

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**FINANCIAL STATEMENTS**

**June 30, 2025**



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
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ALBERT LEA, MINNESOTA  
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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**INTRODUCTORY SECTION**

**JUNE 30, 2025**

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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
BOARD OF EDUCATION AND ADMINISTRATION  
JUNE 30, 2025**

Board of Education

<u>School Board Member</u>	<u>Position</u>	<u>Term Expires</u>
Dave Klatt	Chair	January 2027
Mary Jo Dorman	Vice-Chair	January 2029
Angie Hoffman	Clerk	January 2029
Gary Schindler	Treasurer	January 2027
Neal Skaar	Director	January 2029
Kim Nelson	Director	January 2027
Davy Villarreal	Director	January 2027

Administration

David Krenz	Interim Superintendent of Schools
Paul Durbahn	Director of Finance and Operations

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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**FINANCIAL SECTION**

**JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Independent School District #241  
Albert Lea, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District #241, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, and where applicable, cashflows thereof, and the budgetary comparison for the General Fund and each major special revenue 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 GAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

***Supplementary Information (Continued)***

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and the Schedule of Expenditures of Federal Awards 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 report. The other information comprises the introductory section 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 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.

***Report on Summarized Comparative Information***

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2024, from which such partial information was derived.

We have previously audited the District's 2024 financial statements and our report dated November 6, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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.

*Smith, Schafu and Associates, Ltd.*

Rochester, Minnesota  
November 20, 2025

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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Independent School District #241 – Albert Lea Schools' annual financial report presents our discussion and analysis of the District's financial performance during the 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 year include the following:

- Total Assets and Deferred Outflows of Resources: \$95,782,332.
- Overall revenues for the General Fund were \$60,258,923 while overall expenditures totaled \$60,492,940.
- The General Fund Unassigned Fund Balance is \$6,449,185. This represents a decrease of \$417,955 from last year. The Unassigned Fund Balance as described in board policy is 11.64%. The Restricted General Fund balances included State required reserves for student activities, scholarships, staff development, operating capital, area learning center, alternative teacher professional pay system, basic skills, gifted and talented, English learner, Read Act literacy aid, Read Act teacher compensation, medical assistance, and American Indian education. These balances totaled \$1,254,399 as compared to a balance of \$1,301,067 last fiscal year.
- The General Fund total fund balance decreased by \$240,563 from the prior year.
- The Food Service Fund total fund balance increased by \$45,532 from the prior year.
- The Community Service Fund total fund balance decreased by \$39,794 from the prior year.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund-financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.
- The proprietary fund statements offer short-term and long-term financial information about the activities the District operates in a manner similar to businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the 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 statements the District's activities are shown in one category: Governmental activities. Most of the District's basic services are included here, such as elementary and secondary regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

***Fund Financial Statements.*** The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. scholarship trust fund).



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

The District has two kinds of funds:

- **Governmental funds.** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them.
- **Fiduciary funds.** The District is the trustee, or fiduciary, for assets that belong to others, such as the custodial fund consisting of the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- **Proprietary funds.** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's has two proprietary fund is an internal service fund which charges the District's activities for the estimated cost Post Employment Benefit obligations and Health Insurance.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net position.** The district's combined net position from Governmental activities was \$3,776,669 for the year ended June 30, 2025. This was a decrease of \$1,940,959 from the prior year primarily due to the restatement for GASB Statement No. 101, Compensated Absences.

	Total	
	2025	2024
<b>Assets</b>		
Current and other assets	\$ 28,775,602	\$ 32,886,551
Capital assets	56,659,495	56,271,150
Total assets	85,435,097	89,157,701
<b>Deferred Outflows of Resources</b>		
Total deferred outflows of resources	10,347,235	9,913,799
<b>Liabilities</b>		
Current liabilities	2,685,495	4,271,611
Long-Term liabilities	70,284,566	75,119,933
Total liabilities	72,970,061	79,391,544
<b>Deferred Inflows of Resources</b>		
Total deferred inflows of resources	19,035,602	13,962,328
<b>Net Position</b>		
Net investment in capital assets	25,940,843	28,163,666
Restricted	4,200,101	4,006,167
Unrestricted	(26,364,275)	(26,452,205)
Total net position	\$ 3,776,669	\$ 5,717,628

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

**District's Revenue.** The District's total revenues were \$68,839,657 for the year ended June 30, 2025; compared to \$68,021,015 for the year ending June 30, 2024. Local property taxes (levies) accounted for 14% percent (compared to 14% the previous year) of the total revenue, with the remaining revenue coming from other sources – primarily the State formula aid.

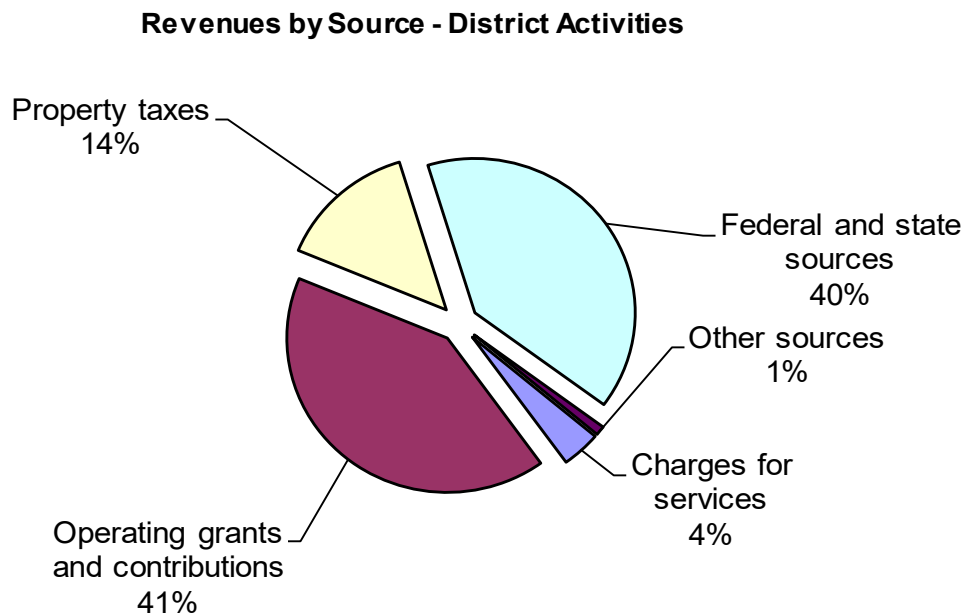
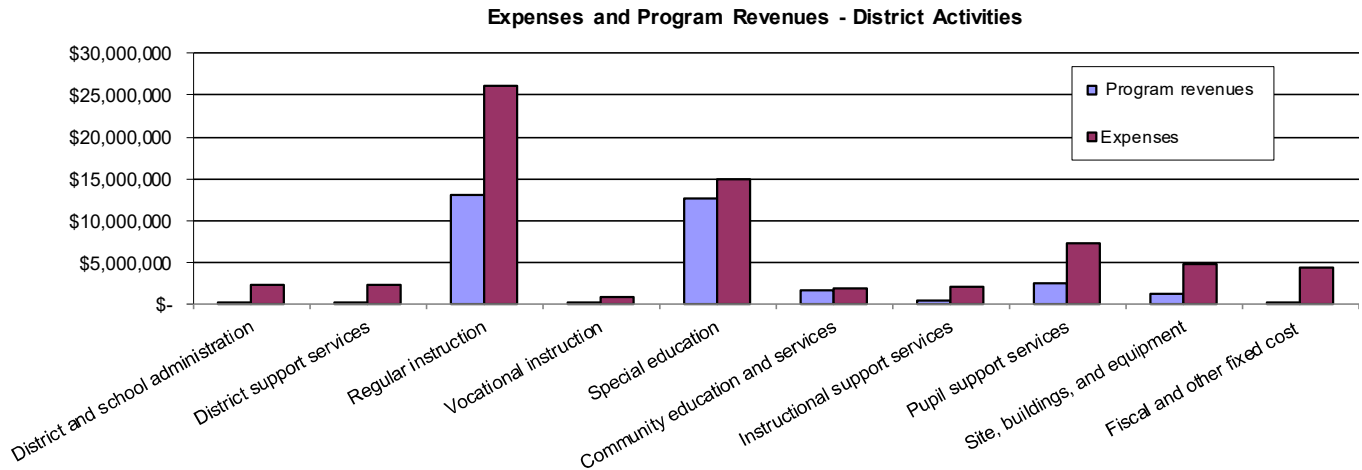
A condensed version of the Statement of Activities follows:

	Total	
	2025	2024
<b>Revenue</b>		
Program revenues:		
Charges for services	\$ 2,670,594	\$ 2,426,108
Operating grants and contributions	27,833,257	18,782,494
Capital grants and contributions	1,306,841	
General revenues:		
Property taxes	9,450,011	9,308,393
Other federal and state sources	26,930,577	36,886,410
Other sources	648,377	617,610
Total revenues	<u>68,839,657</u>	<u>68,021,015</u>
<b>Expenses</b>		
Administration	2,331,665	2,096,623
District support services	2,317,067	2,542,533
Regular instruction	26,048,796	23,438,926
Vocational instruction	934,610	860,929
Special education	15,001,480	14,306,201
Community education and services	1,862,847	1,914,967
Instructional support services	2,130,431	2,406,486
Pupil support services	7,281,074	8,268,837
Site, buildings, and equipment	4,884,013	5,971,801
Fiscal and other fixed cost programs	4,280,115	4,255,229
Total expenses	<u>67,072,098</u>	<u>66,062,532</u>
Change in net position	<u>1,767,559</u>	<u>1,958,483</u>
Net position - beginning as originally stated	5,717,628	3,759,145
Restatement (Note 15)	<u>(3,708,518)</u>	
Net position - beginning as restated	<u>2,009,110</u>	
Net position - ending	<u>\$ 3,776,669</u>	<u>\$ 5,717,628</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND BASIS FINANCIAL ANALYSIS**

**Financial Analysis of the District's Funds**

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its Governmental Funds reported a combined fund balance of \$11,945,764.

The District enrollment increased slightly. The District is expecting a continued slight decline due to lower birth rates.

History of adjusted average daily membership:

<u>Fiscal Year</u>	<u>ADM</u>	<u>% Change</u>
2016	3,318.12	
2017	3,418.27	3.0%
2018	3,458.99	1.2%
2019	3,491.22	0.9%
2020	3,490.58	0.0%
2021	3,406.48	-2.4%
2022	3,420.30	0.4%
2023	3,370.75	-1.4%
2024	3,266.55	-3.1%
2025	3,295.66	0.9%

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

Total General Fund Operating Revenue increased \$950,216 from the previous year (being \$60,258,923 in 2025 and \$59,308,707 in 2024).

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. Other state-authorized revenue includes excess levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net revenue change.

Local property taxes are impacted by the state provided funds for school property tax relief. This relief was provided in two principal ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basis formula for general education revenue.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND BASIS FINANCIAL ANALYSIS (Continued)**

General fund revenues were as follows:

	2025	2024	Increase/ (Decrease)
Local property tax levies	\$ 6,732,710	\$ 6,695,837	\$ 36,873
Other local and county sources	1,556,661	1,383,316	173,345
Investment income	397,998	369,239	28,759
State sources	48,560,373	47,666,607	893,766
Federal sources	2,980,653	3,192,852	(212,199)
Sales and other conversions of assets	30,528	856	29,672
<b>Total General Fund Revenues</b>	<b>\$ 60,258,923</b>	<b>\$ 59,308,707</b>	<b>\$ 950,216</b>

Total General Fund expenditures increased \$1,678,805 from the previous year. The increase in the General Fund expenditures was due mainly to contract settlements and increased costs for purchased services.

General fund expenditures were as follows:

	2025	2024	Increase/ (Decrease)
District and school administration	\$ 2,311,964	\$ 2,127,490	\$ 184,474
District support services	2,299,562	2,250,118	49,444
Regular instruction	25,982,281	25,419,808	562,473
Vocational instruction	992,473	1,005,199	(12,726)
Special education	15,326,999	14,434,226	892,773
Community education and services	44,503	13,937	30,566
Instructional support services	2,154,731	2,447,841	(293,110)
Pupil support services	5,757,094	5,580,851	176,243
Site, buildings, and equipment	5,193,888	5,142,460	51,428
Fiscal and other fixed cost programs	429,445	392,205	37,240
<b>Total General Fund Expenditures</b>	<b>\$ 60,492,940</b>	<b>\$ 58,814,135</b>	<b>\$ 1,678,805</b>

The total General Fund balance on June 30, 2025, is \$8,148,699 compared to \$8,389,262 on June 30, 2024 (decrease of \$240,563). Of the amount, \$1,699,514 is nonspendable or restricted – leaving an amount of \$6,449,185 in the Unassigned General Fund Balance.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND BASIS FINANCIAL ANALYSIS (Continued)**

**Food Service Fund.** The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment. The goal for the food service fund is that the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance increased by \$45,532. On June 30, 2025 the balance was \$983,159; compared to the prior year balance of \$937,627.

The Food Service revenue for 2024-2025 totaled \$2,585,763 compared to \$2,874,422 the previous year – a decrease of \$288,659. The decrease was primarily due to the supply chain assistance program ending in fiscal year 24 along with decreased a la carte sales.

The Food Service expenditures for 2024-2025 totaled \$2,558,841 compared to \$2,636,530 the previous year – a decrease in expenditures of \$77,689. This decrease was primarily due to lower food expenditures.

**Community Service Fund.** The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that it does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service Fund realized a decrease in fund balance of \$39,794.

Community Service Fund revenues for 2024-2025 totaled \$1,824,527 compared to \$1,759,981 in the previous year. This was an increase in revenues of \$65,546 from the previous year primarily due to an increase in state aid.

Community Service Fund expenditures for 2024-2025 totaled \$1,864,321; compared to \$1,775,386 in the previous year. This was an increase of expenditures of \$88,935 from the previous year primarily due to an increase in salaries and benefits as well as a slight increase in supply costs.

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

The Debt Service Restricted Fund Balance increased by \$249,216 in 2024-2025.

The fund balance of \$2,016,008 as of June 30, 2025 along with the 2024-2025 levy and state aid is sufficient to make pending principal and interest payments on the remaining outstanding obligations.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District provided a Revised 2024-2025 Budget in March of 2025. The revenue was adjusted up from the adopted budget \$2,471,933 primarily due to projected federal aid the District was expected to receive. 2023-24 was the final full year of federal Covid funds with the program closing in September of 2024-25.

The Actual 2025 revenue was \$310,404 less than the Revised Budget Revenue, primarily due to under budget in state revenues mainly connected to enrollment actuals less than projections and federal coming in under in special education programming and Title funds.

The Revised 2025 Budget stated expenditures at \$3,270,474 higher than the Original 2025 Budget. The Actual expenditures were \$1,177,519 lower than projected.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2025, the District had invested \$56,659,495 (net of accumulated depreciation and amortization) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements.

	Total (Net of Depreciation and Amortization)	
	2025	2024
Land	\$ 748,472	\$ 748,472
Construction in process	1,203,576	1,766,197
Land improvements	22,006,924	21,854,260
Buildings	29,858,907	30,057,846
Machinery and equipment	2,841,616	1,838,676
Leased equipment (intangible right to use asset)		5,699
Total	<u>\$ 56,659,495</u>	<u>\$ 56,271,150</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

**Long Term Liabilities.** As of June 30, 2025, the District had \$31,222,319 in bonds payable, premium, and discount outstanding. The District also had \$4,359,327 in compensated absences at the end of the year.

A summary of outstanding long-term liabilities as of June 30, 2025 and 2024, is as follows:

	Total	
	2025	2024
General Obligation Bonds	\$ 30,916,709	\$ 33,850,318
Bond Premium	330,786	363,507
Bond Discount	(25,176)	(29,619)
Leases Payable		94,249
Compensated Absences	4,359,327	3,830,556
Total	<u>\$ 35,581,646</u>	<u>\$ 38,109,011</u>

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Declining enrollment is the most pressing challenge facing our district. The majority of the decline is a result of incoming kindergarten classes that are significantly smaller than the outgoing senior class. An analysis of birth rates in our county supports this trend.

In an environment of declining enrollment, it will be incumbent on administration to adjust staffing accordingly.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, Independent School District #241, 211 W. Richway Drive, Albert Lea, Minnesota 56007.



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF NET POSITION**  
June 30, 2025

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 9,385,591
Restricted cash and investments	6,579,854
Taxes receivable	5,016,689
Other receivables	115,785
Interest receivable	77,010
Due from other governmental units	7,081,753
Prepaid items	445,115
Inventory	73,805
Capital Assets:	
Nondepreciable	1,952,048
Depreciable, net	54,707,447
<b>TOTAL ASSETS</b>	<b>85,435,097</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows from pension activity	7,560,389
Deferred outflows from other post-employment benefit obligation	2,786,846
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,347,235</b>
<b>Liabilities</b>	
Accounts payable	1,365,094
Due to other governmental units	331,408
Accrued interest payable	384,952
Salaries and accrued liabilities payable	537,422
Unearned revenue	66,619
Long-Term Liabilities:	
Due within one year:	
Long-term liabilities	2,794,851
Other post-employment benefits	444,069
Due in more than one year:	
Long-term liabilities	32,786,795
Other post-employment benefits	6,998,897
Net pension liability	27,259,954
<b>TOTAL LIABILITIES</b>	<b>72,970,061</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows from pension activity	8,186,698
Deferred inflows from other post-employment benefit obligation	1,514,185
Property taxes levied for subsequent year	9,334,719
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>19,035,602</b>
<b>Net Position</b>	
Net investment in capital assets	25,940,843
Restricted:	
Operating capital	264,081
State mandated	990,318
Food service	983,159
Community service	296,254
Debt service	1,666,289
Unrestricted	(26,364,275)
<b>TOTAL NET POSITION</b>	<b>\$ 3,776,669</b>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2025

<u>Functions/Programs</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
District and school administration	\$ 2,331,665	\$ 1,659	\$	\$
District support services	2,317,067		1,271	
Regular instruction	26,048,796	362,880	12,658,830	
Vocational instruction	934,610	38,929	50,963	
Special education	15,001,480	986,676	11,606,262	
Community education and services	1,862,847	1,174,623	481,501	
Instructional support services	2,130,431	220	389,153	
Pupil support services	7,281,074	105,607	2,462,525	
Site, buildings, and equipment	4,884,013		396	1,306,841
Fiscal and other fixed cost programs	4,280,115		182,356	
Total governmental activities	\$ 67,072,098	\$ 2,670,594	\$ 27,833,257	\$ 1,306,841

General Revenues:

Property taxes levied for:

General purposes

Community service

Debt service

State aid not restricted to specific purposes

Investment income

Sale of assets

Miscellaneous

Total general revenues

Change in net position

Net Position - Beginning as originally stated

Restatement (Note 15)

Net Position - Beginning as restated

Net Position - Ending

**See Notes to Financial Statements**

Net (Expense)  
Revenue and  
Changes in Net  
Position

---

Total  
Governmental  
Activities

---

\$ (2,330,006)  
(2,315,796)  
(13,027,086)  
(844,718)  
(2,408,542)  
(206,723)  
(1,741,058)  
(4,712,942)  
(3,576,776)  
(4,097,759)

(35,261,406)

7,065,750  
157,490  
2,226,771  
26,930,577  
532,802  
12,064  
103,511  
37,028,965

1,767,559

5,717,628

(3,708,518)

2,009,110

\$ 3,776,669

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2025  
With Partial Comparative Data as of June 30, 2024

	General	Food Service	Community Service
<b>Assets</b>			
Cash and investments	\$ 4,908,577	\$ 847,041	\$ 338,955
Current property taxes receivable	2,989,296		77,666
Delinquent property taxes receivable	87,796		2,023
Accounts receivable	62,066	36,143	17,576
Interest receivable	27,867		
Due from other Minnesota school districts	579		57,673
Due from Minnesota Department of Education	5,868,557		45,759
Due from Federal through Minnesota Department of Education	848,890	71,764	
Due from other governmental units	54,681		3,000
Due from other funds	265,000		
Inventory		73,805	
Prepaid items	445,115		
<b>TOTAL ASSETS</b>	<b>\$ 15,558,424</b>	<b>\$ 1,028,753</b>	<b>\$ 542,652</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 546,918	\$ 23,985	\$ 3,385
Salaries and accrued liabilities payable	508,771	3,087	25,564
Due to other Minnesota school districts	238,856		1,362
Due to other governmental units	91,190		
Unearned revenue		18,522	48,097
<b>TOTAL LIABILITIES</b>	<b>1,385,735</b>	<b>45,594</b>	<b>78,408</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue:			
Delinquent taxes	87,796		2,023
Taxes levied for subsequent year	5,936,194		167,990
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,023,990</b>		<b>170,013</b>
<b>Fund Balances</b>			
Nonspendable	445,115	73,805	
Restricted	1,254,399	909,354	294,231
Committed			
Unassigned	6,449,185		
<b>TOTAL FUND BALANCES</b>	<b>8,148,699</b>	<b>983,159</b>	<b>294,231</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,558,424</b>	<b>\$ 1,028,753</b>	<b>\$ 542,652</b>

**See Notes to Financial Statements**

Building Construction	Debt Service	Total Governmental Funds	
		2025	2024
\$ 542,189	\$ 3,291,018	\$ 9,927,780	\$ 13,639,955
	1,824,675	4,891,637	5,033,838
	35,233	125,052	121,335
		115,785	135,067
		27,867	58,194
		58,252	65,622
	130,850	6,045,166	5,265,789
		920,654	2,114,095
		57,681	64,955
		265,000	
		73,805	90,658
		445,115	75,090
<u>\$ 542,189</u>	<u>\$ 5,281,776</u>	<u>\$ 22,953,794</u>	<u>\$ 26,664,598</u>

\$ 38,522	\$	\$ 612,810	\$ 2,038,354
		537,422	557,861
		240,218	257,832
		91,190	162,457
		66,619	55,035
<u>38,522</u>		<u>1,548,259</u>	<u>3,071,539</u>

	35,233	125,052	121,335
	3,230,535	9,334,719	9,581,565
	<u>3,265,768</u>	<u>9,459,771</u>	<u>9,702,900</u>

		518,920	165,748
503,667	2,016,008	4,977,659	6,711,306
			145,965
		6,449,185	6,867,140
<u>503,667</u>	<u>2,016,008</u>	<u>11,945,764</u>	<u>13,890,159</u>
<u>\$ 542,189</u>	<u>\$ 5,281,776</u>	<u>\$ 22,953,794</u>	<u>\$ 26,664,598</u>

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2025  
With Partial Comparative Data for the Year Ended June 30, 2024

	General	Food Service	Community Service
<b>Revenues</b>			
Local sources:			
Property tax levies	\$ 6,732,710	\$	\$ 157,490
Other local and county sources	1,556,661	9,400	1,194,688
Investment income	397,998	17,273	8,843
State sources	48,560,373	522,256	447,064
Federal sources	2,980,653	1,943,197	16,442
Sales and other conversions of assets	30,528	93,637	
<b>TOTAL REVENUES</b>	<b>60,258,923</b>	<b>2,585,763</b>	<b>1,824,527</b>
<b>Expenditures</b>			
District and school administration	2,311,964		
District support services	2,299,562		
Regular instruction	25,982,281		
Vocational instruction	992,473		
Special education	15,326,999		
Community education and services	44,503		1,864,321
Instructional support services	2,154,731		
Pupil support services	5,757,094	2,558,841	
Site, buildings, and equipment	5,193,888		
Fiscal and other fixed cost programs	429,445		
Debt service:			
Principal			
Interest and fiscal			
<b>TOTAL EXPENDITURES</b>	<b>60,492,940</b>	<b>2,558,841</b>	<b>1,864,321</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(234,017)</b>	<b>26,922</b>	<b>(39,794)</b>
<b>Other Financing Sources (Uses)</b>			
Sale of assets	12,064		
Bond proceeds			
Bond premiums			
Transfers out	(18,610)		
Transfers in		18,610	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,546)</b>	<b>18,610</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>(240,563)</b>	<b>45,532</b>	<b>(39,794)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>8,389,262</b>	<b>937,627</b>	<b>334,025</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 8,148,699</b>	<b>\$ 983,159</b>	<b>\$ 294,231</b>

**See Notes to Financial Statements**



Building Construction	Debt Service	Total Governmental Funds	
		2025	2024
\$	\$ 2,556,094	\$ 9,446,294	\$ 9,311,930
		2,760,749	2,463,930
65,043	42,540	531,697	521,130
	1,306,810	50,836,503	49,907,857
	182,356	5,122,648	5,528,677
		124,165	194,548
65,043	4,087,800	68,822,056	67,928,072
		2,311,964	2,127,490
		2,299,562	2,250,118
		25,982,281	25,419,808
		992,473	1,005,199
		15,326,999	14,434,226
		1,908,824	1,789,323
		2,154,731	2,447,841
		8,315,935	8,217,381
2,023,829		7,217,717	7,409,851
		429,445	392,205
	2,933,609	2,933,609	2,980,130
	904,975	904,975	870,923
2,023,829	3,838,584	70,778,515	69,344,495
(1,958,786)	249,216	(1,956,459)	(1,416,423)
		12,064	200
			3,570,000
			320,421
		(18,610)	
		18,610	
		12,064	3,890,621
(1,958,786)	249,216	(1,944,395)	2,474,198
2,462,453	1,766,792	13,890,159	11,415,961
\$ 503,667	\$ 2,016,008	\$ 11,945,764	\$ 13,890,159

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
RECONCILIATION OF NET POSITION IN THE  
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES  
IN THE FUND BASIS FINANCIAL STATEMENTS  
June 30, 2025**

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (pages 17 and 18)		\$ 11,945,764
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 110,736,533	
Less: Accumulated depreciation and amortization	<u>54,077,038</u>	
		56,659,495
Certain long-term assets not available to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		125,052
An Internal Service Fund has been established to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position as listed below:		
OPEB trust fund	\$ (4,558,403)	
Health insurance trust fund	<u>3,457,622</u>	
		(1,100,781)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (30,916,709)	
Unamortized bond premiums	(330,786)	
Unamortized bond discounts	25,176	
Compensated absences	(4,359,327)	
Net pension liability	(27,886,263)	
Accrued interest payable	<u>(384,952)</u>	
		(63,852,861)
Net position of governmental activities (page 14)		<u>\$ 3,776,669</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2025**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (pages 19 and 20)	\$ (1,944,395)
--	----------------

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlays	\$ 3,974,012	
Depreciation and amortization expense	(3,585,667)	
		388,345

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent property taxes		3,717
---------------------------	--	-------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The activity of each of the Internal Service Funds is included in the governmental activities of the Statement of Activities as listed below:

OPEB trust fund	\$ (133,066)	
Health insurance trust fund	(66,766)	
		(199,832)

The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.

Principal retirement on long-term debt	\$ 2,933,609	
Change in accrued interest payable	(12,086)	
Amortization of bond premium	32,721	
Amortization of bond discount	(4,443)	
		2,949,801

In the statement of activities, certain operating expenses - net pension liability, leases payable, severance payable, and other postemployment benefits - 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 (essentially, the amounts actually paid).

Net pension liability	\$ 1,004,445	
Leases payable	94,249	
Compensated absences	(528,771)	
		569,923

Change in net position of governmental activities (pages 15 and 16)	\$ 1,767,559
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**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Fiscal Year Ended June 30, 2025  
With Partial Comparative Data for the Year Ended June 30, 2024

	Budgeted Amounts		2025	Over (Under)	2024
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Local sources:					
Property tax levies	\$ 6,891,133	\$ 6,828,917	\$ 6,732,710	\$ (96,207)	\$ 6,695,837
Other local and county sources	1,441,371	1,439,503	1,556,661	117,158	1,383,316
Investment income	257,706	257,706	397,998	140,292	369,239
State sources	47,435,194	48,856,480	48,560,373	(296,107)	47,666,607
Federal sources	2,070,848	3,166,801	2,980,653	(186,148)	3,192,852
Sales and other conversions of assets	1,142	19,920	30,528	10,608	856
<b>TOTAL REVENUES</b>	<b>58,097,394</b>	<b>60,569,327</b>	<b>60,258,923</b>	<b>(310,404)</b>	<b>59,308,707</b>
<b>Expenditures</b>					
District and school administration	2,226,295	2,332,785	2,311,964	(20,821)	2,127,490
District support services	2,372,903	2,392,320	2,299,562	(92,758)	2,250,118
Regular instruction	24,960,600	26,250,075	25,982,281	(267,794)	25,419,808
Vocational instruction	856,422	1,123,624	992,473	(131,151)	1,005,199
Special education	15,202,717	15,648,516	15,326,999	(321,517)	14,434,226
Community education and services	9,429	50,000	44,503	(5,497)	13,937
Instructional support services	1,801,163	2,239,450	2,154,731	(84,719)	2,447,841
Pupil support services	5,080,955	5,669,477	5,757,094	87,617	5,580,851
Site, buildings, and equipment	5,460,222	5,534,933	5,193,888	(341,045)	5,142,460
Fiscal and other fixed cost programs	429,279	429,279	429,445	166	392,205
<b>TOTAL EXPENDITURES</b>	<b>58,399,985</b>	<b>61,670,459</b>	<b>60,492,940</b>	<b>(1,177,519)</b>	<b>58,814,135</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(302,591)</b>	<b>(1,101,132)</b>	<b>(234,017)</b>	<b>867,115</b>	<b>494,572</b>
<b>Other Financing Sources (Uses)</b>					
Sale of assets		12,063	12,064	1	200
Transfers out	(64,876)	(64,876)	(18,610)	46,266	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(64,876)</b>	<b>(52,813)</b>	<b>(6,546)</b>	<b>46,267</b>	<b>200</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(367,467)</b>	<b>(1,153,945)</b>	<b>(240,563)</b>	<b>913,382</b>	<b>494,772</b>
<b>FUND BALANCE - BEGINNING</b>	<b>8,389,262</b>	<b>8,389,262</b>	<b>8,389,262</b>		<b>7,894,490</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 8,021,795</b>	<b>\$ 7,235,317</b>	<b>\$ 8,148,699</b>	<b>\$ 913,382</b>	<b>\$ 8,389,262</b>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**

For the Fiscal Year Ended June 30, 2025  
With Partial Comparative Data for the Year Ended June 30, 2024

	Budgeted Amounts		2025	Over (Under)	2024
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Local sources:					
Other local and county sources	\$	\$	\$ 9,400	\$ 9,400	\$ 3,970
Investment income	8,801	8,801	17,273	8,472	20,303
State sources	469,836	469,836	522,256	52,420	595,742
Federal sources	1,688,956	1,688,956	1,943,197	254,241	2,060,715
Sales and other conversions of assets	193,526	193,526	93,637	(99,889)	193,692
<b>TOTAL REVENUES</b>	<b>2,361,119</b>	<b>2,361,119</b>	<b>2,585,763</b>	<b>224,644</b>	<b>2,874,422</b>
<b>Expenditures</b>					
Pupil support services	2,370,466	2,656,687	2,558,841	(97,846)	2,636,530
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,347)</b>	<b>(295,568)</b>	<b>26,922</b>	<b>322,490</b>	<b>237,892</b>
<b>Other Financing Sources</b>					
Transfers in			18,610	18,610	
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,347)</b>	<b>(295,568)</b>	<b>45,532</b>	<b>341,100</b>	<b>237,892</b>
<b>FUND BALANCES - BEGINNING</b>	<b>937,627</b>	<b>937,627</b>	<b>937,627</b>		<b>699,735</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 928,280</b>	<b>\$ 642,059</b>	<b>\$ 983,159</b>	<b>\$ 341,100</b>	<b>\$ 937,627</b>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**COMMUNITY SERVICE FUND**

For the Fiscal Year Ended June 30, 2025  
With Partial Comparative Data for the Year Ended June 30, 2024

	Budgeted Amounts		2025	Over (Under)	2024
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Local sources:					
Property tax levies	\$ 162,467	\$ 162,467	\$ 157,490	\$ (4,977)	\$ 256,355
Other local and county sources	1,160,951	1,204,715	1,194,688	(10,027)	1,076,644
Investment income	5,000	5,000	8,843	3,843	13,268
State sources	465,489	448,211	447,064	(1,147)	393,261
Federal sources			16,442	16,442	20,453
<b>TOTAL REVENUES</b>	<b>1,793,907</b>	<b>1,820,393</b>	<b>1,824,527</b>	<b>4,134</b>	<b>1,759,981</b>
<b>Expenditures</b>					
Community education and services	1,786,667	1,893,463	1,864,321	(29,142)	1,775,386
<b>NET CHANGE IN FUND BALANCE</b>	<b>7,240</b>	<b>(73,070)</b>	<b>(39,794)</b>	<b>33,276</b>	<b>(15,405)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>334,025</b>	<b>334,025</b>	<b>334,025</b>		<b>349,430</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 341,265</b>	<b>\$ 260,955</b>	<b>\$ 294,231</b>	<b>\$ 33,276</b>	<b>\$ 334,025</b>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2025**

	<u>OPEB</u>	<u>Health Insurance</u>
<b>Assets</b>		
Cash and investments	\$ 1,827,759	\$ 4,209,906
Interest receivable	49,143	
Total Assets	<u>1,876,902</u>	<u>4,209,906</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows from other post-employment benefits	2,786,846	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 4,663,748</u></u>	<u><u>\$ 4,209,906</u></u>
<b>Liabilities</b>		
Claims payable	\$	\$ 752,284
Other post-employment benefits payable	7,442,966	
Due to other funds	265,000	
Total Liabilities	<u>7,707,966</u>	<u>752,284</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows from other post-employment benefits	1,514,185	
<b>Net Position</b>		
Restricted for other post-employment benefits	(4,558,403)	
Restricted for health insurance premiums		3,457,622
Total Net Position	<u>(4,558,403)</u>	<u>3,457,622</u>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 4,663,748</u></u>	<u><u>\$ 4,209,906</u></u>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2025**

	<u>OPEB</u>	<u>Health Insurance</u>
<b>Operating Revenue</b>		
Local Sources:		
Premiums collected	<u>\$</u>	<u>\$ 8,982,278</u>
<b>Operating Expenses</b>		
Other post-employment benefits	139,609	
Other employee benefits		7,698,650
Fees for services	<u>250</u>	<u>1,408,801</u>
<b>Total Operating Expenses</b>	<u>139,859</u>	<u>9,107,451</u>
<b>OPERATING LOSS</b>	(139,859)	(125,173)
<b>Non-Operating Revenues</b>		
Investment income	<u>6,793</u>	<u>58,407</u>
<b>CHANGE IN NET POSITION</b>	(133,066)	(66,766)
<b>NET POSITION - BEGINNING</b>	<u>(4,425,337)</u>	<u>3,524,388</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ (4,558,403)</u></u>	<u><u>\$ 3,457,622</u></u>

**See Notes to Financial Statements**



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2025**

	OPEB	Health Insurance
<b>Cash Flows From Operating Activities</b>		
Benefit payments and fees	\$ (250)	\$ (9,182,373)
Receipts from employee contributions		8,982,278
<b>Net Cash Used In Operating Activities</b>	<u>(250)</u>	<u>(200,095)</u>
<b>Cash Flows From Investing Activities</b>		
Interest earnings	5,688	58,407
<b>Net increase (decrease) in cash and investments</b>	5,438	(141,688)
<b>Cash and Investments - Beginning</b>	1,822,321	4,351,594
<b>Cash and Investments - Ending</b>	<u>\$ 1,827,759</u>	<u>\$ 4,209,906</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
RECONCILIATION OF OPERATING INCOME (LOSS) TO  
NET CASH USED IN OPERATING ACTIVITIES  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2025**

	OPEB	Health Insurance
<b>Operating Loss</b>	\$ (139,859)	\$ (125,173)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Change in other post-employment benefits payable	(125,391)	
Increase (Decrease) In:		
Due to other funds	265,000	
Claims payable		(74,922)
<b>Net Cash Used In Operating Activities</b>	<u>\$ (250)</u>	<u>\$ (200,095)</u>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
For the Fiscal Year Ended June 30, 2025**

	<u>Custodial</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 723
	<u>723</u>
 <b>Net Position</b>	 \$ 723
	<u>723</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Fiscal Year Ended June 30, 2025**

	<u>Custodial</u>
<b>Deductions</b>	
Scholarships awarded	\$
	<u>          </u>
 <b>Other Changes in Net Position</b>	
Investment earnings	15
	<u>15</u>
 <b>CHANGE IN NET POSITION</b>	 15
 <b>NET POSITION - BEGINNING</b>	 708
	<u>708</u>
 <b>NET POSITION - ENDING</b>	 \$ 723
	<u>723</u>

**See Notes to Financial Statements**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS**

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**1. Summary of Significant Accounting Policies**

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Independent School District #241 was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

*Financial Reporting Entity*

Independent School District #241 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on the aforementioned criteria, the District has no component units.

*Basic Financial Statement Presentation*

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense, and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements.

Separate Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Proprietary funds are presented in the proprietary fund financial statements by type. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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1. Summary of Significant Accounting Policies (Continued)

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Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized when the exchange takes place. 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. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenue to be available if they are collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

These methods are in accordance with the Uniform Financial Accounting and Reporting System (UFARS), which the School District uses to prepare its financial statements.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Non-exchange transaction, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in which the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

*Description of Funds*

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net position/fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major funds of the District are presented as follows:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students.

The *building construction fund* is used to account for financial resources used for the acquisition or construction of major capital facilities.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

The District reports the following proprietary funds:

The *post-employment benefits fund* is an internal service fund which accounts for the cost of post-employment benefits of the District. Post-employment benefit costs are charged to other funds of the District based on an established rate. Internal service funds account for the financing of services, provided by one fund to other funds of the District on a cost reimbursement basis.

The health insurance fund is an internal service fund which accounts for the activities related to the District's self-insured health benefits plan, which covers all district employees.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Description of Funds (Continued)*

The District reports the following fiduciary fund:

The *custodial fund* is custodial in nature and does not present results of operations or have a measurement focus. The District uses custodial funds to account for scholarship accounts that have no administrative or direct financial involvement. This fund accounts for funds that the District is a fiscal host of flow-through funds for scholarships without a legally binding trust.

*Budgets and Budgetary Accounting*

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control for most funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

*Cash and Investments*

Cash and investments consist of demand deposits accounts, money market accounts, interest bearing accounts, certificates of deposits and mutual funds. Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from pooled investments are allocated to the respective funds on the basis applicable cash balance participation by each fund.

*Accounts Receivable*

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

*Inventories*

Inventories are recorded using the consumption method of accounting and consist of food and commodities on hand at June 30, 2025. The food is recorded at the lower of cost or market. The food inventories are valued using the latest invoice cost, which approximates FIFO inventory method. Surplus commodities are stated at standardized commodities cost as determined by the Department of Agriculture.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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1. Summary of Significant Accounting Policies (Continued)

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Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection 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 January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift”, which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$462,734 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024-2025. The remaining portion of the taxes collectible in 2025 is recorded as deferred inflows of resources.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred inflows of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2025, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of \$5,000. 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 District-wide financial statement, but are not reported in the Fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings and land improvements	20 - 50
Equipment	5 - 15

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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1. Summary of Significant Accounting Policies (Continued)

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Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has two types of items that qualify for reporting in this category. The deferred outflows from pension activity and OPEB activity.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate financial statement element, deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type is pension related.

Long-term Obligations

In the district-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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period they are incurred.

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.

Compensated Absences

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave and vacation leave. Employees are reimbursed for any unused, accrued vacation upon termination. Vacation pay is accrued when incurred in the government-wide and all fiduciary fund financial statements.

Health Benefits

The District provides post-employment health care benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. The benefits are described as follows:

**Post-Employment Health Care Benefits** – For certain employees that meet certain age and/or length of service requirements, the District is required to pay health insurance premiums upon retirement until the employee reaches the age of eligibility for Medicare. The maximum monthly District contribution per retiree for post-employment health insurance premiums is set forth in the contracts for each eligible bargaining group.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Health Benefits (continued)*

Retiree post-employment health care benefits are recorded in the internal service fund using the look back method. During fiscal year 2025, the District recorded health insurance premiums on behalf of 42 retirement employees totaling \$583,578 in its internal service fund statement. The District records the estimated present value of future premiums as a liability in the government-wide financial statements as the benefits become vested. In fiscal year 2025, the expense recognized in the government-wide financial statements for post-employment health care benefits was (\$125,391) on behalf of 42 eligible retirees.

*Pension*

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

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 merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

*Use of Estimates*

The preparation of financial statements in conformity with United States generally accepted accounting principles 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.

*Unearned Revenue*

Unearned revenues are those in which resources are received by the district before it has a legal claim to them. The District has reported unearned revenues for grants awarded but not yet used.

*Concentration of Credit Risk*

Financial instruments which expose the District to a concentration of credit risk consist primarily of cash and investments. Credit risk associated with cash and investments are discussed in Note 3.

*Fund Balance*

In the fund financial statements, governmental fund types report nonspendable, restricted, committed, assigned and unassigned fund balance amounts.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since their inclusion would not provide meaningful comparisons. Certain amounts in the prior year totals column have been reclassified to conform with the current year presentation.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Net Position

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

Implementation of New Accounting Principles

During the year, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide statements. The Statement has been implemented and a liability has been reported on the government-wide financial statements.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**2. Stewardship and Accountability**

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Transfers during the year ended June 30, 2025 were as follows:

Funds	Transfers Out	Transfers In
General	\$ 18,610	\$
Food Service		18,610
Totals	\$ 18,610	\$ 18,610

Transfers in the current year were the result of a planned process by the District.

The amounts due to and from other funds as of June 30, 2025, at the individual fund level are summarized below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 265,000	\$
OPEB Internal Service Fund		265,000
	\$ 265,000	\$ 265,000

The District generally utilizes interfund balances for cash flow purposes.

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**3. Cash and Investments**

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*Summary of Cash and Investments*

As of June 30, 2025, the District's cash and investments consisted of the following items:

Deposits	\$ 4,811,587
Money Market	1,439,729
Negotiable Certificates of Deposit	2,789,381
United States Treasury Notes	309,553
MN Trust Investment Shares Portfolio	4,211,393
MN Trust Term Series - Flex	279,194
MN Trust Limited Term Duration Series	2,125,331
Total cash and investments	15,966,168
Less: Fiduciary fund cash and investments	723
Total Cash and Investments reported on the Statement of Net Position	\$ 15,965,445
Restricted Cash and Investments Held by Fiscal Agents	\$ 6,579,854
Cash and Investments per Statement of Net Position	9,385,591
Total Cash and Investments per Statement of Net Position	\$ 15,965,445

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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3. Cash and Investments (Continued)

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Investments Authorized by Minnesota Statutes

The District is authorized by Minnesota Statutes to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- c) General obligations rated "A" or better; revenue obligations rated "AA" or better.
- d) General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- g) Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- h) Guaranteed Investments Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name.

Minnesota Statutes require that all District deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

Negotiable Certificates of Deposit	29%
MN Trust Investment Shares Portfolio	43%
MN Trust Limited Term Duration Series	22%

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. Cash and Investments (Continued)**

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

The District had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years			
	Rating	Agency		No Maturity Date	Less than 1	1 to 5	6 to 10 Total
Negotiable Certificates of Deposit	N/A	N/A	Level 2	\$	\$ 2,789,381	\$	\$ 2,789,381
United States Treasury Notes	N/A	N/A	Level 1		309,553		309,553
MN Trust Investment Shares Portfolio	AAA	S&P	N/A	4,211,393			4,211,393
MN Trust Term Series - Flex	AAAF	Fitch	NAV	279,194			279,194
MN Trust Limited Term Duration Series	AAAF	Fitch	NAV	2,125,331			2,125,331
Total Investments				<u>\$ 6,615,918</u>	<u>\$ 3,098,934</u>	<u>\$</u>	<u>\$ 9,714,852</u>

N/A - Not applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio is an external investment pool not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on amortized cost method that approximates fair value.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**4. Due From Other Governmental Units**

Amounts due from other governmental units at June 30, 2025 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Other Minnesota School Districts	Other Governments	Total
General	\$ 5,868,557	\$ 848,890	\$ 579	\$ 54,681	\$ 6,772,707
Food Service		71,764			71,764
Community Service	45,759		57,673	3,000	106,432
Debt Service	130,850				130,850
	\$ 6,045,166	\$ 920,654	\$ 58,252	\$ 57,681	\$ 7,081,753

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**5. Capital Assets**

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

<b>Governmental Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 748,472	\$	\$	\$ 748,472
Construction in process	1,766,197	784,091	1,346,712	1,203,576
Total capital assets, not being depreciated	2,514,669	784,091	1,346,712	1,952,048
Capital assets, being depreciated and amortized:				
Land improvements	28,304,971	1,494,315		29,799,286
Buildings	65,279,377	1,709,549		66,988,926
Equipment	10,667,464	1,332,769	3,960	11,996,273
Leased equipment (intangible right to use asset)	456,989		456,989	
Total capital assets, being depreciated and amortized	104,708,801	4,536,633	460,949	108,784,485
Less accumulated depreciation and amortization for:				
Land improvements	6,450,711	1,341,651		7,792,362
Buildings	35,221,531	1,908,488		37,130,019
Equipment	8,828,788	329,829	3,960	9,154,657
Leased equipment (intangible right to use asset)	451,290	5,699	456,989	
Total accumulated depreciation and amortization	50,952,320	3,585,667	460,949	54,077,038
Total capital assets, being depreciated and amortized, net	53,756,481	950,966		54,707,447
Governmental activities capital assets, net	\$ 56,271,150	\$ 1,735,057	\$ 1,346,712	\$ 56,659,495

Depreciation and amortization expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
District and school administration	\$ 3,882
District support services	13,243
Regular instruction	7,917
Vocational instruction	7,581
Special education	17,572
Community education	3,446
Instructional Support	10,322
Pupil support services	133,011
Site, buildings and equipment	3,388,693
Total depreciation and amortization expense - governmental activities	<u>\$ 3,585,667</u>



**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**6. Long-Term Liabilities**

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District. The Compensated Absences payable and Certificate of Participation are serviced by the General Fund.

A summary of interest rates, maturities and June 30, 2025 balances is as follows:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance June 30, 2025
General Obligation Bonds:				
QZAB Alternative Facilities Bonds, 2011C	\$ 5,500,000	5.00%	2/1/2026	\$ 1,627,914
QZAB Alternative Facilities Bonds, 2014A	2,500,000	5.00%	2/29/2029	2,500,000
School Building Bonds, 2018A	13,875,000	1.80% - 4.00%	2/1/2039	13,875,000
School Building Bonds, 2018B	9,728,975	1.80% - 4.00%	2/1/2031	8,743,795
Capital Facilities Bonds, 2019A	555,000	1.95%	2/1/2030	295,000
School Building Bonds, 2022A	1,010,000	3.70%	2/1/2028	490,000
Facilities Maintenance Bonds, 2024A	3,570,000	4.00% - 5.00%	2/1/2039	3,385,000
Unamortized Bond Premium				330,786
Unamortized Bond Discount				(25,176)
Compensated Absences				<u>4,359,327</u>
Total				<u><u>\$ 35,581,646</u></u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**6. Long-Term Liabilities (Continued)**

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
QZAB Alternative Facilities Bonds, 2011C	\$ 3,938,464	\$	\$ 2,310,550	\$ 1,627,914	\$1,627,914
QZAB Alternative Facilities Bonds, 2014A	2,500,000			2,500,000	
School Building Bonds, 2018A	13,875,000			13,875,000	
School Building Bonds, 2018B	8,986,854		243,059	8,743,795	829,937
Capital Facilities Bonds, 2019A	350,000		55,000	295,000	57,000
School Building Bonds, 2022A	630,000		140,000	490,000	105,000
Facilities Maintenance Bonds, 2024A	3,570,000		185,000	3,385,000	175,000
Unamortized Bond Premium	363,507		32,721	330,786	
Unamortized Bond Discount	(29,619)		(4,443)	(25,176)	
Other Liabilities:					
Leases Payable	94,249		94,249		
Compensated Absences	* 3,830,556	528,771		4,359,327	
Governmental Activities Long-Term Liabilities	<u>\$ 38,109,011</u>	<u>\$ 528,771</u>	<u>\$ 3,056,136</u>	<u>\$ 35,581,646</u>	<u>\$2,794,851</u>

\*Beginning balance restated as described in footnote 15.

Compensated absences are presented as the net change of increases and decreases to arrive at the presentation of the ending balance.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2025, over the life of the debt, are summarized below:

	General Obligation Bonds Payable		Total
Years	Principal	Interest	
<u>Governmental Activities</u>			
2026	\$ 2,794,851	\$ 929,020	\$ 3,723,871
2027	2,458,787	1,189,807	3,648,594
2028	2,400,514	1,247,409	3,647,923
2029	4,636,890	1,301,383	5,938,273
2030	2,072,549	1,365,554	3,438,103
2031-2035	8,673,118	2,440,879	11,113,997
2036-2039	7,880,000	701,938	8,581,938
Totals	\$ 30,916,709	\$ 9,175,990	\$40,092,699

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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7. Fund Balance

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In accordance with Government Accounting Standards, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained to due constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has a formal minimum fund balance policy for the general fund unassigned fund balance to be at least 5% percent of the annual budgeted expenditures.

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use. The following is a summary of the restricted fund balances for the governmental funds:

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Scholarships - Represents the resources available for the scholarship funds.

Restricted for Staff Development – Represents available resources within the General Fund reserved for staff development.

Restricted for Operating Capital – Represents available resources to used to purchase equipment and facilities.

Area Learning Center - Represents available resources for the area learning center.

Restricted for Basic Skills – The fund balance restriction represents the resources available within the General Fund to provide for basic skills programs.

Restricted for Safe School - Represents available resources to provide for the Safe School program.

Restricted for Long-Term Facilities Maintenance – Represents available resources to be used for LTFM projects in accordance with the 10 year plan.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**7. Fund Balance (Continued)**

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Restricted for Student Support Personnel Aid – Represents the resources available for student support personnel that are in addition to current staff levels.

Restricted for Medical Assistance – Represents available resources to be used for medical assistance expenditures.

Restricted for Gifted and Talented – Represents available resources for the gifted and talented program.

Restricted for English Learner – Represents available resources for English Learner students.

Restricted for Read Act – Literacy Aid – Represents available resources for literacy aid for evidence-based literacy support for children prekindergarten through grade 12 based on structured literacy.

Restricted for Read Act – Teacher Compensation – Represents available resources for teacher compensation for Read Act training.

Restricted for American Indian Education – Represents available resources remaining in the American Indian Education funds.

Restricted for Alternative Teacher Professional Pay System (ATPPS) – Represents available resources to be used for Quality Compensation – Alternative Teacher Professional Pay System.

Restricted for Community Ed - Represents available resources within the Community Service Fund for enrichment programs for any age level that are not part of the K-12 education program which are not taken for credit or required for graduation.

Restricted for Early Child/Family Ed - Represents available resources within the Community Service Fund whose focus is to improve parenting skills of new and expectant parents, and/or to provide learning experiences for parents and children.

Restricted for School Readiness - Represents the resources available to provide for services for school readiness programs.

Restricted for Adult Basic Education - Represents the balance of carryover monies for all activity involving Adult Basic Education.

Restricted for QZAB Payments – Represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) debt instrument.

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**7. Fund Balance (Continued)**

The following is a summary of fund balances as of June 30, 2025 with comparative totals as of June 30, 2024:

	General	Food Service	Community Service	Building Construction	Debt Service	2025 Totals	2024 Totals
Nonspendable							
Inventory	\$	\$ 73,805	\$	\$	\$	\$ 73,805	\$ 90,658
Prepaid items	445,115					445,115	75,090
Total nonspendable	445,115	73,805				518,920	165,748
Restricted							
Student activities	228,680					228,680	236,730
Scholarships	216,314					216,314	216,155
Staff development	36,834					36,834	42,207
Operating capital	264,081					264,081	242,773
Area learning center	183,319					183,319	66,294
ATPPS	107,235					107,235	
Basic skills program	61,434					61,434	238,809
Gifted and talented	4,782					4,782	
English learner	39,081					39,081	
Read act - literacy aid	26,452					26,452	
Read act - teacher compensation	2,544					2,544	
Long-term facilities maintenance				367,460		367,460	2,119,112
Student support personnel aid							11,097
Medical assistance	61,064					61,064	247,002
American indian education	22,579					22,579	
Food service		909,354				909,354	846,969
Community education			60,802			60,802	118,044
Early childhood and family education programs			64,776			64,776	40,919
School readiness			46,536			46,536	73,163
Adult basic education			82,358			82,358	91,213
Community service			39,759			39,759	10,686
Building construction				136,207		136,207	343,341
QZAB payments					1,226,654	1,226,654	958,055
Debt service					789,354	789,354	808,737
Total restricted	1,254,399	909,354	294,231	503,667	2,016,008	4,977,659	6,711,306
Committed							
Q Comp							145,965
Unassigned	6,449,185					6,449,185	6,867,140
Total Fund Balance	\$8,148,699	\$ 983,159	\$ 294,231	\$ 503,667	\$ 2,016,008	\$ 11,945,764	\$ 13,890,159

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**7. Fund Balance (Continued)**

The Uniform Financial Accounting and Reporting Standards (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 balances following GASB standards and UFARS reporting standards.

	<u>GASB Balance</u>	<u>Reconciling Balance</u>	<u>UFARS Balance June 30, 2025</u>	<u>UFARS Balance June 30, 2024</u>
Nonspendable				
Inventory	\$ 73,805	\$	\$ 73,805	\$ 90,658
Prepaid items	445,115		445,115	75,090
Total nonspendable	<u>518,920</u>		<u>518,920</u>	<u>165,748</u>
Restricted				
Student activities	228,680		228,680	236,730
Scholarships	216,314		216,314	216,155
Staff development	36,834		36,834	42,207
Operating capital	264,081		264,081	242,773
Area learning center	183,319		183,319	66,294
ATPPS	107,235		107,235	
Basic skills program	61,434		61,434	238,809
Gifted and talented	4,782		4,782	
English learner	39,081		39,081	
Long-term facilities maintenance	367,460	(313,376)	54,084	2,005,902
Student support personnel aid				11,097
Medical assistance	61,064		61,064	247,002
American indian education	22,579		22,579	
Read act - literacy aid	26,452		26,452	
Read act - teacher compensation	2,544		2,544	
Food service	909,354		909,354	846,969
Community education	60,802		60,802	118,044
Early childhood and family education programs	64,776		64,776	40,919
School readiness	46,536		46,536	73,163
Adult basic education	82,358		82,358	91,213
Community service	39,759		39,759	10,686
Building construction	136,207		136,207	343,341
QZAB payments	1,226,654		1,226,654	958,055
Debt service	789,354		789,354	808,737
Total restricted	<u>4,977,659</u>	<u>(313,376)</u>	<u>4,664,283</u>	<u>6,598,096</u>
Committed				
Q Comp				145,965
Unassigned	<u>6,449,185</u>	<u>313,376</u>	<u>6,762,561</u>	<u>6,980,350</u>
Total Fund Balance	<u>\$ 11,945,764</u>	<u>\$</u>	<u>\$ 11,945,764</u>	<u>\$ 13,890,159</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**8. Commitments and Contingencies**

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The District participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general purpose financial statements taken as a whole.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**9. Defined Benefit Pension Plans – Statewide**

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*Plan Description*

**1. General Employees Retirement Plan (General Plan)**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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 each plan's financial reporting requirements. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

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

**2. Teachers Retirement Association (TRA)**

The 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 Plan (DCR) administered by the State of Minnesota. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

*Benefits Provided*

**1. General Employees Plan Benefits**

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 reach 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.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

General Employees Plan requires three year of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 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 member 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 retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The 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 reduced prorated increase.

2. TRA Benefits

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

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**9. Defined Benefit Pension Plans – Statewide (Continued)**

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Benefits Provided (Continued)

**2. TRA Benefits (Continued)**

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 factors 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 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for coordinated members and 2.7 percent 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 exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

Contributions

**1. General Employees Fund Contributions**

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

General 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 Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025 were \$574,964. The District's contributions were equal to the required contributions as set by the state statute.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

2. TRA Contributions

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 year ended June 30, 2025 were \$2,181,302. The District's contributions were equal to the required contributions for each year as set by state statute.

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$3,348,644 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 \$86,589.

District's proportionate share of the net pension liability	\$ 3,348,644
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>86,589</u>
Total	<u>\$ 3,435,233</u>

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. At June 30, 2024, the District's proportion share was 0.0906 percent at the end of the measurement period and 0.0858 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of (\$457,218) for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized \$2,321 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 \$154,111 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.

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**9. Defined Benefit Pension Plans – Statewide (Continued)**

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

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 economic experience	\$ 308,941	\$
Net difference between projected and actual earnings on pension plan investments		992,408
Changes in actuarial assumptions	15,143	1,218,574
Changes in proportion	275,670	9,608
Employer contributions subsequent to the measurement date	631,867	
Total	\$ 1,231,621	\$ 2,220,590

The \$631,867 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2026	\$ (928,944)
2027	(97,567)
2028	(337,673)
2029	(256,652)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of \$23,911,310 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. The District's proportionate share was 0.3763 percent at the end of the measurement period and 0.3702 percent for the beginning of the period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans – Statewide (Continued)

*Pension Costs (Continued)*

2. TRA Pension Costs (Continued)

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

District's proportionate share of the net pension liability	\$ 23,911,310
State's proportionate share of the net pension liability associated with the District	<u>1,563,821</u>
Total	<u>\$ 25,475,131</u>

For the year ended June 30, 2025, the District recognized pension expense of (\$547,227). It also recognized (\$19,130) 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 \$662,288 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 economic experience	\$ 1,139,265	\$ 129,798
Net difference between projected and actual investment earnings on pension plan investments		2,578,666
Changes of assumptions	2,340,465	2,851,489
Changes in proportion	625,358	406,155
District contributions subsequent to the measurement date	<u>2,223,680</u>	
Total	<u>\$ 6,328,768</u>	<u>\$ 5,966,108</u>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**9. Defined Benefit Pension Plans – Statewide (Continued)**

**2. TRA Pension Costs (Continued)**

The \$2,223,680 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 of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2026	\$ (1,289,048)
2027	2,338,000
2028	(1,323,621)
2029	(1,292,932)
2030	(293,419)

**Aggregate Pension Expense**

The total pension expense for all plans recognized by the District for the year ended June 30, 2025 were as follows:

General Employees Retirement Fund	\$ (454,897)
TRA	(566,357)
Total	<u>\$ (1,021,254)</u>

**Long-Term Expected Return on Investment**

**1. General Employees Fund 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 Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100%	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans – Statewide (Continued)

Long-Term Expected Return on Investment (Continued)

2. TRA Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100%	

Actuarial Methods and Assumptions

1. General Employees Fund Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7%. The 7% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are 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. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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9. Defined Benefit Pension Plans – Statewide (Continued)

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Actuarial Methods and Assumptions (Continued)

1. General Employees Fund Actuarial Methods and Assumptions (Continued)

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 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.

Change in Plan Provisions:

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



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**9. Defined Benefit Pension Plans – Statewide (Continued)**

Actuarial Methods and Assumptions (Continued)

**2. TRA 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.

<b>Key Methods and Assumptions Used in Valuation of Total Pension Liability</b>	
<b>Actuarial Information</b>	
Experience Studies	August 2, 2024 (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% - 8.85% before July 1, 2028 and 3.25% - 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:	Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-
Disabled Retirees:	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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9. Defined Benefit Pension Plans – Statewide (Continued)

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Actuarial Methods and Assumptions (Continued)

2. TRA Actuarial Assumptions (Continued)

Changes in actuarial assumptions since the 2022 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 of 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.

Discount Rate

1. General Employees Fund 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.

2. TRA Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 project benefit payments to determine the total pension liability.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**9. Defined Benefit Pension Plans – Statewide (Continued)**

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*Pension Liability Sensitivity*

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employees Retirement Fund Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the General Employees Retirement Fund net pension liability	\$ 7,313,978	\$ 3,348,644	\$ 86,796
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 42,109,216	\$ 23,911,310	\$ 8,934,002

*Pension Plan Fiduciary Net Position*

Detailed information about the General Employees Retirement Fund'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](http://www.mnpera.org).

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](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive 400, St. Paul, Minnesota, 55103-4000; or by calling (651) 296-2409 or 1-800-657-3669.

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**10. Flexible Benefit Plan**

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The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the plan. Employees can elect to contribute pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from January 1 to December 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.

Payments of insurance premiums (health, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the appropriate fund.

All plan property 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 health 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.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**11. Risk Management**

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The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2025.

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**12. Jointly Governed Organization**

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On July 1, 2015 the District entered into a Joint Powers Agreement with ISD No. 492 Austin Public Schools. The name of the Joint Powers Cooperative shall be Austin Albert Lea Area Special Education Cooperative (AALASEC). The purpose of the AALASEC is to provide, by cooperative effort, special education instructional programs and related services for children and youth with low incidence disabilities for Member Districts.

The Cooperative has a separate board and audit.

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**13. Defined Contribution Pension Plan**

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The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a portion of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the years ended June 30, 2025, 2024, and 2023 were \$970,349, \$856,215, and \$880,404, respectively. The related employee contributions for the years ended June 30, 2025, 2024, and 2023 were \$988,374, \$933,842, and \$941,278, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. Other Postemployment Benefit Plan

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2025.

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan. The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage.

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of June 30, 2025 there were approximately 368 active participants electing medical coverage, 114 active participants waiving medical coverage, 42 retired participants electing medical coverage, and 3 retired participants with only non-medical OPEB coverage.

Funding Policy

The required contribution is based on projected pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of date. The components of the total OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 7,442,966
Covered employee payroll	28,901,609
Total OPEB liability as a percentage of payroll	26%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**14. Other Postemployment Benefit Plan (Continued)**

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Plan type	Single Employer
Discount rate	3.97%
Long-term investment return assumption	N/A
Inflation rate	2.50%
Mortality	
Teachers	From the 2023 Teachers Retirement Association of Minnesota (TRA) Experience Study, mortality rates were based on the Pub-2010 Teacher mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Non-Teachers	From the 2023 PERA of Minnesota General Employees Retirement Plan Experience Study, mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Healthcare cost trend rate	8.6% for FY2025, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

The following changes in OPEB actuarial assumptions were changed during fiscal year 2025:

- Valuation Changes:
  - Retiree premiums were updated to current levels.
  - Groups eligible for explicit subsidy benefits were updated for recent changes to contract titles.
  - All accumulated sick leave benefits formerly covered under GASB 16 were removed from the valuation, as these benefits are now being valued separately under GASB 101.
- Assumption Changes:
  - The discount rate was changes from 3.86% to 3.97% based on updated 20-year municipal bond rates.
  - Healthcare trend rates were reset to reflect updated cost increase expectations.
  - Medical per capita claims costs were updated to reflect recent experience.
  - Withdrawal, retirement, and mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.
  - Salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
  - The percent of future retirees not eligible for a explicit subsidy assumed to elect coverage at retirement changed from 55% to 10% to reflect recent plan experience.
  - The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The following provides the changes for the assumed percent electing each plan:
    - \$1,200 HRA Plan changed from 35% to 45%
    - \$2,250 HRA Plan changed from 20% to 15%
    - \$3,000 HRA Plan changed from 45% to 40%

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**14. Other Postemployment Benefit Plan (Continued)**

Changes in Total OPEB Liability

	Total OPEB Liability
Beginning Balance 7/1/2024	\$ 5,357,059
Changes for the Year	
Service Cost	291,496
Interest	202,232
Assumption Changes	387,584
Changes of Benefit Terms	108,022
Differences between Expected and Actual Experience	1,915,320
Benefit Payouts	(818,747)
Net Changes	<u>2,085,907</u>
Balance End of Year 6/30/2025	<u><u>\$ 7,442,966</u></u>

Total OPEB Liability Sensitivity to Discount and Health-Care Cost Trend Rate Changes

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

	Total OPEB Liability
1% decrease in Discount Rate (2.97%)	\$ 7,799,404
Current Discount Rate (3.97%)	7,442,966
1% increase in Discount Rate (4.97%)	7,095,340

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 rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	Total OPEB Liability
1% decrease in Trend Rates	\$ 6,994,505
Current Trend Rates	7,442,966
1% increase in Trend Rates	7,953,636

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**14. Other Postemployment Benefit Plan (Continued)**

*OPEB Related Deferred Outflows of Resources and Deferred Inflows of Resources*

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in actuarial assumption	\$ 482,115	\$ 578,794
Difference between expected and actual liability	2,304,731	935,391
Total	<u>\$ 2,786,846</u>	<u>\$ 1,514,185</u>

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

Year ending June 30:	OPEB Expense Amount
2026	\$ 117,969
2027	203,170
2028	213,991
2029	156,943
2030	59,043
Thereafter	521,545



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Restatement

During the year, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee’s compensated absences if the leave is attributable to employee’s services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee’s rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide statements. The Statement has been implemented and a liability has been reported on the government-wide financial statements.

Activities	Net Position at June 30, 2024 as Previously Reported	Restatement	Net Position at June 30, 2024 as Restated
Governmental Activities	\$ 5,717,628	\$ (3,708,518)	\$ 2,009,110

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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

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

**Total OPEB Liability**

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 291,496	\$ 289,846	\$ 513,709	\$ 463,204	\$ 429,836	\$ 382,855	\$ 450,592	\$ 468,518
Interest	202,232	204,095	148,590	179,891	189,732	212,032	238,141	200,062
Difference between expected and actual experience	1,915,320	59,363	(1,428,921)	50,609	1,295,880		(25,425)	
Changes of assumptions	387,584	(44,942)	(583,130)	193,655	(84,445)	135,945	(860,829)	
Changes of benefit terms	108,022							
Plan changes					(2,460)		8,707	(220,822)
Benefit payments	(818,747)	(784,983)	(483,873)	(598,719)	(563,520)	(583,127)	(681,729)	(724,957)
Net change in total OPEB liability	2,085,907	(276,621)	(1,833,625)	288,640	1,265,023	147,705	(870,543)	(277,199)
Total OPEB Liability - beginning of year	5,357,059	5,633,680	7,467,305	7,178,665	5,913,642	5,765,937	6,636,480	6,913,679
Total OPEB Liability - end of year	\$ 7,442,966	\$ 5,357,059	\$ 5,633,680	\$ 7,467,305	\$ 7,178,665	\$ 5,913,642	\$ 5,765,937	\$ 6,636,480
<b>Total OPEB Liability - End of Year</b>	<b>\$ 7,442,966</b>	<b>\$ 5,357,059</b>	<b>\$ 5,633,680</b>	<b>\$ 7,467,305</b>	<b>\$ 7,178,665</b>	<b>\$ 5,913,642</b>	<b>\$ 5,765,937</b>	<b>\$ 6,636,480</b>
<b>Covered-Employee Payroll</b>	<b>\$28,901,609</b>	<b>\$29,644,995</b>	<b>\$27,782,956</b>	<b>\$28,802,763</b>	<b>\$26,842,691</b>	<b>\$26,983,620</b>	<b>\$25,786,220</b>	<b>\$ 24,862,812</b>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>25.8%</b>	<b>18.1%</b>	<b>20.3%</b>	<b>25.9%</b>	<b>26.7%</b>	<b>21.9%</b>	<b>13.6%</b>	<b>26.7%</b>

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**Schedule of District's Contributions  
General Employees Retirement Funds  
Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2016	PERA	\$ 423,832	\$ 423,832	\$	\$ 5,651,039	7.50%
2017	PERA	438,682	438,682		5,809,034	7.50%
2018	PERA	435,047	435,047		5,800,614	7.50%
2019	PERA	436,900	436,900		5,781,571	7.50%
2020	PERA	467,181	467,181		6,229,070	7.50%
2021	PERA	454,935	454,935		6,065,800	7.50%
2022	PERA	470,868	470,868		6,275,294	7.50%
2023	PERA	511,694	511,694		6,822,587	7.50%
2024	PERA	511,929	511,929		6,825,720	7.50%
2025	PERA	574,964	574,964		7,666,187	7.50%

**Schedule of District's Contributions  
TRA Retirement Funds  
Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2016	TRA	\$ 1,425,522	\$ 1,425,522	\$	\$ 19,006,960	7.50%
2017	TRA	1,425,522	1,425,522		19,006,960	7.50%
2018	TRA	1,501,784	1,501,784		20,023,787	7.50%
2019	TRA	1,579,584	1,579,584		21,061,120	7.50%
2020	TRA	1,689,014	1,689,014		21,906,796	7.71%
2021	TRA	1,772,082	1,772,082		22,374,773	7.92%
2022	TRA	1,907,209	1,907,209		23,458,905	8.13%
2023	TRA	2,742,132	2,742,132		32,879,281	8.34%
2024	TRA	2,012,255	2,012,255		23,535,146	8.55%
2025	TRA	2,181,302	2,181,302		24,929,166	8.75%

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability  
PERA General Employees Retirement Fund  
Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	District's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0938%	\$ 4,861,203	\$	\$ 4,861,203	\$ 5,427,547	89.57%	78.20%
2016	0.0908%	7,372,510	96,303	7,468,813	5,651,039	132.17%	68.90%
2017	0.0912%	5,822,148	73,233	5,895,381	5,809,034	101.49%	75.90%
2018	0.0902%	5,003,926	164,034	5,167,960	5,800,614	89.09%	79.53%
2019	0.0862%	4,765,805	147,994	4,913,799	5,781,571	84.99%	80.23%
2020	0.0876%	5,252,020	161,951	5,413,971	6,229,070	86.91%	79.06%
2021	0.0848%	3,621,340	110,601	3,731,941	6,065,800	61.52%	87.00%
2022	0.0839%	6,644,908	194,674	6,839,582	6,275,294	108.99%	76.70%
2023	0.0858%	4,797,840	132,312	4,930,152	6,822,587	72.26%	83.10%
2024	0.0906%	3,348,644	86,589	3,435,233	7,666,187	44.81%	89.10%

**Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability  
TRA  
Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	District's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3598%	\$ 22,257,188	\$ 2,729,834	\$ 24,987,022	\$ 18,262,394	137%	76.80%
2016	0.3648%	87,013,504	8,733,529	95,747,033	18,969,059	505%	44.90%
2017	0.3720%	74,257,948	7,178,981	81,436,929	18,975,787	429%	51.57%
2018	0.3812%	23,942,928	2,249,431	26,192,359	20,223,781	130%	78.07%
2019	0.3859%	24,597,347	2,177,045	26,774,392	21,061,120	127%	78.07%
2020	0.3785%	27,964,087	2,343,361	30,307,448	21,965,153	138%	75.48%
2021	0.3652%	15,982,244	1,347,951	17,330,195	21,809,118	79%	86.63%
2022	0.3769%	29,507,531	2,188,092	31,695,623	22,868,185	139%	76.17%
2023	0.3702%	30,564,541	2,140,830	32,705,371	23,535,146	139%	76.42%
2024	0.3763%	23,911,310	1,563,821	25,475,131	24,929,166	102%	82.07%

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Cash and investments	\$ 4,908,577	\$ 5,827,095
Current property taxes receivable	2,989,296	3,417,019
Delinquent property taxes receivable	87,796	81,813
Accounts receivable	62,066	53,779
Interest receivable	27,867	50,248
Due from other Minnesota school districts	579	12,418
Due from Minnesota Department of Education	5,868,557	5,092,297
Due from Federal through Minnesota Department of Education	848,890	1,869,959
Due from other governmental units	54,681	62,955
Due from other funds	265,000	
Prepaid items	445,115	75,090
<b>TOTAL ASSETS</b>	<b>\$ 15,558,424</b>	<b>\$ 16,542,673</b>
<b>Liabilities</b>		
Accounts payable	\$ 546,918	\$ 539,575
Salaries and accrued liabilities payable	508,771	522,028
Due to other Minnesota school districts	238,856	257,832
Due to other governmental units	91,190	162,457
<b>TOTAL LIABILITIES</b>	<b>1,385,735</b>	<b>1,481,892</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue:		
Delinquent property taxes	87,796	81,813
Taxes levied for subsequent year	5,936,194	6,589,706
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,023,990</b>	<b>6,671,519</b>
<b>Fund Balances</b>		
Nonspendable	445,115	75,090
Restricted	1,254,399	1,301,067
Committed		145,965
Unassigned	6,449,185	6,867,140
<b>TOTAL FUND BALANCES</b>	<b>8,148,699</b>	<b>8,389,262</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,558,424</b>	<b>\$ 16,542,673</b>



**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2025  
With Partial Comparative Data for the Year Ended June 30, 2024

	Budgeted Amounts		2025	Over (Under)	2024
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Local sources:					
Property tax levies	\$ 2,419,605	\$ 2,748,928	\$ 2,556,094	\$ (192,834)	\$ 2,359,738
Investment income			42,540	42,540	55,175
State sources	1,175,126	1,175,126	1,306,810	131,684	1,252,247
Federal sources	193,338	193,338	182,356	(10,982)	254,657
<b>TOTAL REVENUES</b>	<b>3,788,069</b>	<b>4,117,392</b>	<b>4,087,800</b>	<b>(29,592)</b>	<b>3,921,817</b>
<b>Expenditures</b>					
Debt Service:					
Principal	2,933,609	2,933,609	2,933,609		2,980,130
Interest and fiscal charges	904,850	904,850	904,975	125	870,923
<b>TOTAL EXPENDITURES</b>	<b>3,838,459</b>	<b>3,838,459</b>	<b>3,838,584</b>	<b>125</b>	<b>3,851,053</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(50,390)</b>	<b>278,933</b>	<b>249,216</b>	<b>(29,717)</b>	<b>70,764</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,766,792</b>	<b>1,766,792</b>	<b>1,766,792</b>		<b>1,696,028</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,716,402</b>	<b>\$ 2,045,725</b>	<b>\$ 2,016,008</b>	<b>\$ (29,717)</b>	<b>\$ 1,766,792</b>

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**SUPPLEMENTAL COST SCHEDULES**  
For the Fiscal Years Ended June 30, 2025 and 2024  
(Unaudited)

	2024 - 2025	Cost Per Adjusted Average Daily Membership
	Expenditures	(All Funds)
<b>Fiscal year Ended June 30, 2025</b>		
District and school administration	\$ 2,311,964	\$ 702
District support services	2,299,562	698
Regular instruction	25,982,281	7,884
Vocational instruction	992,473	301
Special education	15,326,999	4,651
Community education and services	1,908,824	579
Instructional support services	2,154,731	654
Pupil support services	8,315,935	2,523
Site, buildings, and equipment	5,193,888	1,576
Fiscal and other fixed cost programs	429,445	130
<b>TOTALS</b>	<b>\$ 64,916,102</b>	<b>\$ 19,697</b>

2024 - 2025 Adjusted Average Daily Membership - 3,295.66

\* Expenditures exclude payments for building construction and debt service

	2023 - 2024	Cost Per Adjusted Average Daily Membership
	Expenditures	(All Funds)
<b>Fiscal year Ended June 30, 2024</b>		
District and school administration	\$ 2,127,490	\$ 651
District support services	2,250,118	689
Regular instruction	25,419,808	7,782
Vocational instruction	1,005,199	308
Special education	14,434,226	4,419
Community education and services	1,789,323	548
Instructional support services	2,447,841	749
Pupil support services	8,217,381	2,516
Site, buildings, and equipment	5,142,460	1,574
Fiscal and other fixed cost programs	392,205	120
<b>TOTALS</b>	<b>\$ 63,226,051</b>	<b>\$ 19,356</b>

2023 - 2024 Adjusted Average Daily Membership - 3,266.55

\* Expenditures exclude payments for building construction and debt service

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**TAX LEVY HISTORY**

	24 Pay 25 Fiscal 26	23 Pay 24 Fiscal 25	22 Pay 23 Fiscal 24	21 Pay 22 Fiscal 23	20 Pay 21 Fiscal 22
<b>Tax Levy*</b>					
General	\$ 6,398,928	\$ 7,050,502	\$ 6,362,663	\$ 5,976,256	\$ 6,006,600
Community Service	167,990	162,493	238,059	233,637	235,141
Debt Redemption (Net)	3,230,535	2,829,365	2,835,597	2,847,856	2,847,968
<b>TOTAL TAX LEVY</b>	<b>\$ 9,797,453</b>	<b>\$ 10,042,360</b>	<b>\$ 9,436,319</b>	<b>\$ 9,057,749</b>	<b>\$ 9,089,709</b>

\* The tax levy includes property tax apportionments from Freeborn county and state aid credits from the State of Minnesota.

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**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**OTHER REQUIRED REPORTS**

**JUNE 30, 2025**

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**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**

To the Board of Education  
Independent School District #241  
Albert Lea, Minnesota 56007

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Independent School District #241, Albert Lea, Minnesota (the District), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprises the District's basic financial statements and have issued our report thereon dated November 20, 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 combination of deficiencies, in internal control over financial reporting 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 the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying summary schedule of prior year findings as item 2023-001 that we consider to be a significant deficiency.

**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*.

### **Minnesota Legal Compliance**

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, miscellaneous provisions, and uniform financial accounting and reporting standards sections 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. 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.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of prior year findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Smith, Schafu and Associates, Ltd.*

Rochester, Minnesota  
November 20, 2025



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
For the Fiscal Year Ended June 30, 2025**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**2023-001 – Preparation of Financial Statements**

<b>Condition:</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the statement of financial position and the results of its operations and changes in its net position for the year then ended. The District does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in conformity with accounting principles generally accepted in the United States of America. As such, management has requested us to prepare a draft of the financial statements, including the related footnote disclosures.
<b>Criteria:</b>	The District should have controls to enable the District to conclude the financial statements and related disclosures are complete and presented in conformity with accounting principles generally accepted in the United States of America.
<b>Questioned Costs:</b>	None.
<b>Cause:</b>	The District does not have staff with time to prepare and review financial statement and determine that the statements and disclosures are complete and in conformity.
<b>Effect:</b>	Financials statements could be incomplete or not in conformity with accounting principles generally accepted in the United States.
<b>Recommendation:</b>	The District can continue to have the auditor prepare the financial statements; however, we would recommend that the District establish an internal control policy to document the annual review of the financial statements, disclosures and schedules.
<b>Views of Responsible Officials:</b>	Management agrees with the recommendation. See corresponding Corrective Action Plan.
<b>Current Status:</b>	Finding recurred in fiscal year 2025.



## **CORRECTIVE ACTION PLAN (CAP):**

The District respectfully submits the following corrective action plan for the fiscal year ended June 30, 2025.  
Audit period: July 1, 2024 – June 30, 2025.

The finding from the schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

### **RESPONSE: FINDING 2023-001**

#### **Explanation of Disagreement with the Audit Finding:**

There is no disagreement with the audit finding.

#### **Actions Planned in Response to Findings:**

The District review the drafted financial statements and notes. The District does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the District will rely upon the auditors for completeness of the disclosures. However, the District will review the notes for accuracy prior to issuance of the statements. The District will continue to evaluate assignment of duties and implement segregation whenever it is practical.

#### **Official Responsible for Ensuring CAP:**

Superintendent is the official responsible for ensuring the planned responses.

#### **Planned Completion Date of CAP:**

Not applicable as the District is willing to accept this risk at this time and will continue to evaluate the recommendation.

#### **Plan to Monitor Completion of CAP:**

Superintendent will ensure the review by the District has been completed. He will do this through discussion with the Director of Finance and Operations and reviewing the draft of the financial statements.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Independent School District #241  
Albert Lea, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for major federal programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's major federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on [Entity Name]'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

### ***Auditor's Responsibilities for the Audit of Compliance (Continued)***

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purposes of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

### **Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District #241, Albert Lea, Minnesota, 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. We issued our report thereon dated November 20, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rochester, Minnesota  
November 20, 2025

**INDEPENDENT SCHOOL DISTRICT #241**  
**ALBERT LEA, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2025

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal ALN</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Agriculture</u>		
Pass-through from Minnesota Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 178,177
Cash Assistance:		
School Breakfast Program	10.553	362,856
National School Lunch Program	10.555	1,345,457
After School Snack Program	10.555	5,593
Summer Food Service Program	10.559	28,777
Subtotal for Child Nutrition Cluster:		1,920,860
Child and Adult Care Food Program	10.558	10,190
State Administrative Expense (SAE) Funds	10.560	12,147
Subtotal - U.S. Department of Agriculture		1,943,197
<u>U.S. Department of Education</u>		
Pass-Through from Owatonna School District:		
Federal Adult Basic Education Formula	84.002	16,442
Pass-Through from Austin School District:		
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	10,237
Pass-through from Minnesota Department of Education:		
Title I Grants to Local Educational Agencies	84.010	956,459
Special Education - Grants for Infants and Families with Disabilities	84.181	32,935
English Language Acquisition State Grants	84.365	124,889
Supporting Effective Instruction State Grants	84.367	61,386
American Rescue Plan - Homeless II	84.425W	365
Elementary and Secondary School Emergency Relief Fund	84.425U	856,615
Jacob K. Javits Gifted and Talented Students Education Program	84.206A	37,553
Special Education Cluster:		
Special Education - Grants to States	84.027	873,340
Special Education - Preschool Grants - Part B Section 619	84.173	26,874
Subtotal for Special Education Cluster:		900,214
Subtotal - U.S. Department of Education		2,997,095
Total Expenditures of Federal Awards		\$ 4,940,292

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**1. General**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Independent School District #241, Albert Lea, Minnesota under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in assets, or cash flows of the District.

All pass-through entities listed in the Schedule use the same Assistance Listing Numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

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**2. Summary of Significant Accounting Principles**

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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**3. Food Distribution**

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Nonmonetary assistance is reported in the schedule with the National School Lunch Program at the fair market value of the commodities received and disbursed which totaled \$178,177.

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**4. Indirect Cost Rate**

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Independent School District #241 has not charged indirect costs to any of the federal programs. Therefore, the election of the 10 percent de minimis indirect cost rate is not applicable as allowed under the Uniform Guidance.

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**5. Subrecipients**

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Independent School District #241 did not have subrecipients for the fiscal year ended June 30, 2025.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

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**6. Relationship to the District's Financial Statements**

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The District received an interest rate subsidy on its Qualified School Construction Bonds from the U.S. Department of Treasury. These federal revenues are not classified as federal financial assistance for the purposes of preparing this schedule. A reconciliation of federal revenue as reported on the District's basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2025 is as follows:

General Fund	\$ 2,980,653
Community Service	16,442
Food Service	1,943,197
Debt Service	<u>182,356</u>
Total governmental funds	5,122,648
Debt Service Fund - interest rate subsidy	<u>(182,356)</u>
Total federal revenue reported on the Schedule of Expenditures of Federal Awards (SEFA)	<u><u>\$ 4,940,292</u></u>



**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2025**

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No findings were noted during the prior year federal program audit for the fiscal year ended June 30, 2024.

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2025**

**SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- |   |                          |   |
|---|--------------------------|---|
| - Material weakness(es) identified?       | <u>          </u> Yes    | <u>      X      </u> No                   |
| - Significant deficiency(ies) identified? | <u>      X      </u> Yes | <u>                    </u> None reported |
3. Noncompliance material to financial statements noted?
- |                       |                         |
|-----------------------|-------------------------|
| <u>          </u> Yes | <u>      X      </u> No |
|-----------------------|-------------------------|

***Federal Awards***

1. Internal control over major federal programs:
- |   |                                 |                                    |
|---|---------------------------------|------------------------------------|
| - Material weakness(es) identified?       | <u>          </u> Yes           | <u>      X      </u> No            |
| - Significant deficiency(ies) identified? | <u>                    </u> Yes | <u>      X      </u> None reported |
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
- |                       |                         |
|-----------------------|-------------------------|
| <u>          </u> Yes | <u>      X      </u> No |
|-----------------------|-------------------------|

***Programs Tested as a Major Program***

**Assistance Listing Number(s)**

- 84.010
- 84.027 and 84.173

**Name of Federal Program or Cluster**

Title I Grants to Local Educational Agencies  
Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?       X       Yes                      No

**INDEPENDENT SCHOOL DISTRICT #241  
ALBERT LEA, MINNESOTA**

**COMPLIANCE TABLE**

**JUNE 30, 2025**

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**Fiscal Compliance Report - 6/30/2025**  
**District: ALBERT LEA (241-1)**

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$60,258,923	<u>\$60,258,924</u>	(\$1)	Total Revenue	\$65,043	<u>\$65,043</u>	\$0
Total Expenditures	\$60,492,940	<u>\$60,492,939</u>	\$1	Total Expenditures	\$2,023,829	<u>\$2,023,830</u>	(\$1)
Non-Spendable:				Non-Spendable:			
4.60 Non-Spendable Fund Balance	\$445,115	<u>\$445,115</u>	\$0	4.60 Non-Spendable Fund Balance	\$0	<u>\$0</u>	\$0
Restricted / Reserved:				Restricted / Reserved:			
4.01 Student Activities	\$228,680	<u>\$228,680</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$216,314	<u>\$216,314</u>	\$0	4.13 Funded by COPFP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$36,834	<u>\$36,834</u>	\$0	4.67 LTFM	\$367,460	<u>\$367,460</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	Restricted:			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$136,207	<u>\$136,206</u>	\$1
4.12 Literacy Incentive Aid	\$0	<u>\$0</u>	\$0	Unassigned:			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	<b>07 DEBT SERVICE</b>			
4.20 American Indian Education Aid	\$22,579	<u>\$22,579</u>	\$0	Total Revenue	\$4,087,800	<u>\$4,087,800</u>	\$0
4.24 Operating Capital	\$264,081	<u>\$264,081</u>	\$0	Total Expenditures	\$3,838,584	<u>\$3,838,584</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	Non-Spendable:			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non-Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	Restricted / Reserved:			
4.34 Area Learning Center	\$183,319	<u>\$183,319</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$1,226,654	<u>\$1,226,654</u>	\$0
4.37 Q Comp	\$107,235	<u>\$107,235</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$4,782	<u>\$4,782</u>	\$0	Restricted:			
4.39 English Learner	\$39,081	<u>\$39,081</u>	\$0	4.64 Restricted Fund Balance	\$789,354	<u>\$789,355</u>	(\$1)
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	Unassigned:			
4.41 Basic Skills Programs	\$61,434	<u>\$61,434</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.43 School Library Aid	\$0	<u>\$0</u>	\$0				
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	<b>08 TRUST</b>			
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Restricted / Reserved:			
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.56 READ Act - Literacy Aid	\$25,452	<u>\$25,452</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.57 READ Act - Tohr Training Compensation	\$2,544	<u>\$2,544</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0				
4.67 LTFM	(\$313,376)	<u>(\$313,376)</u>	\$0	<b>18 CUSTODIAL</b>			
4.71 Student Support Personnel Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$15	<u>\$15</u>	\$0
4.72 Medical Assistance	\$61,064	<u>\$61,064</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
Restricted:				Restricted / Reserved:			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$723	<u>\$723</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
Committed:				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0				
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	<b>20 INTERNAL SERVICE</b>			
Assigned:				Total Revenue	\$9,040,685	<u>\$9,040,685</u>	\$0
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0	Total Expenditures	\$9,107,451	<u>\$9,107,450</u>	\$1
Unassigned:				4.22 Unassigned Fund Balance (Net Assets)	\$3,457,622	<u>\$3,457,622</u>	\$0
4.22 Unassigned Fund Balance	\$6,762,561	<u>\$6,762,560</u>	\$1				
<b>02 FOOD SERVICES</b>				<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	\$2,585,763	<u>\$2,585,764</u>	(\$1)	Total Revenue	\$6,793	<u>\$6,793</u>	\$0
Total Expenditures	\$2,598,941	<u>\$2,598,943</u>	(\$2)	Total Expenditures	\$139,859	<u>\$139,859</u>	\$0
Non-Spendable:				4.22 Unassigned Fund Balance (Net Assets)	(\$4,558,403)	<u>(\$4,558,403)</u>	\$0
4.60 Non-Spendable Fund Balance	\$73,805	<u>\$73,805</u>	\$0				
Restricted / Reserved:				<b>45 OPEB IRREVOCABLE TRUST</b>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
Restricted:				Total Expenditures	\$0	<u>\$0</u>	\$0
4.64 Restricted Fund Balance	\$909,354	<u>\$909,355</u>	(\$1)	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
Unassigned:							
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0	<b>47 OPEB DEBT SERVICE</b>			
<b>04 COMMUNITY SERVICE</b>				Total Revenue	\$0	<u>\$0</u>	\$0
Total Revenue	\$1,824,527	<u>\$1,824,524</u>	\$3	Total Expenditures	\$0	<u>\$0</u>	\$0
Total Expenditures	\$1,864,321	<u>\$1,864,317</u>	\$4	Non-Spendable:			
Non-Spendable:				4.60 Non-Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.60 Non-Spendable Fund Balance	\$0	<u>\$0</u>	\$0	Restricted:			
Restricted / Reserved:				4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.31 Community Education	\$60,802	<u>\$60,802</u>	\$0	Unassigned:			
4.32 E.C.F.E	\$64,776	<u>\$64,776</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.37 Q Comp	\$0	<u>\$0</u>	\$0				
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0				
4.44 School Readiness	\$46,536	<u>\$46,536</u>	\$0				
4.47 Adult Basic Education	\$82,358	<u>\$82,358</u>	\$0				
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0				
4.56 READ Act - Literacy Aid	\$0	<u>\$0</u>	\$0				
4.57 READ Act - Tohr Training Compensation	\$0	<u>\$0</u>	\$0				
Restricted:							
4.64 Restricted Fund Balance	\$39,759	<u>\$39,760</u>	(\$1)				
Unassigned:							
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0				