied for community service	64,820
Property taxes, levied for post employment debt service	1,342,950
General grants and aids	7,907,269
Investment income	231,722
Total general revenues	13,235,793
Change in net position	1,637,069
Net position - beginning	736,834
Change in accounting principle (see Note 9)	(1,569,672)
Net position - beginning, as restated	(832,838)
Net position - ending	$ 804,231

Independent School District No. 316
Balance Sheet - Governmental Funds
June 30, 2025

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	$ 6,757,882	$ 2,583,673	$ 989,878	$ 10,331,433
Current property taxes receivable	340,375	1,094,860	-	1,435,235
Delinquent property taxes receivable	51,793	129,170	-	180,963
Accounts receivable	21,154	-	-	21,154
Interest receivable	-	-	3,041	3,041
Due from Department of Education	1,707,091	26,983	14,689	1,748,763
Due from Federal Government through Department of Education	236,327	-	9,650	245,977
Due from other Minnesota school districts	14,923	-	-	14,923
Due from other governmental units	502,659	-	-	502,659
Inventory	-	-	41,845	41,845
Total assets	$ 9,632,204	$ 3,834,686	$ 1,059,103	$ 14,525,993
Liabilities				
Accounts and contracts payable	$ 320,215	$ -	$ 194,924	$ 515,139
Salaries and benefits payable	1,510,245	-	3,496	1,513,741
Interest payable				
Due to other Minnesota school districts	220,124	-	153,767	373,891
Unearned revenue	106,907	-	2,836	109,743
Total liabilities	2,157,491	-	355,023	2,512,514
Deferred inflows of resources				
Property tax levied for subsequent year's expenditures	383,814	2,577,052	-	2,960,866
Unavailable revenue - delinquent property taxes	51,793	129,170	-	180,963
Total deferred inflows of resources	435,607	2,706,222	-	3,141,829
Fund Balances				
Nonspendable	-	-	41,845	41,845
Restricted	2,209,377	1,128,464	663,945	4,001,786
Committed	431,115	-	-	431,115
Assigned	1,306,869	-	-	1,306,869
Unassigned	3,091,745	-	(1,710)	3,090,035
Total fund balances	7,039,106	1,128,464	704,080	8,871,650
Total liabilities, deferred inflows of resources, and fund balances	$ 9,632,204	$ 3,834,686	$ 1,059,103	$ 14,525,993

See notes to basic financial statements.

Independent School District No. 316
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2025

Total fund balances - governmental funds	$ 8,871,650
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	37,622,433
Less accumulated depreciation/amortization	(15,530,190)
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	(14,623,265)
Bond premiums	(357,965)
Certificates of participation payable	(2,055,000)
Lease liability	(52,501)
Compensated absences payable	(1,617,070)
Net OPEB liability	(1,918,204)
Net pension liability	(7,650,493)
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. funds.	
Deferred outflows related to pensions	2,134,131
Deferred inflows related to pensions	(2,694,271)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds. funds.	
Deferred outflows related to OPEB	352,788
Deferred inflows related to OPEB	(640,691)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	180,963
Governmental funds do not report a liability for accrued interest on bonds and finance puchases until due and payable.	(1,218,084)
Total net position - governmental activities	$ 804,231

Independent School District No. 316
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025

	General	Debt Service	Formerly Major Fund Postemployment Benefit Debt Service	Nonmajor Funds	Total Governmental
Revenues					
Local property taxes	$ 2,684,466	$ 923,940	$ -	$ 1,499,417	$ 5,107,823
Other local and county revenues	611,873	74,860	-	53,831	740,564
Revenue from state sources	14,187,729	239,158	-	517,639	14,944,526
Revenue from federal sources	537,985	-	-	547,100	1,085,085
Sales and other conversion of assets	71,429	-	-	47,027	118,456
Total revenues	18,093,482	1,237,958	-	2,665,014	21,996,454
Expenditures					
Current					
Administration	1,047,344	-	-	-	1,047,344
District support services	568,749	-	-	-	568,749
Elementary and secondary regular instruction	7,182,271	-	-	-	7,182,271
Vocational education instruction	231,531	-	-	-	231,531
Special education instruction	4,134,975	-	-	-	4,134,975
Instructional support services	777,783	-	-	-	777,783
Pupil support services	1,887,288	-	-	-	1,887,288
Sites and buildings	1,222,224	-	-	27,037	1,249,261
Fiscal and other fixed cost programs	110,596	-	-	-	110,596
Food service	-	-	-	877,213	877,213
Community education and services	-	-	-	252,249	252,249
Capital outlay					
Administration	2,435	-	-	-	2,435
District support services	4,554	-	-	-	4,554
Elementary and secondary regular instruction	88,686	-	-	-	88,686
Special education instruction	3,127	-	-	-	3,127
Instructional support services	11,070	-	-	-	11,070
Sites and buildings	497,907	-	-	247,135	745,042
Food service	-	-	-	58,815	58,815
Debt service					
Principal	366,064	780,723	-	1,482,008	2,628,795
Interest and fiscal charges	92,321	231,121	-	41,671	365,113
Total expenditures	18,228,925	1,011,844	-	2,986,128	22,226,897
Excess of revenues over (under) expenditures	(135,443)	226,114	-	(321,114)	(230,443)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	3,256	-	-	-	3,256
Bond issuances	-	-	-	415,000	415,000
Bond premiums	-	-	-	23,269	23,269
Lease issuance	69,826	-		-	69,826
Transfers in	-	457,767	-	-	457,767
Transfers out	-	-	-	(457,767)	(457,767)
Total other financing sources (uses)	73,082	457,767	-	(19,498)	511,351
Net change in fund balances	(62,361)	683,881	-	(340,612)	280,908
Fund Balances					
Beginning of year	7,101,467	444,583	513,778	530,914	8,590,742
Change within financial reporting entity (See Note 9)	-	-	(513,778)	513,778	-
Beginning of year, restated	7,101,467	444,583	-	1,044,692	8,590,742
End of year	$ 7,039,106	$ 1,128,464	$ -	$ 704,080	$ 8,871,650

See notes to basic financial statements.

Independent School District No. 316
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$ 280,908
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense. as depreciation expense.	
Capital outlays	537,838
Depreciation/amortization expense	(1,519,798)
Disposal of capital assets	(137,467)
Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(47,398)
OPEB contributions are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	291,863
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.	2,669,463
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	210,855
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.	(175,344)
Governmental funds report the effect of bond premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	21,996
Proceeds from long-term liabilities are recognized as an other financing source, increasing fund balance in the governmental fund statements, but have no effect on net position in the Statement of Activities.	(484,826)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(11,021)
Change in net position - governmental activities	$ 1,637,069

Independent School District No. 316
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Local property taxes	$ 2,562,156	$ 2,478,032	$ 2,684,466	$ 206,434
Other local and county revenues	470,322	643,101	611,873	(31,228)
Revenue from state sources	13,785,112	13,767,225	14,187,729	420,504
Revenue from federal sources	498,179	539,441	537,985	(1,456)
Sales and other conversion of assets	36,098	71,001	71,429	428
Total revenues	17,351,867	17,498,800	18,093,482	594,682
Expenditures				
Current				
Administration	1,064,381	1,091,020	1,047,344	(43,676)
District support services	548,491	534,113	568,749	34,636
Elementary and secondary regular instruction	6,234,563	7,125,481	7,182,271	56,790
Vocational education instruction	294,476	224,092	231,531	7,439
Special education instruction	4,625,774	4,148,621	4,134,975	(13,646)
Instructional support services	527,922	596,883	777,783	180,900
Pupil support services	2,057,630	1,996,229	1,887,288	(108,941)
Sites and buildings	1,352,682	1,257,205	1,222,224	(34,981)
Fiscal and other fixed cost programs	110,952	110,952	110,596	(356)
Capital outlay				
Administration	4,000	2,825	2,435	(390)
District support services	-	829	4,554	3,725
Elementary and secondary regular instruction	20,378	9,826	88,686	78,860
Special education instruction	4,000	94	3,127	3,033
Instructional support services	9,600	9,600	11,070	1,470
Sites and buildings	244,292	413,900	497,907	84,007
Debt service				
Principal	412,692	370,000	366,064	(3,936)
Interest and fiscal charges	89,950	89,139	92,321	3,182
Total expenditures	17,601,783	17,980,809	18,228,925	248,116
Excess of revenues over (under) expenditures	(249,916)	(482,009)	(135,443)	346,566
Other Financing Sources				
Proceeds from sale of capital assets	-	3,256	3,256	-
Lease issuance	-	-	69,826	69,826
Total other financing sources	-	3,256	73,082	69,826
Net change in fund balance	$ (249,916)	$ (478,753)	(62,361)	$ 416,392
Fund Balance				
Beginning of year			7,101,467	
End of year			$ 7,039,106	

Independent School District No. 316
Statement of Fiduciary Net Position
Year Ended June 30, 2025

	Post Employment Benefits Irrevocable Trust Fund
Assets	
Cash and investments	$ 4,381,493
Accounts receivable	9,805
Interest receivable	59,246
Total assets	$ 4,450,544
Liabilities	
Accounts payable	$ 79
Unearned revenue	6,473
Total liabilities	$ 6,552
Net Position	
Held in trust for OPEB	$ 4,443,992

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

	Post Employment Benefits Irrevocable Trust Fund
Additions	
Contributions from retirees	$ 371,697
Interest revenue	241,325
Total additions	613,022
Deductions	
Payments to retirees	970,797
Total deductions	970,797
Change in net position	(357,775)
Net Position	
Beginning of year	4,801,767
End of year	$ 4,443,992

See notes to basic financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund statement level.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Separate fund financial statements are provided for governmental funds, and the fiduciary fund even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Irrevocable Trust Fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded as follows:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Other revenue is considered available if collected within 60 days of the end of the current fiscal period.

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 unrestricted fund balances exist: committed, assigned, and unassigned.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

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

Nonmajor Funds:

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

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

Building Construction Fund – Capital Projects – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue.

Post Employment Debt Service Fund – This fund is used to account for the financial resources relating to the bond issued for post-employment benefits.

Fiduciary Fund:

Post Employment Benefits Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

D. Deposits and Investments

Cash and investments include balances from all funds, except the Irrevocable Trust Fund, 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 cash and investment balances of each fund. Earnings from the Irrevocable Trust Fund are maintained in that fund.

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 at June 30, 2025, were comprised of deposits and investments as disclosed in Note 2. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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

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 MNTrust securities, and money market funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

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

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. The county is the collecting agency 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

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 capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition market value at the date of donation. The district maintains a threshold level of $5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line half-year method over their estimated useful lives, ranging from five to fifty years.

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

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

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

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

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 uses an incremental borrowing rate based on information available at the commencement date of the leases. The Districts incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Subscription-Based Information Technology Arrangements

The district recorded subscription assets as a result of implementing GASB Statement No. 96, 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 lease, less any lease incentives.

Key estimates and judgments related to agreements include (1) the discount rate, (2) agreement term, (3) 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 prior debt issuances. 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.

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.

M. 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 basic 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) until that time. The District has two items that qualify for reporting in this category. 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. Deferred outflows of resources related to pensions are recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB are recorded for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

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

N. Long-Term Obligations

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

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

O. Compensated Absences

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.

P. 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)

P. 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.

Q. Postemployment Benefits Other than Pensions
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost, which approximates fair value.

R. Fund Equity

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

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

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

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

- Assigned Fund Balances – These are unrestricted funds constrained by the District's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. The School Board delegates to the Superintendent the authority to assign fund balances for specific purposes.

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

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

2. Minimum Fund Balance Policy

The District will strive to maintain a minimum unassigned general fund balance of 6% of the annual budget.

S. Net Position

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

T. Use of Estimates

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

U. 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. There were no significant reductions in the District's insurance coverage in any of the past three years.

V. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings, and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Budgetary Information (Continued)

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end. The School Board made several supplemental budgetary appropriations throughout the year.

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.

Checking accounts	$ 6,888,884
Savings and money market accounts	183
Certificates of deposit	2,975,511
Total deposits	$ 9,864,578

Custodial Credit Risk – Deposits: This risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, none of the District's bank balances were exposed to custodial credit risk.

B. Investments

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

Investment	Total	12 Months or Less	13 to 36 Months
District Investments			
MNTrust Investment Shares	$ 275,200	$ 275,200	$ -
Goldman Sachs Money Market Funds	2,590,022	2,590,022	-
Other Gov't Backed Securities	715,459	715,459	-
US Treasury Notes	1,265,554	1,072,866	192,688
Total investments	$ 4,846,235	$ 4,653,547	$ 192,688

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)
Credit Risk: The District may invest funds as authorized by *Minnesota Statutes* § 118A.04. All funds in MN Trust are invested in accordance with *Minnesota Statutes* § 475.66. Each Minnesota School District owns a pro-rata share of each investment which is held in the name of the Funds. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute. The District's MN Trust investment shares were rated AAA by S&P. The District's investments in government backed securities and US Treasury Notes were rated AA+ by S&P.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. The District's investments were exposed to concentration of credit risk at June 30, 2025, as Fannie Mae (14.7%) represented more than 5% of nonpooled investments.

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 does not have an investment policy for custodial credit risk.

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

- Investments of $2,590,022 are valued using a matrix pricing model (Level 1 inputs)
- Investments of $1,981,013 are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments
Summary of cash, deposits, and investments as of June 30, 2025:

Petty Cash	$ 2,100
Deposits - Pooled (Note 2.A.)	9,194,492
Deposits - Nonpooled (Note 2.A.)	670,086
Investments - Pooled	13
Investments - Nonpooled (2.B.)	4,846,235
Total deposits and investments	$ 14,712,926

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

Statement of Net Position	
Cash and investments	$ 10,331,433
Statement of Fiduciary Net Position	
Cash and investments	4,381,493
Total	$ 14,712,926

NOTE 3 – INTERFUND ACTIVITY

A. Interfund Transfers

The Post Employment Debt Service Fund transferred $457,767 to the Debt Service Fund to close out the fund.

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 54,720	$ -	$ -	$ 54,720
Construction in progress	116,000	255,616	116,000	255,616
Total capital assets not being depreciated	170,720	255,616	116,000	310,336
Other capital assets				
Land improvements	1,225,433	20,080	-	1,245,513
Buildings	34,580,759	185,305	362,540	34,403,524
Equipment	2,551,580	129,641	1,233,339	1,447,882
Leased equipment	149,837	63,196	130,680	82,353
Subscription assets	132,825	-	-	132,825
Total other capital assets at hisorical cost	38,640,434	398,222	1,726,559	37,312,097
Less accumulated depreciation for				
Land improvements	551,345	56,525	-	607,870
Building	12,919,477	1,239,098	232,616	13,925,959
Equipment	2,030,832	77,681	1,219,602	888,911
Leased equipment	48,936	122,048	136,874	34,110
Subscription assets	48,894	24,446	-	73,340
Total accumulated depreciation and amortization	15,599,484	1,519,798	1,589,092	15,530,190
Total other capital assets, net	23,040,950	(1,121,576)	137,467	21,781,907
Governmental activities, capital assets, net	$ 23,211,670	$ (865,960)	$ 253,467	$ 22,092,243

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

District and School Administration	$ 10,729
District Support Services	446
Regular Instruction	165,262
Vocational Instruction	2,049
Special Educational Services	506
Community Education Services	750
Instructional Support Services	3,812
Pupil Support Services	2,986
Food Service	4,487
Sites, Buildings and Equipment	208,335
Unallocated	1,120,436
Total depreciation/amortization expense	$ 1,519,798

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds						
2010B Alternative Facilities Bonds	12/16/10	0.9%-4.3%	$ 650,000	02/01/31	$ 245,000	$ 35,000
2019D Alternative Facilities Refunding Bonds	05/01/19	3.0%-5.0%	8,490,000	02/01/32	3,565,000	460,000
2019E Facilities Maintenance Bonds	11/12/19	3.0%-4.0%	2,490,000	02/01/37	1,930,000	130,000
2019F Facilities Maintenance Bonds	11/12/19	1.65%-2.52%	8,775,319	02/01/31	7,976,265	1,494,163
2019G Capital Facilities Bonds	11/12/19	3.00%	545,000	02/01/33	395,000	40,000
2022A Tax Abatement Bonds	12/06/22	5.00%	118,000	02/01/29	97,000	22,000
2024A VPK Bond	10/08/24	5.00%	415,000	02/01/30	415,000	65,000
Total G.O. bonds					14,623,265	2,246,163
Certificates of Participation						
2010C Certificates of Participation	12/16/10	1.0%-5.0%	420,000	02/01/26	25,000	25,000
2019B Certificates of Participation	05/01/19	3.00%	1,645,000	02/01/32	760,000	100,000
2019C Certificates of Participation	05/01/19	3.00%	3,520,000	02/01/31	1,270,000	195,000
Total certificates of participation					2,055,000	320,000
Bond premiums					357,965	-
Lease liability					52,501	15,377
Compensated absences					1,617,070	258,680
Total long-term liabilities					$ 18,705,801	$ 2,840,220

The long-term bond liabilities listed above were issued to finance the acquisition and construction of capital facilities or to refinance (refund) previous debt issuances. Certificates of participation, compensated absences, and the lease liability are paid from the General Fund.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bond and loan liabilities:

Year Ending June 30,	G.O. Bonds Principal	G.O. Bonds Interest	G.O. Bonds Total	Certificates of Participation Principal	Certificates of Participation Interest	Certificates of Participation Total
2026	$ 2,246,163	$ 432,725	$ 2,678,888	$ 320,000	$ 62,150	$ 382,150
2027	2,259,479	429,746	2,689,225	300,000	52,050	352,050
2028	2,239,850	447,425	2,687,275	315,000	43,050	358,050
2029	2,232,526	461,899	2,694,425	320,000	33,600	353,600
2030	2,194,085	474,240	2,668,325	335,000	24,000	359,000
2031-2035	3,076,162	495,102	3,571,264	465,000	17,550	482,550
2036-2037	375,000	16,950	391,950	-	-	-
Total	$ 14,623,265	$ 2,758,087	$ 17,381,352	$ 2,055,000	$ 232,400	$ 2,287,400

Year Ending June 30,	Lease Liability Principal	Lease Liability Interest	Lease Liability Total
2026	$ 15,377	$ 2,671	$ 18,048
2027	12,792	1,854	14,646
2028	13,567	1,078	14,645
2029	9,808	319	10,127
2030	957	8	965
Total	$ 52,501	$ 5,930	$ 58,431

C. Lease Liability

The District entered into lease agreements for equipment. The following leases include portable classrooms with the lease commencing August 2022 through August 2024. Additionally, the District has ten leases for copiers commencing between January 2019 and December 2023 and ending between January 2023 and December 2028.

D. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle	Additions	Reductions	Ending Balance
Long-term liabilities					
G.O. Bonds	$ 16,503,987	$ -	$ 415,000	$ 2,295,722	$ 14,623,265
Certificates of participation	2,365,000	-	-	310,000	2,055,000
Bond premiums	379,961	-	23,269	45,265	357,965
Lease liability	46,416	-	69,826	63,741	52,501
Compensated absences	-	1,569,672	47,398	-	1,617,070
Total	$ 19,295,364	$ 1,569,672	$ 555,493	$ 2,714,728	$ 18,705,801

NOTE 6 – FUND BALANCES

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

A. Fund Equity

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

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable for				
Inventory	$ -	$ -	$ 41,845	$ 41,845
Total nonspendable	-	-	41,845	41,845
Restricted for				
Student Activities	111,794	-	-	111,794
Taconite Building Maintenance	1,411,853	-	-	1,411,853
Staff Development	14,932	-	-	14,932
Literacy Incentive Aid	912	-	-	912
American Indian Education Aid	15,073	-	-	15,073
Q Comp	19,788	-	-	19,788
School Library Aid	80,000	-	-	80,000
$25 Taconite	133,765	-	-	133,765
Gifted and Talented	97,529	-	-	97,529
Student Support Personnel Aid	40,000	-	-	40,000
Long-term Facilities Maintenance	6,623	-	177,194	183,817
Medical Assistance	277,108	-	-	277,108
Debt Service	-	1,128,464	-	1,128,464
Food Service	-	-	194,256	194,256
Community Education Programs	-	-	235,631	235,631
School Readiness	-	-	6,677	6,677
Community Service	-	-	50,187	50,187
Total Restricted	2,209,377	1,128,464	841,139	4,178,980
Committed for				
Facility upgrades	431,115	-	-	431,115
Assigned for				
Capital projects	1,306,869	-	-	1,306,869
Unassigned	3,091,745	-	(1,710)	3,090,035
Total fund balances	$ 7,039,106	$ 1,128,464	$ 881,274	$ 9,048,844

NOTE 6 – FUND BALANCES (CONTINUED)

A. Fund Equity (Continued)

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 Excess Taconite Building Maintenance Funds – This balance represents resources remaining from the distribution of taconite revenue for the purpose of building maintenance and repair.

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

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

Restricted/Reserved for American Indian Education Aid – This balance represents resources remaining in the American Indian Education Funds.

Restricted/Reserved for Quality Compensation – Alternative Teacher Professional Pay System – This balance represents available resources to be used for Quality Compensation – Alternative Teacher Professional Pay System.

Restricted/Reserved for School Library Aid – This balance represents resources available for the school library aid uses listed in *Minnesota Statute* § 134.356, subd. 1.

Restricted/Reserved for $25 Taconite – This balance represents available resources for outcome-based learning programs or early childhood learning programs from taconite referendum revenue.

Restricted/Reserved for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account.

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

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

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

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

NOTE 6 – FUND BALANCES (CONTINUED)

A. Fund Equity (Continued)

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

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

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

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

Restricted for Building Construction – This balance represents revenues available from bond issuance from capital projects.

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2025, was $807,575. 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 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.

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

Teachers' Retirement Association (Continued)

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

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

Tier I Benefits

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

With these provisions:

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

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

Or

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

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

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

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

C. Contribution Rate

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were $566,660. The District's contributions were equal to the required contributions for each year as set by state statute.

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

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

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

Teachers' Retirement Association (Continued)

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

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

Changes in actuarial assumptions since the previous valuation:

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

E. Discount Rate
The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2025, the District reported a liability of $6,436,927 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.1013% at the end of the measurement period and 0.1010% for the beginning of the year.

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

District's proportionate share of net pension liability	$ 6,436,927
State's proportionate share of the net pension liability associated with the District	420,996
Total	$ 6,857,923

For the year ended June 30, 2025, the District recognized pension expense of $703,420. Included in this amount, the District recognized $23,142 as pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed $176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the $176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $178,454 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 304,050	$ 81,725
Net difference between projected and actual earnings on plan investments	-	918,586
Changes of assumptions	604,951	767,621
Changes in proportion	342,754	9,852
Contributions to TRA subsequent to the measurement date	566,660	-
Total	$ 1,818,415	$ 1,777,784

The $566,660 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Year Ended June 30,	Pension Expense Amount
2026	$ (304,822)
2027	593,149
2028	(396,210)
2029	(320,686)
2030	(97,460)
Total	$ (526,029)

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

Teachers' Retirement Association (Continued)

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

Sensitivity of NPL to Changes in the Discount Rate		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
$ 11,335,805	$ 6,436,927	$ 2,405,034

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

Public Employees' Retirement Association

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

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in 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 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were $193,613. The District's contributions were equal to the required contributions as set by state statute.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of $1,213,566 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 $31,380.

School's proportionate share of net pension liability	$ 1,213,566
State's proportionate share of the net pension liability associated with the School	31,380
Total	$ 1,244,946

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0328% at the end of the measurement period and 0.0328% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of $104,276 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized $841 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)

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $55,835 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

As of June 30, 2025, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 114,628	$ -
Changes in actuarial assumptions	6,371	459,046
Net difference between projected actual investments earnings	-	349,900
Change in proportion	1,104	107,541
Contributions paid to PERA subsequent to the measurement date	193,613	-
Total	$ 315,716	$ 916,487

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The $193,613 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2026	$ (455,812)
2027	(97,272)
2028	(148,289)
2029	(93,011)
Total	$ (794,384)

E. Long-Term Expected Return on Investment

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

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

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

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

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

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

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

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

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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement Association (Continued)

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	$ 2,650,627	$ 1,213,566	$ 31,455

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 administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) which provides medical benefits to eligible retired employees and their dependents in accordance with the terms of the plan.

The District has established an irrevocable trust fund to account for accumulated plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a stand-alone financial report but is included in this report of the District.

B. Benefits Provided
The District provides postemployment health insurance benefits to some retired employees as established by contracts with bargaining units or other employment contracts. These contracts state the years, age, and retiring dates needed to qualify for these postemployment benefits. The contracts also establish the amount the District will contribute towards the purchase of health insurance.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

C. Members
As of July 1, 2024, the following were covered by the benefit terms:

Active employees	180
Retirees receiving payments	125
Spouses receiving payments	52
Total	357

D. Actuarial Assumptions
The net OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Net OPEB Liability	
Expected Long-Term Investment Rate of Return	5.00% (net of investment expense)
Discount Rate	4.40%
20-Year Municipal Bond Yield	4.90%
Inflation	2.50%
Healthcare cost trend increases	6.50% decreasing to 5.00% over 6 years then to 4.00% over the next 48 years.
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
Salary increases	Service graded table.

The actuarial assumptions used in the valuation measured as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2024 through June 30, 2025.

Actuary's Assumption Changes:
For the year ending June 30, 2024:
- The discount rate was changed from 4.40% to 4.50%.

For the year ending June 30, 2025:
- The health care trend rates were updated.
- The expected long-term investment return was changed from 5.00% to 3.60%.
- The discount rate was changed from 4.50% to 4.40%.

E. Discount Rate
The discount rate used to measure the net OPEB liability was 4.4% based on the 20-year municipal bond yield.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Discount Rate (Continued)

The long-term expected rate of return on OPEB 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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Fixed income	60.0 %	4.0 %
Cash	40.0	3.0
Total	100.0 %	3.6 %

F. Changes in Net OPEB Liability

Changes in the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2024	$ 6,840,567	$ 4,801,767	$ 2,038,800
Changes for the year			
Service cost	22,622	-	22,622
Interest	293,119	-	293,119
Differences between expected and actual economic experience	(453,835)	(5,631)	(448,204)
Changes in assumptions	247,992	-	247,992
Plan charges	44,297	-	44,297
Estimated benefit payments	(706,658)	(706,658)	-
Estimated employer contributions	-	107,558	(107,558)
Projected investment return	-	172,864	(172,864)
Total estimated changes	(552,463)	(431,867)	(120,596)
Balances at June 30, 2025	$ 6,288,104	$ 4,369,900	$ 1,918,204

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 4.40% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (3.40%)	Current Discount Rate (4.40%)	1% Increase in Discount Rate (5.40%)
Net OPEB liability	$ 2,342,240	$ 1,918,204	$ 1,542,309

The following presents the net 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% lower and 1% higher than the current healthcare cost trend rates.

	1% Decrease in Trend Rate (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rate (6.50% Decreasing to 5.00% then 4.00%)	1% Increase Trend Rate (7.50% Decreasing to 6.00% then 5.00%)
Net OPEB liability	$ 1,696,815	$ 1,918,204	$ 2,158,542

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

For the year ended June 30, 2025, the District recognized OPEB expense of $184,305. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	$ 185,994	$ -
Investment loses	166,794	-
Liability gains	-	479,233
Assumption changes	-	161,458
Total	$ 352,788	$ 640,691

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)

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

Year Ending June 30,	Total
2026	$ (230,905)
2027	(13,255)
2028	(44,866)
2029	1,123
Total	$ (287,903)

NOTE 9 – RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES

Effective for the fiscal year ended June 30, 2025, the District reclassified the Postemployment Benefit Debt Service Fund from a major governmental fund to a nonmajor governmental fund. This change was made to more appropriately reflect the fund's decreasing financial significance to the District's overall financial reporting. As a result of this reclassification, the Postemployment Benefit Debt Service Fund is now presented in combination with other nonmajor funds and details are provided in the combining fund financial statements.

As of July 1, 2024, the District implemented changes related to GASB Statement No. 101, Compensated Absences. The liability was previously calculated based on vacation balances accrued as of year-end as well as sick leave balances that were accrued as of year-end for vested employees. The liability is now 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. The resulted in a change in accounting principle on the Statement of Activities in the amount of $1,569,672.

NOTE 9 – RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES (CONTINUED)

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Post Employment Debt Service	Other Governmental Funds	Governmental Activities
June 30, 2024, as previously reported	$ 513,778	$ 530,914	$ -
Change within financial reporting entity	(513,778)	513,778	-
Change in accounting principle	-	-	(1,569,672)
June 30, 2024, as adjusted or restated	$ -	$ 1,044,692	$ (1,569,672)

NOTE 10 – COMMITMENTS

The District had commitments totaling $120,570, as of June 30, 2025, relating to ongoing construction projects at year end.

NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending June 30, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 316
Schedule of Changes in Net OPEB Liability
and Related Ratios

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost	$ 116,299	$ 103,781	$ 80,366	$ 95,533
Interest	343,522	328,915	375,495	305,114
Plan changes	-	-	-	-
Differences between expected and actual experience	-	-	(27,064)	-
Changes of assumptions	-	(730,313)	(1,039,380)	317,153
Benefit payments	(1,031,444)	(986,511)	(916,357)	(855,350)
Other changes	-	-	-	273,657
Net change in total OPEB liability	(571,623)	(1,284,128)	(1,526,940)	136,107
Beginning of year	13,608,496	13,036,873	11,752,745	10,225,805
End of year	$ 13,036,873	$ 11,752,745	$ 10,225,805	$ 10,361,912
Plan Fiduciary Net Pension (FNP)				
Employer contributions	$ 168,397	$ 151,832	$ -	$ 242,165
Net investment income	120,881	118,371	244,056	208,367
Differences between expected and actual experience	-	-	-	-
Benefit payments	(1,031,444)	(986,511)	(916,357)	(1,016,782)
Administrative expense	-	-	-	-
Other changes	-	-	-	(19,387)
Net change in plan fiduciary net position	(742,166)	(716,308)	(672,301)	(585,637)
Beginning of year	9,874,211	9,132,045	8,415,737	7,743,436
End of year	$ 9,132,045	$ 8,415,737	$ 7,743,436	$ 7,157,799
Net OPEB liability	$ 3,904,828	$ 3,337,008	$ 2,482,369	$ 3,204,113
Plan FNP as a percentage of the total OPEB liability	70.05%	71.61%	75.72%	69.08%
Covered-employee payroll	$ 6,467,420	$ 6,661,443	$ 6,978,806	$ 7,403,815
Net OPEB liability as a percentage of covered-employee payroll	60.38%	50.09%	35.57%	43.28%

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

June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2025	June 30, 2025
$ 84,487	$ 75,050	$ 48,867	$ 41,207	$ 22,622
261,555	229,300	288,772	306,050	293,119
-	44,413	-	-	44,297
(225,462)	-	(563,840)	-	(453,835)
125,761	(650,190)	(51,492)	(42,648)	247,992
(778,212)	(706,028)	(762,721)	(748,949)	(706,658)
-	-	-	(497,265)	-
(531,871)	(1,007,455)	(1,040,414)	(941,605)	(552,463)
10,361,912	9,830,041	8,822,586	7,782,172	6,840,567
$ 9,830,041	$ 8,822,586	$ 7,782,172	$ 6,840,567	$ 6,288,104
$ 265,189	$ 73,906	$ 65,272	$ 93,342	$ 107,558
97,610	(115,915)	169,089	261,177	172,864
-	-	-	(27,351)	(5,631)
(941,889)	(706,028)	(762,721)	(748,949)	(706,658)
-	-	-		-
-	-	-	(78,764)	-
(579,090)	(748,037)	(528,360)	(500,545)	(431,867)
7,157,799	6,578,709	5,830,672	5,302,312	4,801,767
$ 6,578,709	$ 5,830,672	$ 5,302,312	$ 4,801,767	$ 4,369,900
$ 3,251,332	$ 2,991,914	$ 2,479,860	$ 2,038,800	$ 1,918,204
66.92%	66.09%	68.13%	70.20%	69.49%
$ 7,808,489	$ 8,042,743	$ 8,024,018	$ 8,264,739	$ 9,414,575
41.64%	37.20%	30.91%	24.67%	20.37%

Independent School District No. 316
Schedule of Investment Returns

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Annual money-weighted rate of return, net of investment expense	2.70%	1.40%	-1.80%	1.40%	4.50%	3.50%

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

Independent School District No. 316
Schedule of District's and Non-Employer Proportionate Share (if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

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
2015	0.0382%	$ 1,979,722	$ -	$ 1,979,722	$ 2,240,007	88.4%	78.2%
2016	0.0382%	3,101,651	40,510	3,142,161	2,369,393	132.6%	68.9%
2017	0.0364%	2,323,752	29,207	2,352,959	2,343,973	100.4%	75.9%
2018	0.0351%	1,947,204	63,957	2,011,161	2,351,178	85.5%	79.5%
2019	0.0334%	1,846,611	57,498	1,904,109	2,372,576	80.3%	80.2%
2020	0.0335%	2,008,478	61,875	2,070,353	2,398,324	86.3%	79.1%
2021	0.0361%	1,541,632	47,075	1,588,707	2,597,119	61.2%	87.0%
2022	0.0353%	2,795,772	82,111	2,877,883	2,645,280	108.8%	76.7%
2023	0.0328%	1,834,139	50,555	1,884,694	2,607,347	72.3%	83.1%
2024	0.0328%	1,213,566	31,380	1,244,946	2,778,267	44.8%	89.1%

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

For 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
2015	0.0960%	$ 5,938,549	$ 728,587	$ 6,667,136	$ 4,869,867	121.9%	76.8%
2016	0.0919%	21,902,343	2,199,700	24,102,043	4,778,300	458.4%	44.9%
2017	0.0902%	18,005,556	1,740,199	19,745,755	4,854,067	370.9%	51.6%
2018	0.0900%	5,654,093	531,339	6,185,432	4,972,936	113.7%	78.1%
2019	0.0929%	5,921,466	523,921	6,445,387	5,327,194	111.2%	78.2%
2020	0.0948%	7,003,951	586,697	7,590,648	5,511,843	127.1%	75.5%
2021	0.0944%	4,131,226	348,553	4,479,779	5,649,705	73.1%	86.6%
2022	0.0960%	7,687,172	570,158	8,257,330	5,934,940	129.5%	76.2%
2023	0.1010%	8,338,786	584,256	8,923,042	6,421,614	129.9%	76.4%
2024	0.1013%	6,436,927	420,996	6,857,923	6,711,166	95.9%	82.1%

Independent School District No. 316
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 Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	$ 177,693	$ 177,693	$ -	$ 2,369,240	7.50%
2017	175,798	175,798	-	2,343,973	7.50%
2018	176,339	176,339	-	2,351,187	7.50%
2019	178,071	178,071	-	2,374,280	7.50%
2020	179,882	179,882	-	2,398,427	7.50%
2021	194,784	194,784	-	2,597,120	7.50%
2022	198,396	198,396	-	2,645,280	7.50%
2023	195,551	195,551	-	2,607,347	7.50%
2024	208,370	208,370	-	2,778,267	7.50%
2025	193,613	193,613	-	2,581,507	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 Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	$ 358,374	$ 358,374	$ -	$ 4,778,320	7.50%
2017	364,058	364,058	-	4,854,107	7.50%
2018	373,013	373,013	-	4,973,507	7.50%
2019	411,124	411,124	-	5,332,348	7.71%
2020	436,538	436,538	-	5,511,843	7.92%
2021	459,321	459,321	-	5,649,705	8.13%
2022	494,974	494,974	-	5,934,940	8.34%
2023	549,048	549,048	-	6,421,614	8.55%
2024	587,227	587,227	-	6,711,166	8.75%
2025	566,660	566,660	-	6,476,114	8.75%

TRA Retirement Fund

2024 Changes
Changes in Actuarial Assumptions
- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

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

2023 Changes
Changes in Actuarial Assumptions
- None

2022 Changes
Changes in Actuarial Assumptions
- None

2021 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes
Changes in Actuarial Assumptions
- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes
Changes in Actuarial Assumptions
- None

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 7.5% from 5.12%.

TRA Retirement Fund (Continued)

2018 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

TRA Retirement Fund (Continued)

2016 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

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

2015 Changes
Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

General Employees Fund

2024 Changes
Changes in Actuarial Assumptions
- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: Increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

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

2023 Changes
Changes in Actuarial Assumptions
- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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

2022 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

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

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

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

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

General Employees Fund (Continued)

2020 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

General Employees Fund (Continued)

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

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

2017 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions

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

General Employees Fund (Continued)

2015 Changes (Continued)
Changes in Plan Provisions

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

Post Employment Health Care Plan

2025 Changes
Changes in Actuarial Assumptions
- The health care trend rates were updated.
- The expected long-term investment return was changed from 5.00% to 3.60%.
- The discount rate was changed from 4.50% to 4.40%.

2024 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 4.40% to 4.50%.

2023 Changes
Changes in Actuarial Assumptions
- The health care trend rates, mortality tables, salary increase rates for non-teachers, and withdrawal rates were updated.
- The inflation rate was changed from 2.00% to 2.50%.

2022 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 2.40% to 3.40%.

Changes in Plan Provisions
- A Principal will earn 8 days of longevity pay per year of service up to a maximum accumulation of 80 days. This sum shall be paid by the Principals daily rate of pay and will be paid into a Health Care Savings Plan at retirement. Eligibility for this benefit is 57 years of age and 7 years of service.

2021 Changes
Changes in Actuarial Assumptions
- The health care trend rates, mortality tables, and salary increase rates were updated. The discount rate was changed from 2.60% to 2.40%.

SUPPLEMENTARY INFORMATION

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Independent School District No. 316
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		Capital Projects Fund	
	Food Service	Community Service	Building Construction	Total Nonmajor Funds
Assets				
Cash and investments	$ 194,194	$ 431,488	$ 364,196	$ 989,878
Interest receivable	-	-	3,041	3,041
Due from Department of Education	-	14,689	-	14,689
Due from Federal Government through Department of Education	9,650	-	-	9,650
Inventory	41,845	-	-	41,845
Total assets	$ 245,689	$ 446,177	$ 367,237	$ 1,059,103
Liabilities				
Accounts payable	$ 4,881	$ -	$ 190,043	194,924
Salaries and benefits payable	1,871	1,625	-	3,496
Due to other Minnesota school districts	-	153,767	-	153,767
Unearned revenue	2,836	-	-	2,836
Total liabilities	9,588	155,392	190,043	355,023
Fund Balances				
Nonspendable	41,845	-	-	41,845
Restricted	194,256	292,495	177,194	663,945
Unassigned	-	(1,710)	-	(1,710)
Total fund balances	236,101	290,785	177,194	704,080
Total liabilities, deferred inflows of resources, and fund balances	$ 245,689	$ 446,177	$ 367,237	$ 1,059,103

Independent School District No. 316
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds		Formerly Major Fund Debt Service
	Food Service	Community Service	Postemployment Benefit Debt Service
Revenues			
Local property taxes	$ -	$ 64,820	$ 1,434,597
Other local and county revenues	6,270	34,464	-
Revenue from state sources	300,670	185,989	30,980
Revenue from federal sources	547,100	-	-
Sales and other conversion of assets	47,027	-	-
Total revenues	901,067	285,273	1,465,577
Expenditures			
Current			
Sites and buildings	-	-	-
Food service	877,213	-	-
Community education and services	-	252,249	-
Capital outlay			
Sites and buildings	-	-	-
Food service	58,815	-	-
Debt service			
Principal	-	2,008	1,480,000
Interest and fiscal charges	-	83	41,588
Total expenditures	936,028	254,340	1,521,588
Excess of revenues over (under) expenditures	(34,961)	30,933	(56,011)
Other Financing Sourse (Uses)			
Bond issuance	-	-	-
Bond Premium	-	-	-
Transfers Out	-	-	(457,767)
Total other financing sources (uses)	-	-	(457,767)
Net change in fund balances	(34,961)	30,933	(513,778)
Fund Balances			
Beginning of year	271,062	259,852	-
Change within financial reporting entity (See Note 9)	-	-	513,778
Beginning of year, restated	271,062	259,852	513,778
End of year	$ 236,101	$ 290,785	$ -

Capital Projects Fund	
Building Construction	Total Nonmajor Funds
$ -	$ 1,499,417
13,097	53,831
-	517,639
-	547,100
-	47,027
13,097	2,665,014
27,037	27,037
-	877,213
-	252,249
247,135	247,135
-	58,815
-	1,482,008
-	41,671
274,172	2,986,128
(261,075)	(321,114)
415,000	415,000
23,269	23,269
-	(457,767)
438,269	(19,498)
177,194	(340,612)
-	530,914
-	513,778
-	1,044,692
$ 177,194	$ 704,080

Independent School District No. 316
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2025

	Audit	UFARS	Audit-UFARS
01 General Fund			
Total revenue	$ 18,093,482	$ 18,093,481	$ 1
Total expenditures	18,228,925	18,228,925	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.01 Student Activities	111,794	111,796	(2)
4.02 Scholarships	-	-	-
4.03 Staff Development	14,932	14,932	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Programs	-	-	-
4.09 Alternative Facility Program	-	-	-
4.12 Literacy Incentive Aid	912	912	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	1,411,853	1,411,853	-
4.20 American Indian Education Aid	15,073	15,073	-
4.24 Operating Capital	-	-	-
4.26 $25 Taconite	133,765	133,765	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning and Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alternative Programs	-	-	-
4.36 State Approved Alternative Learning Program	-	-	-
4.37 Quality Compensation - Alternative Teacher Professional Pay System	19,788	19,788	-
4.38 Gifted and Talented	97,529	97,529	-
4.39 English Learner	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.43 School Library Aid	80,000	80,000	-
4.48 Achievement and Integration Revenue	-	-	-
4.49 Safe School Revenue	-	-	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-
4.56 Read Act	-	-	-
4.57 Teacher Compensation for Read Act Training	-	-	-
4.67 Long-term Facilities Maintenance	6,623	6,623	-
4.71 Student Support Personnel Aid	40,000	40,000	-
4.72 Medical Assistance	277,108	277,105	3
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Committed:			
4.18 Committed for separation	-	-	-
4.61 Committed fund balance	431,115	431,115	-
Assigned:			
4.62 Assigned fund balance	1,306,869	1,306,869	-
Unassigned:			
4.22 Unassigned fund balance	3,091,745	3,091,746	(1)
02 Food Services Fund			
Total revenue	$ 901,067	$ 901,066	$ 1
Total expenditures	936,028	936,027	1
Nonspendable:			
4.60 Nonspendable fund balance	41,845	41,845	-
Restricted/reserved:			
4.52 OPEB liabilities not held in trust	-	-	-
Restricted:			
4.64 Restricted fund balance	194,256	194,255	1
Unassigned:			
4.63 Unassigned fund balance	-	-	-
04 Community Service Fund			
Total revenue	$ 285,273	$ 285,273	$ -
Total expenditures	254,340	254,340	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	235,631	235,633	(2)
4.32 ECFE	(1,710)	(1,710)	-
4.40 Teacher Development and Evaluation	-	-	-
4.44 School Readiness	6,677	6,677	-
4.47 Adult Basic Education	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	50,187	50,186	1
Unassigned:			
4.63 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 Building Construction Fund			
Total revenue	$ 13,097	$ 13,097	$ -
Total expenditures	274,172	274,172	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.07 Capital Projects Levy	-	-	-
4.09 Alternative Facility Program	-	-	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.67 Long-term Facilities Maintenance	177,194	177,194	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
07 Debt Service Fund			
Total revenue	$ 1,237,958	$ 1,237,958	$ -
Total expenditures	1,011,844	1,011,845	(1)
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.25 Bond refunding	-	-	-
4.33 Maximum effort loan aid	-	-	-
4.51 QZAB payments	-	-	-
4.67 LTFM	-	-	-
Restricted:			
4.64 Restricted fund balance	1,128,464	1,128,463	1
Unassigned:			
4.63 Unassigned fund balance	-	-	-
08 Trust Fund			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.22 Net position	-	-	-
18 Custodial Fund			
Total expenditures	-	-	-
Unassigned:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.48 Achievement and Integration	-	-	-
4.64 Restricted	-	-	-
20 Internal Service Fund			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
25 OPEB Revocable Trust			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
45 OPEB Irrevocable Trust			
Total revenue	$ 613,022	$ 613,022	$ -
Total expenditures	970,797	970,796	1
Unassigned:			
4.22 Net position	4,443,992	4,443,992	-
47 OPEB Debt Service			
Total revenue	$ 1,465,577	$ 1,465,577	$ -
Total expenditures	1,521,588	1,521,588	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted:			
4.25 Bond refundings	-	-	-
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

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

Independent Auditor's Report

To the School Board
Independent School District No. 316
Coleraine, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 316, Coleraine, Minnesota, as of and for the year ending June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2025.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Audit Finding 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

BerganKDV, Ltd.

St. Cloud, Minnesota
November 6, 2025

bergankdv

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 316
Coleraine, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 316, Coleraine, Minnesota, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, and have issued our report thereon dated November 6, 2025.

In connection with our audit, we noted that the District failed to comply with the provisions of the contracting – bid laws section of the Minnesota Legal Compliance Audit Guide for School Districts promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses as Audit Finding 2025-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
November 6, 2025

Independent School District No. 316
Schedule of Findings and Responses

Audit Finding 2025-001

Criteria:
Internal control that supports the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:
The District has a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the District's existing internal controls and, therefore, could have resulted in a material misstatement of the District's basic financial statements.

In order to ensure basic financial statements were free from material misstatements, audit adjustments were required in the following areas:

- Contracts payable
- Delinquent property taxes payable
- Deferred inflows of resources – Unavailable revenue – Delinquent property taxes

Context:
This finding impacts the internal control for all significant accounting functions.

Cause:
There are a limited number of office employees.

Effect or Potential Effect:
The lack of adequate segregation of accounting duties could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation:
Continue to review the accounting system and year-end closing process, including changes that may occur. Implement segregation whenever practical.

Audit Finding 2025-001 (Continued)

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will review current segregation of accounting duties to determine if further segregation is possible.

3. Official Responsible for Ensuring CAP
   David Pace, Superintendent, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2026.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.

Independent School District No. 316
Schedule of Findings and Responses

Audit Finding 2025-002 - Prompt Payment to Subcontractors:

Minnesota Statutes § 471.425, Subd. 4a requires contracts of a municipality to have the prime contractor pay any subcontractor within ten days of the prime contractor's receipt of payment. The contract also must require that the prime contractor pay interest of 1.5 % per month or any part of a month to the subcontractor for any undisputed amount not paid to the subcontractor within the ten days.

For contracts entered into during 2025, the District did not include this verbiage in the contracts. We recommend the required verbiage be added in order to be in compliance with state statutes.

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will future contracts include subcontractor verbiage.

3. Official Responsible for Ensuring CAP
   David Pace, Superintendent, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2026.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.