Financial Statements
June 30, 2025

Independent School District No. 821
Menahga Public Schools

Name	Position	Term Expires
School Board		
Andrea Haverinen	Chairperson	2026
Cherie Peterson	Vice Chairperson	2028
Katie Howard	Clerk	2026
Julia Kicker	Treasurer	2028
Sara Makela	Director	2028
David Treinen	Director	2026
Administration		
Jason Kjos	Superintendent	
Heidi Hagen	Business Manager	

Independent Auditor's Report

The School Board of
Independent School District No. 821
Menahga Public Schools
Menahga, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 821 ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 821, as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof and the respective 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 12 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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4310 17th Ave. S. • P.O. Box 2545 • Fargo, ND 58108-2545 • T 701.239.8500 • F 701.239.8600 • EOE

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedule of changes in the District's total OPEB liability and related ratios; schedule of employer's share of net pension liability; and schedule of employer's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 schedule of changes in UFARS fund balances-general fund; combining balancing sheet - nonmajor governmental funds; combining schedule of revenues, expenditures and changes in fund balance - nonmajor governmental funds; and the uniform financial accounting and reporting standards compliance table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of changes in UFARS fund balances-general fund; combining balancing sheet - nonmajor governmental funds; combining schedule of revenues, expenditures and changes in fund balance - nonmajor governmental funds; and the uniform financial accounting and reporting standards compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated December 30, 2025, on our consideration of the District's compliance with aspects of the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with Office of the State Auditor's *Minnesota Legal Compliance Audit Guide for School Districts* in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Eide Bailly LLP

Fargo, North Dakota
December 30, 2025

This section of Menahga Public Schools - Independent School District No. 821'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 follow this section.

Financial Highlights

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

- *General Fund 01* - The overall revenues were $14,112,743 while the overall expenditures were $13,928,641. These, along with net other financing sources of $119,421, increased the fund balance by $303,523.
- *Food Service Fund 02* - The overall revenues were $930,440 while the overall expenditures were $890,524. This increased the fund balance by $39,916.
- *Community Service Fund 04* - The overall revenues were $254,986 while the overall expenditures were $280,100. This decreased the fund balance by $25,114.
- *Debt Service Fund 07* - The overall revenues were $1,331,868 while the overall expenditures were $1,307,276. This increased the fund balance by $24,592.

Overview of the Financial Statements

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 - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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 statement the District's activities are shown in one category:

- *Governmental Activities* - All of the District's basic services are included here, such as regular and special education, transportation, administration, food service, 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 (e.g., repaying its long-term debts) or to show that it is properly using revenues (e.g., federal grants).

The District has two kinds of funds:

- *Governmental Funds* - All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances 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 following the governmental funds statements that explains the relationship (or differences) between them.

- *Internal Service Funds* - This is an accounting device used to accumulate and allocate costs of the District's self-insured dental insurance function. Because this service predominantly benefits the governmental function, they have been included within governmental activities in the government-wide financial statements.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $8,353,518 on June 30, 2025.

Statement of Net Position
June 30, 2025 and 2024

	2025	2024*
Assets		
Current assets	$ 7,871,607	$ 7,175,894
Capital assets	24,896,980	25,269,864
Total assets	32,768,587	32,445,758
Deferred Outflows of Resources	1,926,571	2,092,535
Liabilities		
Other liabilities	1,559,589	1,452,939
Long-term liabilities	20,097,899	21,939,869
Total liabilities	21,657,488	23,392,808
Deferred Inflows of Resources	4,684,152	3,161,033
Net Position		
Net investment in capital assets	12,281,165	11,873,884
Restricted for specific purposes	809,960	509,262
Unrestricted	(4,737,607)	(4,398,694)
Total net position	$ 8,353,518	$ 7,984,452

* Effective July 1, 2024, the District adopted provisions of GASB Statement No. 101, *Compensated Absences*. As a result of this change in accounting principle, it was not appropriate for the District to restate prior-period information for earlier periods than those presented in the basic financial statements. Therefore, information for the year ended June 30, 2024, was not restated. See Note 12 to the financial statements for further information on the change in accounting principle.

Changes in Net Position - The District's total revenues were approximately $16.7 million for the year ended June 30, 2025. Property taxes and state formula aid accounted for 87.1% of total revenue for the year. Another 8.4% came from program revenues.

The total cost of all programs and services was approximately $15.7 million. The District's expenses are predominantly related to educating and caring for students. The purely administrative activities of the District accounted for just 5.6% of total costs.

The total revenues exceeded expenses, increasing the net position by approximately $1.1 million for fiscal year 2025.

Statement of Activities
Years Ended June 30, 2025 and 2024

	2025	2024*
Revenues		
Program revenues		
Charges for service	$ 341,530	$ 333,238
Operating grants and contributions	1,068,181	947,110
General		
Property taxes	1,584,055	1,524,488
Aids and payments from state and other	12,966,012	12,597,036
Miscellaneous revenues	745,376	552,312
Total revenues	16,705,154	15,954,184
Expenses		
Administration	882,593	873,315
District support services	567,035	435,006
Regular instruction	6,280,061	5,270,470
Vocational instruction	302,489	189,006
Special education instruction	2,175,609	2,336,507
Community education and services	280,098	243,655
Instructional support services	249,233	611,740
Pupil support services	2,451,975	2,435,136
Sites and buildings	2,004,523	1,880,094
Fiscal and other fixed-cost programs	459,034	493,678
Total expenses	15,652,650	14,768,607
Change in Net Position	1,052,504	1,185,577
Net Position - Beginning, as previously reported	7,984,452	6,798,875
Adjustments (Note 12)	(683,438)	-
Net Position - Beginning	7,301,014	6,798,875
Net Position - Ending	$ 8,353,518	$ 7,984,452

* Effective July 1, 2024, the District adopted provisions of GASB Statement No. 101, *Compensated Absences*. As a result of this change in accounting principle, it was not appropriate for the District to restate prior-period information for earlier periods than those presented in the basic financial statements. Therefore, information for the year ended June 30, 2024, was not restated. See Note 12 to the financial statements for further information on the change in accounting principle.

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities, buildings and grounds, and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Local Property Taxes	$ 641,496	$ 538,955	$ 102,541	19.0%
Other Local Sources	946,040	748,714	197,326	26.4%
State Sources	12,302,828	11,605,906	696,922	6.0%
Federal Sources	215,029	562,521	(347,492)	-61.8%
Miscellaneous	7,350	178	7,172	4029.2%
Total general fund revenues	$ 14,112,743	$ 13,456,274	$ 656,469	4.9%

Total General Fund revenue increased by $656,469 or 4.9% from the previous year. Basic general education revenue is determined by a state per student funding formula and consists of 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 on revenue. Federal sources decreased as a result of COVID related grant funding fully expended in 2024.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Salaries and Benefits	$ 10,477,366	$ 9,842,095	$ 635,271	6.5%
Purchased Services	1,689,770	1,702,957	(13,187)	-0.8%
Supplies and Materials	878,563	791,298	87,265	11.0%
Capital Expenditures	845,320	586,242	259,078	44.2%
Other Expenditures	37,622	39,036	(1,414)	-3.6%
Total general fund expenditures	$ 13,928,641	$ 12,961,628	$ 967,013	7.5%

Total General Fund expenditures increased by $967,013 or 7.5% from the previous year. The majority of the increase in expenditures for 2025 was for salaries and benefits as well as adding solar panel arrays to the high school and elementary school buildings thus increasing capital expenditures.

General Fund Budgetary Highlights

The District's general fund results when compared to the final budget are:

- Actual revenues were $249,666 more than budget, mainly because of greater than anticipated revenue from local sources due to grants received for a portion of the elementary and high school solar array capital expenditures costs.
- Actual expenditures were $376,136 more than budget, mainly due to the full cost of the solar arrays added to the elementary and high school buildings not being budgeted for.

Other Non-Major Funds

The Food Service Fund incurred a current year surplus of $39,916. The Community Service Fund incurred a current year deficit of $25,114. From the standpoint of maintaining current operating expenditures within the range of annual revenue, the Food Service Fund continues to operate on a sound financial basis. The District will continue to monitor the activity in the Community Service fund to evaluate if any transfers will be made from the General Fund.

Capital Assets

By the end of fiscal year 2025, the District had invested approximately $39.9 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audit-visual equipment, and school vehicles. Total depreciation expense for the year was $1,217,820. Note 5 presents the detail of the District's capital assets.

Capital Assets Governmental Activities
June 30, 2025 and 2024

	2025	2024
Buildings	$ 33,337,895	$ 33,256,867
Improvements	932,263	607,263
Equipment	5,577,786	5,306,845
Right-to-use Leased Equipment	2,371	2,371
Accumulated Depreciation/Amortization	(14,953,335)	(13,903,482)
Total capital assets	$ 24,896,980	$ 25,269,864

Long-Term Liabilities

At year end the District had $13,403,123 of long term debt, excluding pension and OPEB liabilities. This consisted of bonded indebtedness of $12,520,000, leases payable of $480, financed purchase payable of $95,335, and compensated absences of $787,308. Notes 6 and 7 present the detail of the District's long-term debt. The District has $515,829 in liabilities for other postemployment benefits. See Note 8 for further information on OPEB obligations. The District has $6,178,947 in net pension liability at June 30, 2025. See Note 9 for further information on pensions.

Factors Bearing on the District's Future

With the exception of voter-approved excess operating referendum, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. If the legislature fails to continue to increase the state funding formula or the voter-approved excess operating referendum isn't increased, the district will see its fund balance decrease.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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 any questions about this report or would like additional information, contact the Business Office, Independent School District No. 821, Menahga, Minnesota.

Independent School District No. 821
Menahga Public Schools
Statement of Net Position
June 30, 2025

Assets	
Cash and cash equivalents	$ 5,256,814
Receivables	
Current property taxes	1,062,113
Delinquent property taxes	21,915
Accounts	59,355
Due from other governmental units	1,458,684
Inventories	12,726
	7,871,607
Capital assets	
Capital assets, net of accumulated depreciation/amortization	
Buildings and improvements	22,323,178
Land improvements	618,138
Equipment	1,955,230
Right-to-use leased equipment	434
Total capital assets	24,896,980
Total assets	32,768,587
Deferred Outflows of Resources	
Other postemployment benefits	44,864
Pension plans	1,881,707
Total deferred inflows of resources	1,926,571
Liabilities	
Accounts payable	183,052
Due to other governmental units	64,334
Salaries payable	1,144,492
Accrued interest payable	166,104
Unearned revenue	908
Claims incurred but not reported	699
Long-term liabilities	
Due within one year - other than pensions and OPEB	1,392,859
Due in more than one year - other than pensions and OPEB	12,010,264
Due in more than one year - other postemployment benefits	515,829
Due in more than one year - net pension liability	6,178,947
Total liabilities	21,657,488
Deferred Inflows of Resources	
Property taxes levied for subsequent year	1,956,481
Other postemployment benefits	228,282
Pension plans	2,499,389
Total deferred inflows of resources	4,684,152
Net Position	
Net investment in capital assets	12,281,165
Restricted for specific purposes	809,960
Unrestricted	(4,737,607)
Total net position	$ 8,353,518

Independent School District No. 821
Menahga Public Schools
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Administration	$ 882,593	$ -	$ -	$ -	$ (882,593)
District support services	567,035	-	-	-	(567,035)
Regular instruction	6,280,061	235,702	-	-	(6,044,359)
Vocational instruction	302,489	3,477	-	-	(299,012)
Special education instruction	2,175,609	-	-	-	(2,175,609)
Community education and services	280,098	52,699	170,576	-	(56,823)
Instructional support services	249,233	4,269	-	-	(244,964)
Pupil support services	2,451,975	45,383	897,605	-	(1,508,987)
Sites and buildings	2,004,523	-	-	-	(2,004,523)
Fiscal and other fixed-cost programs	459,034	-	-	-	(459,034)
Total governmental activities	$ 15,652,650	$ 341,530	$ 1,068,181	$ -	(14,242,939)
General Revenues					
Property taxes, levied for general purposes					645,083
Property taxes, levied for community education and services					31,711
Property taxes, levied for debt service					907,261
Aids and payments from state sources					12,727,433
Aids and payments from federal sources					215,029
County apportionment					23,550
Unrestricted investment earnings					179,413
Loss on disposal of property and equipment					11,362
Miscellaneous revenues					554,601
Total general revenues					15,295,443
Change in Net Position					1,052,504
Net Position - Beginning, as previously reported					7,984,452
Adjustments (Note 12)					(683,438)
Net Position - Beginning					7,301,014
Net Position - Ending					$ 8,353,518

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and cash equivalents	$ 4,286,329	$ 752,314	$ 123,910	$ 5,162,553
Receivables				
Current property taxes	404,724	640,696	16,693	1,062,113
Delinquent property taxes	7,784	13,740	391	21,915
Accounts	58,447	-	908	59,355
Due from other governmental units	1,404,492	42,462	11,730	1,458,684
Inventories	12,156	-	570	12,726
Total assets	$ 6,173,932	$ 1,449,212	$ 154,202	$ 7,777,346
Liabilities				
Accounts payable	$ 178,038	$ -	$ 5,014	$ 183,052
Due to other governmental units	64,334	-	-	64,334
Salaries payable	1,127,149	-	17,343	1,144,492
Unearned revenue	-	-	908	908
Total liabilities	1,369,521	-	23,265	1,392,786
Deferred Inflows of Resources				
Unavailable revenue-property taxes	7,784	13,740	391	21,915
Property taxes levied for subsequent year	799,058	1,121,517	35,906	1,956,481
Total deferred inflows of resources	806,842	1,135,257	36,297	1,978,396
Fund Balance				
Nonspendable	12,156	-	570	12,726
Restricted	503,240	313,955	144,738	961,933
Committed	8,500	-	-	8,500
Assigned	334,858	-	-	334,858
Unassigned	3,138,815	-	(50,668)	3,088,147
Total fund balance	3,997,569	313,955	94,640	4,406,164
Total liabilities, deferred inflows of resources, and fund balance	$ 6,173,932	$ 1,449,212	$ 154,202	$ 7,777,346

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	$	4,406,164
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported as assets in the governmental funds.		24,896,980
Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(166,104)
Delinquent property taxes are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		21,915
Internal service funds are used by the District to charge the costs of the self-insured dental insurance pool. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		93,562
Deferred outflows and inflows of resources related to pension and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.		(801,100)
Long-term liabilities, including bonds payable, leases, compensated absences, other post-employment benefits, and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(20,097,899)
Total Net Position - Governmental Activities	$	8,353,518

	General	Debt Service	Other Governmental Funds	Totals
Revenues				
Local property tax levies	$ 641,496	$ 907,261	$ 31,711	$ 1,580,468
Other local and county sources	764,015	-	52,699	816,714
Investment earnings	175,449	-	-	175,449
Lease revenue	6,576	-	-	6,576
State sources	12,302,828	424,607	509,777	13,237,212
Federal sources	215,029	-	558,402	773,431
Sales and other conversion of assets	7,350	-	32,837	40,187
Total revenues	14,112,743	1,331,868	1,185,426	16,630,037
Expenditures				
Current				
Administration	927,714	-	-	927,714
District support services	563,291	-	-	563,291
Regular instruction	6,346,686	-	-	6,346,686
Vocational instruction	302,489	-	-	302,489
Special education instruction	2,156,521	-	-	2,156,521
Community education and service	-	-	280,100	280,100
Instructional support services	360,488	-	-	360,488
Pupil support services	1,395,565	-	890,524	2,286,089
Sites and buildings	1,026,364	-	-	1,026,364
Fiscal and other fixed cost programs	2,000	1,426	-	3,426
Debt service				
Principal	2,165	875,000	-	877,165
Interest	38	430,850	-	430,888
Capital outlay	845,320	-	-	845,320
Total expenditures	13,928,641	1,307,276	1,170,624	16,406,541
Excess of Revenues over Expenditures	184,102	24,592	14,802	223,496
Other Financing Sources				
Sale of property	11,362	-	-	11,362
Insurance recovery	11,059	-	-	11,059
Financed purchase proceeds	97,000	-	-	97,000
Total other financing sources	119,421	-	-	119,421
Net Change in Fund Balance	303,523	24,592	14,802	342,917
Fund Balance, Beginning of Year	3,694,046	289,363	79,838	4,063,247
Fund Balance, End of Year	$ 3,997,569	$ 313,955	$ 94,640	$ 4,406,164

Net Change in Fund Balances - Total Governmental Funds	$	342,917
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital outlay		844,936
Depreciation/amortization expense		(1,217,820)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,587
In the statement of activities, compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(80,035)
In the statement of activities, OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		22,838
In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as an expense.		331,565
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		793,582
Internal service funds are used by the District to charge the costs of the self-insured dental insurance pool. The net revenue of the internal service fund is reported in the governmental activities.		10,934
Change in Net Position of Governmental Activities	$	1,052,504

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local property tax levies	$ 638,317	$ 645,660	$ 641,496	$ (4,164)
Other local and county sources	287,229	414,522	764,015	349,493
Investment earnings	162,000	187,000	175,449	(11,551)
Leases (as lessee)	6,800	6,800	6,576	(224)
State sources	12,179,192	12,413,315	12,302,828	(110,487)
Federal sources	195,600	195,582	215,029	19,447
Sales and other conversion of assets	-	198	7,350	7,152
Total revenues	13,469,138	13,863,077	14,112,743	249,666
Expenditures				
Current				
Administration	877,569	1,037,327	927,714	109,613
District support services	515,881	482,857	563,291	(80,434)
Regular instruction	5,950,624	5,965,085	6,346,686	(381,601)
Vocational instruction	242,680	241,573	302,489	(60,916)
Special education instruction	2,370,430	2,293,360	2,156,521	136,839
Instructional support services	460,222	438,101	360,488	77,613
Pupil support services	1,314,577	1,475,341	1,395,565	79,776
Sites and buildings	1,193,501	1,223,618	1,026,364	197,254
Fiscal and other fixed cost programs	-	-	2,000	(2,000)
Debt Service				
Principal	-	-	2,165	(2,165)
Interest	-	-	38	(38)
Capital outlay	367,500	395,243	845,320	(450,077)
Total expenditures	13,292,984	13,552,505	13,928,641	(376,136)
Excess of Revenues over Expenditures	176,154	310,572	184,102	(126,470)
Other Financing Sources				
Sale of property	-	3,062	11,362	8,300
Insurance recovery	-	-	11,059	11,059
Financed purchase proceeds	-	-	97,000	97,000
Total Other Financing Sources	-	3,062	119,421	116,359
Net Change in Fund Balance	$ 176,154	$ 313,634	303,523	$ (10,111)
Fund Balance, Beginning of Year			3,694,046	
Fund Balance, End of Year			$ 3,997,569	

Statement of Net Position
Proprietary Fund
Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Assets	
Cash and cash equivalents	$ 94,261
Liabilities and Net Position	
Liabilities	
Claims incurred but not reported	699
Net Position	
Unrestricted	$ 93,562

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

	Governmental Activities - Internal Service Fund
Additions	
Dental premiums	$ 45,145
Deductions	
Dental claims	38,175
Operating Income	6,970
Nonoperating Revenue	
Investment income	3,964
Change in Net Position	10,934
Net Position, Beginning of Year	82,628
Net Position, End of Year	$ 93,562

	Governmental Activities - Internal Service Fund
Operating Activities	
Receipts from participants	$ 45,145
Payments for insurance claims and administration	(40,426)
Net cash from operating activities	4,719
Investing Activity	
Investment income	3,964
Net Change in Cash and Investments	8,683
Cash and Cash Equivalents, Beginning of Year	85,578
Cash and Cash Equivalents, End of Year	$ 94,261
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Activities	
Operating income	$ 6,970
Changes in assets and liabilities	
Claims incurred but not reported	(2,251)
Net cash from operating activities	$ 4,719

Note 1 - Summary of Significant Accounting Policies

A. Organization

Independent School District No. 821, Menahga Public Schools, Menahga, Minnesota ("the District") was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

Revenue Recognition - Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Recording of Expenditures - Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, severance, postemployment benefits, and pensions, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

Description of Funds

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

Major Governmental Funds

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects. The District's Student Activity Funds are under board control and are reported in the general fund.

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

Nonmajor Governmental Funds

Food Service Fund - The food service fund is used to account for food service revenues and expenditures.

Community Service Fund - The community service fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, extended day programs, or other similar services.

Other Funds

Internal Service Fund - The Dental Internal Service Fund is used to account for the activities of the District's dental plan.

E. Other Significant Accounting Policies

Budgeting

An operating budget is adopted by July 1 of each fiscal year for all governmental funds on the same modified accrual basis used to reflect actual revenues and expenditures. The superintendent is authorized to transfer budget amounts within line items; however, supplemental appropriations that amend total appropriations of any fund require a board resolution. Reported budgeted amounts are as originally adopted or as amended by board resolution. Unencumbered appropriations lapse at year-end.

Cash and Cash Equivalents

Cash balances for all district funds are pooled and invested to the extent available in various investment instruments as authorized by state statutes. Earnings from such investments are allocated to each of the funds based on the fund's average monthly cash and cash equivalents balance. Funds that incur a deficit balance in pooled cash and cash equivalents during the year are charged interest.

Deposits and investments consist of certificates of deposit and monies deposited with the Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust and are stated at fair value. Fair value is the price that would be received to sell the investment in an orderly transaction at year end.

Receivables

Amounts other than leases receivable are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be collected within one year are property taxes receivable.

Inventories

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

Property Taxes

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

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

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Current property taxes receivable is the uncollected portion of the taxes levied in 2024 and collectible in 2025. This levy is offset with a deferred inflow of resources for property taxes levied for a subsequent year. Delinquent taxes receivable includes the past six years’ uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year-end in the fund financial statements.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 4). Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the 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 recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 50 years.

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

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period was 3 years.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences –sick leave, severance, and vacation. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

The District’s policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists unless the employee qualifies for severance as described in the following paragraph. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Severance

Custodial employees retiring from the District after reaching fifteen (15) years of service and age fifty-five (55) who were hired prior to September 2010 and did not elect to participate in the 403(b) match program are eligible for a severance payment equal to thirty percent (30%) of the accumulated sick leave calculated at the hourly wage rate at the time of retirement. The technology coordinator, upon retirement from the District from the District after reaching fifteen (15) years of service and age fifty-five (55) is eligible for a severance payment equal to thirty percent (30%) of the accumulated sick leave calculated at the hourly wage rate at the time of retirement.

Vacation

The District Superintendent is eligible for payment of accrued vacation days upon voluntary termination of employment or expiration of his/her employment contract, if not offered a subsequent contract. In the event of involuntary termination, no payment shall be made.

Postemployment Benefits Other Than Pensions (OPEB)

Under the provisions of the various employee and union contracts, the District provides certain postemployment benefits other than pensions to eligible retirees. These OPEB obligations are funded on a pay-as-you-go basis. The total OPEB liability, deferred outflows/inflows of resources, and OPEB expense were actuarially determined in accordance with GASB Statement No. 75. Additional information can be found in Note 8.

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 the Teachers Retirement Association (TRA) and additions to/deductions from PERA’s and TRA’s fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result 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. Additional information can be found in Note 9.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

The District has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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 three types of items that 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. The third item is deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider unrestricted net position to have been depleted before restricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

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

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

- Committed fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board. A committed fund balance cannot be a negative number.

- Assigned fund balance amounts are comprised of unrestricted funds constrained by the school district's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: the Superintendent and the Business Manager. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board. An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. An assigned fund balance cannot be a negative number.

- Unassigned fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): unassigned, assigned, committed, and restricted. The school district will strive to maintain a minimum unassigned general fund balance of three months of operating expenditures.

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 workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2025.

Estimates

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

Adoption of New Accounting Standards

As of July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 12.

As of July 1, 2024, the District adopted GASB Statement No. 102, *Certain Risk Disclosures,* which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was no effect of the implementation of this standard on disclosures during the year.

Note 2 - Stewardship, Compliance, and Accountability

Deficit Fund Balances

At June 30, 2025, the Community Service Fund had a deficit fund balances of $21,344. The deficit will be eliminated in the future through a combination of future revenues and, if necessary, transfers from the General Fund.

Expenditures in Excess of Appropriations

Budget control for the fund is established by its total appropriations. The General Fund had expenditures exceeding appropriations in the amount of $376,136 for the year ended June 30, 2025. These over expenditures were funded by existing fund balance.

Note 3 - Deposits and Investments

Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board. All such depositories are members of the Federal Reserve System.

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

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

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

At June 30, 2025, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Concentration of Credit Risk – The District maintains its cash in bank deposit accounts which may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, per insured bank, for each account ownership category. At June 30, 2025, the District did not have any deposits in excess of FDIC-insured limits.

Investments

The following are considered the most significant risks associated with investments:

Credit Risk - Investments - Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record.

Custodial Credit Risk - Investments - The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

Interest Rate Risk - Investments - The District does not have a formal policy that limits investment maturities.

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.

The following table presents the District's deposit and investment balances at June 30, 2025:

		Investment Maturities (in Years)		
Type	Fair Value	N/A	< 1	1 - 5
Cash and Cash Equivalents				
Minnesota School District Liquid Asset Fund	$ 148,266	$ 148,266	$ -	$ -
Deposits	4,107,419	4,107,419	-	-
Investments				
U.S. Treasury Notes	1,001,129	-	250,660	750,469
	$ 5,256,814	$ 4,255,685	$ 250,660	$ 750,469

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool's shares.

Note 4 - Due from Other Governmental Units

Amounts receivable from other governments as of June 30, 2025, include:

Fund	Federal	State	Total
Major Funds			
General	$ 117,849	$ 1,286,643	$ 1,404,492
Debt service	-	42,462	42,462
Non-Major Funds	-	11,730	11,730
	$ 117,849	$ 1,340,835	$ 1,458,684

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Being Depreciated/Amortized				
Buildings and improvements	$ 33,256,867	$ 81,028	$ -	$ 33,337,895
Equipment	5,306,845	438,908	167,967	5,577,786
Land improvements	607,263	325,000	-	932,263
Right-to-use leased equipment	2,371	-	-	2,371
Total capital assets being depreciated/amortized	39,173,346	844,936	167,967	39,850,315
Less Accumulated Depreciation/Amortization for				
Buildings and improvements	10,173,419	841,298	-	11,014,717
Equipment	3,445,582	344,941	167,967	3,622,556
Land improvements	283,023	31,102	-	314,125
Right-to-use leased equipment	1,458	479	-	1,937
Total accumulated depreciation/amortization	13,903,482	1,217,820	167,967	14,953,335
Net capital assets, depreciated/amortized	25,269,864	(372,884)	-	24,896,980
Total capital assets, net	$ 25,269,864	$ (372,884)	$ -	$ 24,896,980

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

District support services	$ 279
Regular instruction	46,569
Special education instruction	6,833
Pupil support services	165,810
Sites and buildings	998,329
Total depreciation/amortization expense	$ 1,217,820

Note 6 - Leases

Lease Payable

The District has entered into a lease agreement as lessee for the acquisition and use of a postage meter The District is required to make principal and interest payments through May 2026. The lease was valued using an interest rate of 5.00%, based on the District's incremental borrowing rate.

The future principal and interest lease payments as of June 30, 2025, were as follows:

Years Ending June 30,	Principal	Interest
2026	$ 480	$ 12

Note 7 - Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2025 are as follows:

	Balance July 1, 2024, as Restated	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Bonds payable	$ 13,395,000	$ -	$ 875,000	$ 12,520,000	$ 920,000
Leases	980	-	500	480	480
Financed purchase payable	-	97,000	1,665	95,335	4,031
Compensated absences*	707,273	80,035	-	787,308	468,348
	$ 14,103,253	$ 177,035	$ 877,165	$ 13,403,123	$ 1,392,859

*Change in compensated absences is presented as the net change for the year.

Bonds Payable

Following is a summary of bonds payable as of June 30, 2025:

Bond Description	Final Maturity	Interest Rate	Original Principal	Outstanding Balance
General Obligation Building Bonds, Series 2017B	2038	3.00%	$ 8,335,000	$ 7,095,000
General Obligation Building Bonds, Series 2018A	2038	3.00%	5,450,000	4,565,000
General Obligation Facilities Maintenance Bonds, Series 2019A	2029	1.78%	1,710,000	860,000
				$ 12,520,000

The bonds are general obligations of the District for which the full faith and credit and unlimited taxing powers of the district are pledged. Bond principal and interest payments are made by the debt service fund.

Financed Purchase Payable

Financed purchase agreements have been entered into to finance certain capital asset purchases. These capital assets include two solar array systems. Total cost of capital assets acquired through financed purchase arrangements as of June 30, 2025 was $325,000 and total accumulated depreciation on these assets as of June 30, 2025 was $8,125. Payments are made from the general fund.

Following is a summary of financed purchase payable as of June 30, 2025:

Financed Purchase Description	Final Maturity	Interest Rate	Original Principal	Outstanding Balance
Solar Arrays	2045	0.00%	$ 97,000	$ 95,335

Remaining principal and interest payments on bonds and financed purchases are as follows:

Years Ending June 30,	Bonds Payable Principal	Bonds Payable Interest	Financed Purchase Payable Principal	Financed Purchase Payable Interest
2026	$ 920,000	$ 398,650	$ 4,031	$ -
2027	975,000	364,600	4,111	-
2028	1,020,000	328,250	4,193	-
2029	1,070,000	293,150	4,276	-
2030	840,000	256,050	4,361	-
2031-2035	4,590,000	887,250	23,139	-
2036-2040	3,105,000	188,250	25,531	-
2041-2045	-	-	25,693	-
	$ 12,520,000	$ 2,716,200	$ 95,335	$ -

Leases

Leases payable consists of leases as discussed in Note 6. Lease principal and interest expense are made by the general fund.

Compensated Absences

Compensated absences payable consists of estimated future use of sick leave and accumulated severance benefits and vacation as discussed in Note 1.

Note 8 - Other Post-Employment Benefits

A. Plan Description

The District's other-post employment benefits plan is a defined benefit OPEB plan that provides a single employer defined benefit health care plan to eligible retirees. This plan covers active and retired employees who have reached age 55, with teachers, superintendent, and principal needing at least 3 years of service and all other district employees needing 5 years of service. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. Medical coverage is administered by Health Partners. The plan does not issue a publicly available financial report. No assets are accumulated in a trust.

B. Benefits Provided

The contract groups have access to other post-retirement benefits of blended medical premiums of $683 for single and $1,855 for family coverage. The implicit rate subsidy is only until retirees reach Medicare eligibility. There are no subsidized post-employment medical, dental, or life insurance benefits.

C. Employees Covered by Benefit Terms

At the valuation date of July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	156
	162

D. Total OPEB Liability

The District's total OPEB liability of $515,829 was measured as of July 1, 2024, and was determined by an actuarial valuation of July 1, 2023.

E. Actuarial Assumptions

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Service graded tables
Discount rate	3.90 percent
Healthcare cost trend rates	6.25 percent, grading to 5.00 percent over 5 years, and then to 4.00 percent over the next 48 years
Retiree Plan Participation	
Pre-65 subsidy available	N/A
Pre-65 subsidy not available	Transportation - 10% Paraprofessionals - 35% All Others - 70%
Percent of Married Retirees Electing Spouse Coverage	
Spouse subsidy available	N/A
Spouse subsidy not available	5%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

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

The actuarial assumptions used in the July 1, 2023 valuation were based on inputs from a variety of published sources of historical and projected future financial data.

Since the previous valuation dated July 1, 2021, the following changes have been made:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.90%.

F. Changes in the Total OPEB Liability

Balance at June 30, 2024	$ 466,577
Changes from the Prior Year:	
Service cost	61,711
Interest cost	19,977
Benefit payments	(32,436)
Total Net Changes	49,252
Balance at June 30, 2025	$ 515,829

The measurement date of the OPEB liability was July 1, 2024; the date of the actuarial valuation on which the total OPEB liability is based was July 1, 2023.

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.90%	3.90%	4.90%
Total OPEB liability	$ 549,936	$ 515,829	$ 483,717

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

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.25%, grading to 4.00% over 5 years, then to 3.00% over the next 48 years	6.25%, grading to 5.00% over 5 years, then to 4.00% over the next 48 years	7.25%, grading to 6.00% over 5 years, then to 5.00% over the next 48 years
Total OPEB liability	$ 459,391	$ 515,829	$ 584,404

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

For the year ended June 30, 2025, the District recognized OPEB expense of $19,455. At June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains/losses	$ 2,571	$ 81,085
Assumption changes	-	147,197
Employer contributions made after the measurement date	42,293	-
	$ 44,864	$ 228,282

The $42,293 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026.

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

Years Ended June 30,	OPEB Expense Amount
2026	$ (62,233)
2027	(62,233)
2028	(62,230)
2029	(19,510)
2030	(19,505)

Note 9 - Defined Benefit Pension Plans

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees' Retirement Association (PERA) or the Teachers' Retirement Association (TRA), both of which are administered on a state-wide basis.

For the year ended June 30, 2025, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
PERA	$ 336,859	$ 1,165,388	$ 845,092	$ 47,322
TRA	1,544,848	5,013,559	1,654,297	393,057
Total all plans	$ 1,881,707	$ 6,178,947	$ 2,499,389	$ 440,379

Disclosures relating to these plans are as follows:

Public Employees Retirement Association (PERA)

A. Plan Descriptions

The District participates in the General Employees Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines the plan's financial reporting requirements. The General Employees Retirement Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

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.

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contribution Rate

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

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The [entity’s] contributions to the General Employees Fund for the year ended June 30, 2025, were $204,746. The District’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At June 30, 2025, the District reported a liability of $1,165,388 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 $30,135.

District's proportionate share of net pension liability	$ 1,165,388
State of Minnesota's proportionate share of the net pension liability associated with the district	30,135
Total	$ 1,195,523

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 proportion 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 0.0315 percent at the end of the measurement period and 0.0324 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of $47,322 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $808 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

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 schedules 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 $53,619 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 General Employees Fund.

At June 30, 2025 the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 110,497	$ -
Changes in actuarial assumptions	5,776	450,040
Net difference between projected and actual earnings on pension plan investments	-	348,668
Changes in proportion	15,840	46,384
Contributions paid to PERA subsequent to the measurement date	204,746	-
Total	$ 336,859	$ 845,092

The $204,746 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2026	$ (398,102)
2027	(69,449)
2028	(156,108)
2029	(89,320)

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	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
	100.0%	

F. Actuarial Methods and Assumptions

The total pension liability 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 to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan.

Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent 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 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the plan 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 one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund	
1% lower	6.00%	$ 2,545,395
Current discount rate	7.00%	$ 1,165,388
1% higher	8.00%	$ 30,206

I. Pension Plan Fiduciary Net Position

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

Teachers Retirement Association (TRA)

A. Plan Descriptions

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

B. Benefits Provided

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

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

Tier I Benefits

Tier 1	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:

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

or

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

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit 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 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 $493,942. The District’s contributions were equal to the required contributions for each year as set by state statute.

D. Actuarial Assumptions

The total pension liability in the July 1, 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 Studies	August 2, 2023 (demographic and economic assumptions)*
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumptions	
Pre-retirement	PubT-2010 (A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Healthy Retirees	PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	PubT-2010 (A) Contingent Surviver 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 femail rates unadjusted. Generational projection uses the MP-2021 scale.

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

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 Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
	100.0%	

Changes in actuarial assumptions since the 2023 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 Pub2010 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 & 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 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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.

F. Net Pension Liability

On June 30, 2025, the District reported a liability of $5,013,559 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 0.0789 percent at the end of the measurement period and 0.0756 percent 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	$ 5,013,559
State's proportionate share of the net pension liability associated with the district	327,910
Total	$ 5,341,469

For the year ended June 30, 2025, the District recognized pension expense of $393,057. It also recognized $4,011 as a decrease to 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 $138,995 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.

At 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	$ 237,684	$ 62,671
Net difference between projected and actual investment earnings on pension plan investments	-	765,532
Changes of assumptions	496,645	597,881
Changes in proportion	316,577	228,213
District's contributions to TRA subsequent to the measurement date	493,942	-
Total	$ 1,544,848	$ 1,654,297

The $493,942 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 in the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2026	$ (366,755)
2027	407,431
2028	(369,961)
2029	(235,483)
2030	(38,623)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate.

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate

1% decrease (6.00%)	Current (7.00%)	1% increase (8.00%)
$ 8,829,171	$ 5,013,559	$ 1,873,220

H. Pension Plan Fiduciary Net Position

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, 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.

Note 10 - Dental Self-Insurance

The District is self-insured with respect to dental insurance costs. The District implemented the self-insurance medical plan on September 9, 1998. Terms of the plan include maximum coverage each year for each individual covered by the plan of $750. The terms of the plan also include a lifetime $1,000 maximum on orthodontic related care. Both maximums limit the District's liability. The following is the activity for the year ended June 30, 2025:

Claims incurred but not reported at beginning of year	$ 2,950
Claims incurred	38,175
Claims paid	(40,426)
Claims incurred but not reported at end of year	$ 699

Note 11 - Fund Balance

Certain portions of fund balances 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.

The following is a summary of fund balances as of June 30, 2025:

	General	Debt Service	Other Government Funds	Totals
Nonspendable				
Inventories	$ 12,156	$ -	$ 570	$ 12,726
Restricted				
Student activities	143,209	-	-	143,209
Scholarships	52,005	-	-	52,005
Staff development	2,617	-	-	2,617
Literacy Incentive aid	360	-	-	360
Operating capital	1,629	-	-	1,629
Learning and development	412	-	-	412
Community education	-	-	2,373	2,373
Early childhood and family education	-	-	24,791	24,791
Gifted and talented	8,432	-	-	8,432
Basic skills programs	24,595	-	-	24,595
READ Act - literacy aid	37,743	-	-	37,743
READ Act - teacher training comp	15,453	-	-	15,453
Food service	-	-	115,414	115,414
Community service	-	-	2,160	2,160
Debt service	-	313,955	-	313,955
Long-term facilities maintenance	29,547	-	-	29,547
Medical assistance	187,238	-	-	187,238
Total restricted	503,240	313,955	144,738	961,933
Committed for severance	8,500	-	-	8,500
Assigned				
Facilities	100,000	-	-	100,000
Technology	125,000	-	-	125,000
Legislative mandate	75,000	-	-	75,000
Pickle ball	22,855	-	-	22,855
Grants	12,003	-	-	12,003
Total assigned	334,858	-	-	334,858
Unassigned	3,138,815	-	(50,668)	3,088,147
Total fund balance	$ 3,997,569	$ 313,955	$ 94,640	$ 4,406,164

The UFARS fund balance reporting standards are slightly different than the reporting standards under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is a reconciliation between the fund balance reporting under GASB 54 and UFARS reporting standards:

	GASB Balance	Reconciling Items	UFARS Balance
Nonspendable			
Inventories	$ 12,726	$ -	$ 12,726
Restricted			
Student activities	143,209	-	143,209
Scholarships	52,005	-	52,005
Staff development	2,617	-	2,617
Literacy incentive aid	360	-	360
Operating capital	1,629	-	1,629
Learning and development	412	-	412
Community education	2,373	-	2,373
Early childhood and family education	24,791	-	24,791
Gifted and talented	8,432	-	8,432
Basic skills programs	24,595	-	24,595
School readiness	-	(50,668)	(50,668)
Safe schools levy	-	(8,635)	(8,635)
READ Act - literacy aid	37,743	-	37,743
READ Act - teacher training comp	15,453	-	15,453
Food service	115,414	-	115,414
Community service	2,160	-	2,160
Debt service	313,955	-	313,955
Long-term facilities maintenance	29,547	-	29,547
Medical assistance	187,238	-	187,238
Total restricted	961,933	(59,303)	902,630
Committed for severance	8,500	-	8,500
Assigned			
Facilities	100,000	-	100,000
Technology	125,000	-	125,000
Legislative mandate	75,000	-	75,000
Pickle ball	22,855	-	22,855
Grants	12,003	-	12,003
Total assigned	334,858	-	334,858
Unassigned	3,088,147	59,303	3,147,450
Total fund balance	$ 4,406,164	$ -	$ 4,406,164

Note 12 - Change in Accounting Principle

As of July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences liability was increased by $683,438 as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	July 1, 2024, As Previously Reported	Change in Accounting Principle	July 1, 2024, As Restated
Government-Wide			
Governmental Activities	$ 7,984,452	$ (683,438)	$ 7,301,014

Note 13 - Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a “cafeteria plan” (the Plan) under section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1, thru August 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payment of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made monthly and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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

Note 14 - Employee Benefit Plan 403(b)

All employees of the District are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). Employees may defer up to the annual elective deferral limit set by the Internal Revenue Service, $23,000 per year for calendar year 2025. Contributions are invested in tax deferred annuities selected and owned by Plan participants. Teachers who have completed three continuous years of full-time service with the District are eligible for a matching contribution as follows:

Years of Continuous, Full-Time Service to the School District	Maximum Annual School District Matching Contribution
0 - 3 years	$0
4 - 8 years	$500
9 - 13 years	$1,000
14 - 18 years	$1,500
19 and over	$2,000

Certain administrative staff also receive a matching contribution based on the terms of their contract. The District contributions for the years ended June 30, 2025, 2024, and 2023 were $123,324, $86,487, and $50,594, respectively.

Note 15 - Commitments and Contingencies

Federal and State Revenue

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

Litigation and Potential Exposure

In the ordinary course of its operations, the District is party to legal proceedings as a plaintiff or defendant. The financial impact of remaining actions is not determinable at June 30, 2025, but, in the opinion of management and legal counsel, the ultimate disposition of any or all of these proceedings will not have a material effect on the District's financial position.

Required Supplementary Information
June 30, 2025

Menahga Public Schools
Independent School District No. 821

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 61,711	$ 59,914	$ 64,272	$ 62,400	$ 99,023	$ 96,139	$ 78,029	$ 75,756
Interest	19,977	12,643	11,745	23,119	21,382	22,646	19,398	16,973
Changes of assumptions	-	(43,655)	-	(248,353)	-	(28,743)	-	-
Differences between expected and actual experience	-	(92,910)	-	6,003	-	(44,169)	-	-
Benefit payments	(32,436)	(22,947)	(34,802)	(28,256)	(27,202)	(22,977)	(17,087)	(30,189)
Net change in total OPEB liability	49,252	(86,955)	41,215	(185,087)	93,203	22,896	80,340	62,540
Total OPEB liability - beginning	466,577	553,532	512,317	697,404	604,201	581,305	500,965	438,425
Total OPEB liability - ending	$ 515,829	$ 466,577	$ 553,532	$ 512,317	$ 697,404	$ 604,201	$ 581,305	$ 500,965
Covered payroll	$ 7,340,604	$ 7,126,800	$ 6,456,298	$ 6,268,250	$ 6,795,837	$ 6,597,900	$ 5,605,756	$ 5,442,482
District's total opeb liability as a percentage of covered payroll	7.03%	6.55%	8.57%	8.17%	10.26%	9.16%	10.37%	9.20%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios

2025 Changes

Changes in Actuarial Assumptions
- None

Changes in Plan Provisions
- None

2024 Changes

Changes in Actuarial Assumptions
- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.90%.

Changes in Plan Provisions
- None

2023 Changes

Changes in Actuarial Assumptions
- None

Changes in Plan Provisions
- None

2022 Changes

Changes in Actuarial Assumptions:
- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The retirement rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.10% to 2.10%.

Changes in Plan Provisions
- None

2021 Changes

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- None

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- None

2019 Changes

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- None

Schedule of Employer’s Share of Net Pension Liability
Last 10 Fiscal Years

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With District (b)	Total (d) (a+b)	Employer's Covered Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2015	0.0230%	$ 1,191,979	N/A	$ 1,191,979	$ 1,333,560	89.4%	78.2%
PERA	6/30/2016	0.0255%	2,070,474	27,007	2,097,481	1,593,173	130.0%	68.9%
PERA	6/30/2017	0.0253%	1,615,135	20,288	1,635,423	1,629,440	99.1%	75.9%
PERA	6/30/2018	0.0267%	1,481,207	48,629	1,529,836	1,794,267	82.6%	79.5%
PERA	6/30/2019	0.0258%	1,426,424	44,331	1,470,755	1,683,129	84.7%	80.2%
PERA	6/30/2020	0.0309%	1,852,596	57,033	1,909,629	2,069,915	89.5%	79.1%
PERA	6/30/2021	0.0329%	1,404,977	42,899	1,447,876	2,369,600	59.3%	87.0%
PERA	6/30/2022	0.0320%	2,534,411	74,441	2,608,852	2,401,867	105.5%	70.5%
PERA	6/30/2023	0.0324%	1,811,772	49,955	1,861,727	2,566,280	70.6%	83.1%
PERA	6/30/2024	0.0315%	1,165,388	30,135	1,195,523	2,650,453	44.0%	89.1%
TRA	6/30/2015	0.0682%	$ 4,218,844	$ 517,715	$ 4,736,559	$ 3,479,227	121.3%	76.8%
TRA	6/30/2016	0.0661%	15,766,427	1,581,783	17,348,210	3,465,880	454.9%	44.9%
TRA	6/30/2017	0.0714%	14,252,735	1,377,731	15,630,466	3,903,133	365.2%	51.6%
TRA	6/30/2018	0.0765%	4,804,871	451,503	5,256,374	4,276,453	112.4%	78.1%
TRA	6/30/2019	0.0787%	5,016,355	444,115	5,460,470	4,465,772	112.3%	78.2%
TRA	6/30/2020	0.0775%	5,725,804	479,869	6,205,673	4,505,152	127.1%	75.5%
TRA	6/30/2021	0.0775%	3,391,632	285,923	3,677,555	4,676,322	72.5%	86.6%
TRA	6/30/2022	0.0735%	5,885,491	436,734	6,322,225	4,552,818	129.3%	76.2%
TRA	6/30/2023	0.0756%	6,241,705	437,246	6,678,951	4,865,006	128.3%	76.4%
TRA	6/30/2024	0.0789%	5,013,559	327,910	5,341,469	5,282,571	94.9%	82.1%

Schedule of Employer's Contributions
Last 10 Fiscal Years

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
PERA	6/30/2016	$ 119,488	$ 119,488	$ -	$ 1,593,173	7.5%
PERA	6/30/2017	122,208	122,208	-	1,629,440	7.5%
PERA	6/30/2018	134,570	134,570	-	1,794,267	7.5%
PERA	6/30/2019	126,235	126,235	-	1,683,129	7.5%
PERA	6/30/2020	155,244	155,244	-	2,069,915	7.5%
PERA	6/30/2021	177,720	177,720	-	2,369,600	7.5%
PERA	6/30/2022	180,140	180,140	-	2,401,867	7.5%
PERA	6/30/2023	192,471	192,471	-	2,566,280	7.5%
PERA	6/30/2024	198,784	198,784	-	2,650,453	7.5%
PERA	6/30/2025	204,746	204,746	-	2,729,947	7.5%
TRA	6/30/2016	$ 259,941	$ 259,941	$ -	$ 3,465,880	7.5%
TRA	6/30/2017	292,735	292,735	-	3,903,133	7.5%
TRA	6/30/2018	320,734	320,734	-	4,276,453	7.5%
TRA	6/30/2019	344,311	344,311	-	4,465,772	7.7%
TRA	6/30/2020	356,808	356,808	-	4,505,152	7.9%
TRA	6/30/2021	380,185	380,185	-	4,676,322	8.1%
TRA	6/30/2022	379,705	379,705	-	4,552,818	8.3%
TRA	6/30/2023	415,958	415,958	-	4,865,006	8.6%
TRA	6/30/2024	462,225	462,225	-	5,282,571	8.8%
TRA	6/30/2025	493,942	493,942	-	5,645,051	8.8%

Notes to the Schedule of Employer’s Share of Net Pension Liability and Schedule of Employer’s Contributions

PERA

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 6.50 percent to 7.00 percent.

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 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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 changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & 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% after. 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 $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

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 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent 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 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent 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 postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

2015 Changes

Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

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 increase 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.

TRA

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 Pub2010 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 & 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 in Plan Provisions
- There have been no changes since the prior valuation.

2023 Changes

Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.50% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

Changes in Plan Provisions
- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

2022 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The 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% in 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 June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The 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% in 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 June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- 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 zero% 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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%.
- 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.
- Augmentation in the early retirement reduction factors is phased out o 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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%. Details, if necessary, can be obtained from the TRA Comprehensive Annual Financial Report.

PERA's Comprehensive Annual Financial Report may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at https://minnesotatra.org.

Combining and Individual Fund Schedules
June 30, 2025

Independent School District No. 821
Menahga Public Schools

	Fund Balance (Deficit) Beginning of Year	Net Change in Fund Balance	Fund Balance (Deficit) End of Year
Nonspendable	$ 9,634	$ 2,522	$ 12,156
Restricted for Student Activities	137,040	6,169	143,209
Restricted for Scholarships	51,581	424	52,005
Restricted for Staff Development	424	2,193	2,617
Restricted for Literacy Incentive Aid	360	-	360
Restricted for Operating Capital	1,635	(6)	1,629
Restricted for Learning and Development	421	(9)	412
Restricted for Gifted and Talented	175	8,257	8,432
Restricted for Basic Skills Programs	-	24,595	24,595
Restricted for Safe Schools Levy	(8,488)	(147)	(8,635)
Restricted for READ Act - Literacy Aid	-	37,743	37,743
Restricted for READ Act - Teacher Training Comp	-	15,453	15,453
Restricted for Long Term Facilities Maintenance	(279,615)	309,162	29,547
Restricted for Medical Assistance	86,747	100,491	187,238
Committed for Severance	8,500	-	8,500
Assigned for facilities	-	100,000	100,000
Assigned for technology	-	125,000	125,000
Assigned for legislative mandate	-	75,000	75,000
Assigned for pickle ball	-	22,855	22,855
Assigned for grants	-	12,003	12,003
Unassigned	3,685,632	(538,182)	3,147,450
	$ 3,694,046	$ 303,523	$ 3,997,569

	Food Service	Community Service	Totals
Assets			
Cash and cash equivalents	$ 119,288	$ 4,622	$ 123,910
Receivables			
Current property taxes	-	16,693	16,693
Delinquent property taxes	-	391	391
Accounts	908	-	908
Due from other governmental units	-	11,730	11,730
Inventories	570	-	570
Total assets	$ 120,766	$ 33,436	$ 154,202
Liabilities			
Accounts payable	$ 3,226	$ 1,788	$ 5,014
Salaries payable	648	16,695	17,343
Unearned revenue	908	-	908
Total liabilities	4,782	18,483	23,265
Deferred Inflows of Resources			
Unavailable revenue-property taxes	-	391	391
Property taxes levied for subsequent year	-	35,906	35,906
Total deferred inflows of resources	-	36,297	36,297
Fund Balance (Deficit)			
Nonspendable	570	-	570
Restricted	115,414	29,324	144,738
Unassigned	-	(50,668)	(50,668)
Total fund balance (deficit)	115,984	(21,344)	94,640
Total liabilities, deferred inflows of resources, and fund balance (deficit)	$ 120,766	$ 33,436	$ 154,202

	Food Service	Community Service	Totals
Revenues			
Local property tax levies	$ -	$ 31,711	$ 31,711
Other local and county sources	-	52,699	52,699
State sources	339,201	170,576	509,777
Federal sources	558,402	-	558,402
Sales and other conversion of assets	32,837	-	32,837
Total revenues	930,440	254,986	1,185,426
Expenditures			
Current			
Community education and service	-	280,100	280,100
Pupil support services	890,524	-	890,524
Total expenditures	890,524	280,100	1,170,624
Net Change in Fund Balance	39,916	(25,114)	14,802
Fund Balance, Beginning of Year	76,068	3,770	79,838
Fund Balance (Deficit), End of Year	$ 115,984	$ (21,344)	$ 94,640

Other Supplementary Information
June 30, 2025

Independent School District No. 821
Menahga Public Schools

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$14,112,743	$14,112,745	($2)
Total Expenditures	$13,928,641	$13,928,643	($2)
Non Spendable:			
4.60 Non Spendable Fund Balance	$12,156	$12,156	$0
Restricted / Reserved:			
4.01 Student Activities	$143,209	$143,209	$0
4.02 Scholarships	$52,005	$52,005	$0
4.03 Staff Development	$2,617	$2,617	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$360	$360	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$1,629	$1,629	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$412	$412	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.37 Q Comp	$0	$0	$0
4.38 Gifted & Talented	$8,432	$8,432	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$24,595	$24,595	$0
4.43 School Library Aid	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	($8,635)	($8,635)	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.56 READ Act - Literacy Aid	$37,743	$37,743	$0
4.57 READ Act - Tchr Training Compensation	$15,453	$15,453	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$29,547	$29,547	$0
4.71 Student Support Personnel Aid	$0	$0	$0
4.72 Medical Assistance	$187,238	$187,238	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$8,500	$8,500	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$334,858	$334,858	$0
Unassigned:			
4.22 Unassigned Fund Balance	$3,147,450	$3,147,454	($4)

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$1,331,868	$1,331,868	$0
Total Expenditures	$1,307,276	$1,307,275	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$313,955	$313,956	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$49,109	$49,108	$1
Total Expenditures	$38,175	$38,174	$1
4.22 Unassigned Fund Balance (Net Assets)	$93,562	$93,562	$0
25 OPEB REVOCABLE TRUST			

02 FOOD SERVICES

Total Revenue	$930,440	$930,437	$3
Total Expenditures	$890,524	$890,521	$3
Non Spendable:			
4.60 Non Spendable Fund Balance	$570	$570	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$115,414	$115,414	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$254,986	$254,985	$1
Total Expenditures	$280,100	$280,097	$3
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$2,373	$2,373	$0
4.32 E.C.F.E	$24,791	$24,791	$0
4.37 Q Comp	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	($50,668)	($50,668)	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.56 READ Act - Literacy Aid	$0	$0	$0
4.57 READ Act - Tchr Training Compensation	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$2,160	$2,161	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

47 OPEB DEBT SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Additional Reports
June 30, 2025

Menahga Public Schools
Independent School District No. 821

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

The School Board of
Independent School District No. 821
Menahga Public Schools
Menahga, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 821, Menahga Public Schools ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 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.

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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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other 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.

Eide Bailly LLP

Fargo, North Dakota
December 30, 2025

Independent Auditor's Report on *Minnesota Legal Compliance*

The School Board of
Independent School District No. 821
Menahga Public Schools
Menahga, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 821, Menahga Public Schools ("the District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2025.

In connection with our audit, we noted that the District failed to comply with provisions of the uniform financial accounting and reporting standards for Minnesota school districts (UFARS) section of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses as items 2025-004 and 2025-005. 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 contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and the miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was 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.

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

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The purpose of this report is solely 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.

Eide Bailly LLP

Fargo, North Dakota
December 30, 2025

Section I - Financial Statement Findings

2025-001 Preparation of Financial Statements, including Schedule of Expenditures of Federal Awards Material Weakness

Criteria - A good system of internal accounting control contemplates an adequate system for internally preparing the District's financial statements, including the schedule of expenditures of federal awards.

Condition - The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including the schedule of expenditures of federal awards. The auditors were requested to, and did, draft the financial statements, including the schedule of expenditures of federal awards and accompanying notes to the financial statements.

Cause - The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including the schedule of expenditures of federal awards.

Effect - The disclosures in the financial statements could be incomplete.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials - There is no disagreement with the audit finding.

2025-002 Material Journal Entries
Material Weakness

Criteria - A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

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

Cause - The District does not have an internal control system designed to identify all necessary adjustments.

Effect - This deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation - A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisor levels.

Views of Responsible Officials - There is no disagreement with the audit finding.

2025-003 Segregation of Duties
Material Weakness

Criteria - A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation functions.

Condition – The District does not adequately separate duties in cash receipts and journal entry posting.

Cause - One individual is responsible for receipting cash, preparing the deposit slip, making the deposit in the financial institution, and entering the transaction into the accounting system. Also, there is no formal process to review journal entries that are posted into the accounting system.

Effect - Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation - The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials - There is no disagreement with the audit finding.

Section II - Minnesota Legal Compliance Findings

2025-004 Inactive Student Activity Accounts with Remaining Cash Balances Uniform Financial Accounting and Reporting Standards

Criteria – Minn. Stat. §6.65; 123B.77, subd. 3. requires that each Minnesota school district must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the Department of Education. Chapter 14 of the Uniform Financial Accounting and Reporting Standards manual addresses the requirements for Student Activity Accounting and requires that any student activity account, which has been inactive for a maximum of one fiscal year, must be disposed of, unless the advisor submits a plan to the board (or designee) indicating why the activity has been inactive and why it should not be terminated.

Condition – During the course of our engagement, we noted various student activity accounts were inactive and not properly disposed or advisor had not submitted the required plan to the board.

Cause – The District did not follow the procedures to remain in compliance with the MAFA guidelines relating to inactive accounts with remaining balances at year end.

Effect – The District may misuse student activity funds.

Recommendation – The District should monitor student activity accounts and dispose of inactive accounts or obtain a written plan from the advisor noting why the student activity account should not be disposed.

Views of Responsible Officials – There is no disagreement with the audit finding.

2025-005 Funds Remaining for a Graduated Class
Uniform Financial Accounting and Reporting Standards

Criteria – MAFA guidelines state that student activity funds remaining from the graduating class must be disposed of in the manner indicated on the activity purpose form.

Condition – During the course of our engagement, we noted that funds relating to a graduated class still remained as of June 30, 2025.

Cause – The District does not have an internal control system designed to properly review student activity funds and ensure that funds relating to graduation classes are properly treated in accordance with the MAFA guidelines.

Effect – This finding could result in student activities funding being misused.

Recommendation – We recommend the District put a procedure in place to properly review student activity balances at year end to ensure that balances relating to graduated classes are properly disposed of.

View of Responsible Officials – There are no disagreements with this finding.