INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2025

Lynn Brott	Chairman
Lindsey King	Vice-Chairman
Josh Perkerewicz	Clerk
Amanda Holweger	Treasurer
Holly Larson	Director
Matt Hangsleben	Director
Kevin Grover	Superintendent
Karla Afshari	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 595
East Grand Forks, 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 No. 595, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 595, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, the District has adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional 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, budgetary comparison information, schedules, and notes as listed in the table of contents as required supplementary information 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 accompanying combining statements, schedule of changes in fund balance and compliance table as listed in the table of contents as supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, schedule of changes in fund balances, compliance table, and 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 annual report. The other information comprises the roster of school officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 4, 2025

This section of Independent School District No. 595's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

The District anticipated a decrease in the general fund balance of $348,519; the actual results show a decrease of $425,146. The greater than anticipated decrease in the general fund balance was a result of technology purchases purchased early due to potential tariff ramifications.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget for the year, and supplementary information that is presented for additional analysis.

<u>District-wide Statements</u>

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, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. 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, liabilities and deferred inflows/outflows of resources – is one way to measure the District's financial health or *position*.

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

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

- *Governmental activities*: All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. 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 (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has one type of fund:

- Governmental funds: The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to help explain the relationship (or differences) between the governmental funds and governmental activities.
    - The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund; all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregate presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $19,029,889 on June 30, 2025 (see details in Table A-1).

Table A-1
Statement of Net Position

	2025	2024	Total Percentage Change
Current and Other Assets	$ 11,148,444	$ 10,556,226	5.6 %
Capital Assets	52,237,773	53,522,911	(2.4)
Total Assets	63,386,217	64,079,137	(1.1)
Deferred Outflows of Resources	4,334,572	5,302,015	(18.2)
Long-Term Liabilities	35,505,684	41,377,657	(14.2)
Other Liabilities	4,120,182	3,522,540	17.0
Total Liabilities	39,625,866	44,900,197	(11.7)
Deferred Inflows of Resources	9,065,034	5,639,428	60.7
Net Position (Deficit)			
Net Investment in Capital Assets	29,304,562	29,007,940	1.0
Restricted	2,152,707	1,397,200	54.1
Unrestricted	(12,427,380)	(11,563,613)	7.5
Total Net Position	$ 19,029,889	$ 18,841,527	1.0 %

Long-term liabilities decreased $5,871,973, primarily due to changes within the net pension liability. The increase in deferred outflows and decrease in deferred inflows of resources is related to changes in the statewide defined benefit pension plans.

Change in Net Position

Table A-2 presents the change in net position of the District.

Table A-2
Change in Net Position

	2025	2024	Total Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 968,290	$ 764,896	26.6 %
Operating Grants and Contributions	10,036,107	9,596,851	4.6
Capital Grants and Contributions	484,873	739,611	(34.4)
General Revenues			
Property Taxes	3,460,188	3,495,062	(1.0)
Unrestricted State Aid	16,965,531	15,958,835	6.3
Other Sources	1,352,412	938,261	44.1
Total Revenues	33,267,401	31,493,516	5.6
Expenses			
Administration	1,838,538	1,671,038	10.0
District Support Services	728,084	721,754	0.9
Elementary and Secondary Regular Instruction	13,905,505	11,640,079	19.5
Vocational Education Instruction	408,705	422,129	(3.2)
Special Education Instruction	5,910,067	5,890,222	0.3
Community Education and Services	571,771	884,939	(35.4)
Instructional Support Services	1,456,653	1,279,940	13.8
Pupil Support Services	3,641,911	3,357,737	8.5
Sites and Buildings	2,020,656	3,815,165	(47.0)
Fixed Costs	1,581,966	133,911	1,081.4
Interest Expense	500,013	563,307	(11.2)
Total Expenses	32,563,869	30,380,221	7.2
Change in Net Position	703,532	1,113,295	36.8
Net Position - Beginning	18,841,527	17,728,232	
GASB 101 Adjustment - See Note 2	(515,170)	-	
Net Position - Beginning, Restated	18,326,357	17,728,232	
Net Position - Ending	$ 19,029,889	$ 18,841,527	1.0 %

The District's total revenues were $33,267,401 for the year ended June 30, 2025. Property taxes and unrestricted state aid payments accounted for 61 percent of total revenue for the year.

The total cost of all programs and services was $32,563,869. The District's expenses are predominantly related to educating and caring for students. The net cost of governmental activities is their total costs less program revenues applicable to each category. Total revenues exceeded expenses, increasing net position $703,532 over last year. For the year ended June 30, 2025, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA decreased net position by $218,833. For the year ended June 30, 2024, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA decreased net position by $469,326.

The net cost of governmental activities is their total costs less program revenues applicable to each category.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percentage	Net Cost of Services		Total Percentage
	2025	2024	Change	2025	2024	Change
Expenses						
Administration	$ 1,838,538	$ 1,671,038	10.0 %	$ 1,838,538	$ 1,669,499	10.1 %
District Support Services	728,084	721,754	0.9	728,084	721,522	0.9
Elementary and Secondary Regular Instruction	13,905,505	11,640,079	19.5	10,839,080	8,160,692	32.8
Vocational Education Instruction	408,705	422,129	(3.2)	388,257	397,275	(2.3)
Special Education Instruction	5,910,067	5,890,222	0.3	550,697	1,546,387	(64.4)
Community Education and Services	571,771	884,939	(35.4)	(87,604)	301,117	(129.1)
Instructional Support Services	1,456,653	1,279,940	13.8	1,263,135	1,022,712	23.5
Pupil Support Services	3,641,911	3,357,737	8.5	2,040,686	1,402,940	45.5
Sites and Buildings	2,020,656	3,815,165	(47.0)	1,431,747	3,359,501	(57.4)
Fixed Costs	1,581,966	133,911	1,081.4	1,581,966	133,911	1,081.4
Interest Expense	500,013	563,307	(11.2)	500,013	563,307	(11.2)
	$ 32,563,869	$ 30,380,221	7.2 %	$ 21,074,599	$ 19,278,863	9.3 %

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major Funds

	Fund Balance		Increase	Percentage Increase
	2025	2024	(Decrease)	(Decrease)
Governmental Funds				
General	$ 4,418,342	$ 4,843,488	$ (425,146)	(8.8) %
Debt Service	272,998	168,610	104,388	61.9

General Fund

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

Table A-5 presents a summary of general fund revenue.

Table A-5
General Fund Revenue

	2025	2024	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 1,990,022	$ 2,202,499	$ (212,477)	(9.6) %
Interest Earnings	230,540	250,341	(19,801)	(7.9)
Other	1,160,547	867,098	293,449	33.8
State Sources	24,776,244	22,498,078	2,278,166	10.1
Federal Sources	405,421	1,270,571	(865,150)	(68.1)
Other	21,334	26,316	(4,982)	(18.9)
Total General Fund Revenue	$ 28,584,108	$ 27,114,903	$ 1,469,205	5.4 %

Total general fund revenue increased by $1,469,205 or 5.4 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, the property tax shift, involve 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 change in revenue. Federal revenues vary based on available grant funding. Interest earnings fluctuates with the markets.

Table A-6 presents a summary of general fund expenditures.

Table A-6
General Fund Expenditures

	2025	2024	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 17,192,801	$ 16,158,205	$ 1,034,596	6.4 %
Employee Benefits	5,683,077	5,050,292	632,785	12.5
Purchased Services	3,606,778	3,571,455	35,323	1.0
Supplies and Materials	1,357,578	1,001,788	355,790	35.5
Capital Expenditures	1,192,574	633,308	559,266	88.3
Debt Service	209,347	176,248	33,099	18.8
Other Expenditures	67,312	154,074	(86,762)	(56.3)
Total General Fund Expenditures	$ 29,309,467	$ 26,745,370	$ 2,564,097	9.6 %

Total general fund expenditures increased $2,564,097 or 9.6 percent from the previous year. This increase is primarily due to the increase in salaries, employee benefits and capital equipment and projects throughout the fiscal year.

General Fund Budgetary Highlights

The District's final budget for the general fund anticipated that expenditures would exceed revenues by $348,519. The actual results for the year show a deficit of $425,146.

- Revenues were $339,215 more than projected due to higher average student counts than estimated which drives general education aid amounts along with higher federal awards than anticipated.
- Expenditures were $716,055 more than projected due to an increase in Special Education students, resulting in more expenditures.

Capital Assets and Debt Administration

Capital Assets

Note 4 to the financial statements presents an analysis of capital asset transactions occurring during the year ended June 30, 2025. Major capital asset events during the current year included ongoing building upgrades, including lighting, boiler, heat pumps, flooring, parking lots along with various technology purchases.

Long-Term Debt

At year-end, the District had $37,686,866 of long-term debt (including the current portion). This consisted of bonds payable of $21,360,000, an unamortized premium of $1,260,750, lease payable of $225,127, special assessment debt of $87,334, compensated absences of $676,715, other postemployment benefit liability of $613,966, and net pension liability of $13,462,974. Note 7 to the financial statement's present details and payment provisions of these items.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District has been experiencing fluctuations within enrollment over recent years which can cause financial strains within the District.
- The District has been experiencing costs rising faster than State funded increases.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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 Administration Offices, Independent School District No. 595, P.O. Box 151, East Grand Forks, MN 56721.

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

GOVERNMENTAL ACTIVITIES	
ASSETS	
Current Assets:	
Cash and Investments	$ 5,901,135
Property Taxes Receivable	2,660,102
Accounts Receivable	230,353
Due From Department of Education	2,201,750
Due From Federal Govt. - DOE	135,300
Prepaid Expenses	3,195
Inventory	16,609
Non-Current Assets:	
Non Depreciable Capital Assets:	
Land	524,000
Land Improvements	338,262
Depreciable Capital Assets:	
Land Improvements	699,682
Buildings	80,530,390
Equipment	5,117,654
Right to Use Assets	240,177
Less Accumulated Depreciation/Amortization	(35,212,392)
Total Capital Assets, Net of Depreciation/Amortization	52,237,773
TOTAL ASSETS	63,386,217
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - PERA	687,906
Cost Sharing Defined Benefit Pension Plan - TRA	3,606,728
Other Postemployment Benefit	39,938
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,334,572
LIABILITIES	
Accounts Payable	196,739
Salary Payable	620,494
Payroll Liabilities	614,186
Unearned Revenue	257,136
Interest Payable	250,445
Long-Term Liabilities Due Within One Year	2,181,182
Long-Term Liabilities:	
Bonds, Net Unamortized Premiums	22,620,750
Lease Payable	225,127
Special Assessment Debt	87,334
Compensated Absences	676,715
Total Other Postemployment Benefit Liability	613,966
Net Pension Liability	13,462,974
Less Amounts Due Within One Year	(2,181,182)
Total Long-Term Liabilities	35,505,684
TOTAL LIABILITIES	39,625,866

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
STATEMENT OF NET POSITION - CONTINUED
AS OF JUNE 30, 2025

DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - PERA	$ 1,343,605
Cost Sharing Defined Benefit Pension Plan - TRA	3,245,422
Other Postemployment Benefit	191,897
Property Taxes Levied - Subs. Years	4,284,110
TOTAL DEFERRED INFLOWS OF RESOURCES	9,065,034
NET POSITION	
Net Investment in Capital Assets	29,304,562
Restricted for:	
Staff Development	20,167
Scholarships	16,093
Literacy Incentive Aid	52,598
American Indian Ed Aid	17,450
Operating Capital	293,733
Disabled Access	1,903
English Learner	83,345
School Library Aid	40,000
OPEB	49,285
Literacy Aid	77,563
Long-Term Facility Maintenance	2,945
Student Support Personnel	40,000
Medical Assistance	260,106
Student Activities	217,668
Food Service	410,031
Community Education	189,002
ECFE	322,981
Debt Service	57,837
Unrestricted	(12,427,380)
TOTAL NET POSITION	$ 19,029,889

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	$ 1,838,538	$ -	$ -	$ -	$ (1,838,538)
District Support Services	728,084	-	-	-	(728,084)
Elementary and Secondary					
Regular Instruction	13,905,505	239,556	2,826,869	-	(10,839,080)
Vocational Education Instruction	408,705	15,889	4,559	-	(388,257)
Special Education Instruction	5,910,067	124,795	5,234,575	-	(550,697)
Community Education and Services	571,771	323,165	336,210	-	87,604
Instructional Support Services	1,456,653	83,489	110,029	-	(1,263,135)
Pupil Support Services	3,641,911	77,360	1,523,865	-	(2,040,686)
Sites and Buildings	2,020,656	104,036	-	484,873	(1,431,747)
Fixed Costs	1,581,966	-	-	-	(1,581,966)
Interest Expense	500,013	-	-	-	(500,013)
TOTAL GOVERNMENTAL ACTIVITIES	$ 32,563,869	$ 968,290	$ 10,036,107	$ 484,873	(21,074,599)

GENERAL REVENUES	
Taxes	
Property Taxes, Levied for General Purposes	2,041,719
Property Taxes, Levied for Community Education and Services	83,780
Property Taxes, Levied for Debt Services	1,334,689
Unrestricted State Aid	16,965,531
Unrestricted Investment Earnings	230,540
Other General Revenue	1,121,872
TOTAL GENERAL REVENUES	21,778,131
Change in Net Position	703,532
Net Position - Beginning	18,841,527
GASB 101 Adjustment - See Note 2	(515,170)
Net Position - Beginning as Restated	18,326,357
Net Position - Ending	$ 19,029,889

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 4,670,888	$ 800,499	$ 429,748	$ 5,901,135
Current Property Taxes Receivable	1,226,076	1,273,822	55,276	2,555,174
Delinquent Property Taxes Receivable	67,189	35,284	2,455	104,928
Accounts Receivable	220,860	-	9,493	230,353
Due From Department of Education	2,067,735	102,930	31,085	2,201,750
Due From Federal Govt. - DOE	123,839	-	11,461	135,300
Prepaid Items	3,195	-	-	3,195
Inventory	-	-	16,609	16,609
TOTAL ASSETS	$ 8,379,782	$ 2,212,535	$ 556,127	$ 11,148,444
LIABILITIES				
Accounts Payable	$ 195,836	$ -	$ 903	$ 196,739
Salary Payable	588,514	-	31,980	620,494
Payroll Liabilities	614,186	-	-	614,186
Unearned Revenue	218,000	-	39,136	257,136
TOTAL LIABILITIES	1,616,536	-	72,019	1,688,555
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	67,189	35,284	2,455	104,928
Property Taxes Levied - Subs. Years	2,277,715	1,904,253	102,142	4,284,110
TOTAL DEFERRED INFLOWS OF RESOURCES	2,344,904	1,939,537	104,597	4,389,038
FUND BALANCES				
Nonspendable for:				
Inventory	-	-	16,609	16,609
Prepaid Expenses	3,195	-	-	3,195
Restricted for:				
Staff Development	20,167	-	-	20,167
Scholarships	16,093	-	-	16,093
Literacy Incentive Aid	52,598	-	-	52,598
American Indian Ed Aid	17,450	-	-	17,450
Operating Capital	293,733	-	-	293,733
Disabled Access	1,903	-	-	1,903
English Learner	83,345			83,345
School Library Aid	40,000			40,000
OPEB	49,285	-	-	49,285
Literacy Aid	77,563			77,563
Long-Term Facility Maintenance Levy	2,945	-	-	2,945
Student Support Personnel	40,000			40,000
Medical Assistance	260,106	-	-	260,106
Student Activities	217,668	-	-	217,668
Community Education	-	-	189,002	189,002
ECFE	-	-	322,981	322,981
Debt Service	-	272,998	-	272,998
Food Service	-	-	393,422	393,422
Assigned for:				
Donations	30,646	-	-	30,646
Technology	88,851	-	-	88,851
Unassigned	3,122,794	-	(542,503)	2,580,291
TOTAL FUND BALANCES	4,418,342	272,998	379,511	5,070,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 8,379,782	$ 2,212,535	$ 556,127	$ 11,148,444

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Total fund balances - governmental funds	$ 5,070,851
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Cost of capital assets	87,450,165
Less accumulated depreciation/amortization	(35,212,392)
Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.	
Deferred Inflows of Resources	(4,589,027)
Deferred Outflows of Resources	4,294,634
Net deferred outflows/(inflows) of resources relating to OPEB in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.	
Deferred Inflows of Resources	(191,897)
Deferred Outflows of Resources	39,938
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Bonds	(21,360,000)
Unamortized premium	(1,260,750)
Lease payable	(225,127)
Special assessment debt	(87,334)
Compensated Absences	(676,715)
Net other postemployment benefit liability	(613,966)
Net pension liability	(13,462,974)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(250,445)
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	104,928
Net position - governmental activities	$ 19,029,889

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Property Tax Levies	$ 1,990,022	$ 1,313,046	$ 98,281	$ 3,401,349
Other Local and County Revenues	1,391,087	-	369,920	1,761,007
Revenue From State Sources	24,776,245	1,029,305	1,045,547	26,851,097
Revenue From Federal Sources	405,420	-	685,949	1,091,369
Sale/Other Conversion of Asset	21,334	-	57,401	78,735
TOTAL REVENUES	28,584,108	2,342,351	2,257,098	33,183,557
EXPENDITURES				
Current:				
Administration	1,838,538	-	-	1,838,538
District Support Services	719,400	-	-	719,400
Elementary and Secondary Regular Instruction	13,427,723	-	-	13,427,723
Vocational Education Instruction	406,903	-	-	406,903
Special Education Instruction	5,900,507	-	-	5,900,507
Community Education and Services	-	-	597,024	597,024
Instructional Support Services	1,275,682	-	-	1,275,682
Pupil Support Services	2,115,731	-	1,312,618	3,428,349
Sites and Buildings	1,958,056	-	-	1,958,056
Fixed Costs	265,006	-	-	265,006
Debt Service:				
Principal	201,362	1,575,000	-	1,776,362
Interest and Fees	7,985	662,963	-	670,948
Capital Outlay	1,192,574	-	95,716	1,288,290
TOTAL EXPENDITURES	29,309,467	2,237,963	2,005,358	33,552,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	(725,359)	104,388	251,740	(369,231)
OTHER FINANCING SOURCES				
Insurance Proceeds	60,036	-	-	60,036
Proceeds from Issuance of Debt	240,177	-	-	240,177
TOTAL OTHER FINANCING SOURCES	300,213	-	-	300,213
Net Change in Fund Balances	(425,146)	104,388	251,740	(69,018)
Fund Balances - Beginning	4,843,488	168,610	127,771	5,139,869
Fund Balances - Ending	$ 4,418,342	$ 272,998	$ 379,511	$ 5,070,851

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds	$ (69,018)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense.	
Capital outlays	916,983
Depreciation expense/amortization expense	(2,202,121)
Proceeds from long-term debt provide financial resources to the governmental funds, but the issuing of debt increases long-term liabilities in the statement of net position.	(240,177)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of premiums when the debt is first issued, whereas this amount is deferred and amortized in the statement of activities.	162,950
Change in net pension liability	4,408,540
Change in other postemployment benefit liability	(67,478)
Change in deferred outflows and inflows of resources related to the net pension liability.	(4,189,706)
Change in deferred outflows and inflows of resources related to other postemployment benefit liability.	74,481
Payment of the following costs is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	
Bonds	1,575,000
Lease	170,175
SBITA	17,760
Special assessment debt	13,427
Revenue in the statement of activities that does not provide current financial resources is not reported as revenues in the governmental funds.	58,839
In the statement of activities, certain expenses 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 paid).	
Compensated Absences	73,877
Change in net position - governmental activities	$ 703,532

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 595 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

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

C. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other 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 purposes for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function.

Separate fund financial statements are provided for governmental funds. All individual governmental funds are reported in separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

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

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

Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Description of Funds

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

Major Governmental Funds

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds including pupil transportation and capital outlay activities, which were previously (prior to July 1, 1996) accounted for in separate special revenue funds.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Nonmajor Governmental Funds

Special Revenue Funds:

Food Service – Accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

Community Service – Accounts for all resources restricted for programs other than those for elementary and secondary students.

Capital Projects Funds

Building Fund – Accounts for resources used for the acquisition and construction of major capital facilities.

GASB No. 34 also requires that budget vs. actual information be presented for the general fund and all major special revenue funds.

E. Specific Account Information

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

Investments are carried at fair value. The District considers certificates of deposit to be cash.

Fair Value Measurements – The Organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GASB. GASB defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the general fund, the cash with fiscal agent account is used to hold assets held prior to call dates on the contract. Interest earned on these investments was allocated directly to those accounts.

Taxes Receivable – Taxes receivable represents taxes levied in 2024, which are not payable until 2025, net of the amount received prior to June 30.

Property Taxes – Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as the taxes are collected.

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

The majority of the revenue in the general fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year.

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

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 acquisition value at the date of donation. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land, land improvements, and construction in progress, if any.

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

Leases – The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District accounts for lease agreements with lease and nonlease components together as a single lease component for all underlying classes of assets. The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Subscription-based information technology arrangements – For the purpose of measuring subscription-based information technology arrangements (SBITA), a right-to-use subscription asset and corresponding subscription liability are recognized at the commencement of the lease. To the extent relevant, the SBITA leases follow the lease policies.

Compensated Absences – The District accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary-related employer payments are included in the calculation of the compensated absence liability.

Unearned Revenue – Unearned revenue represents revenue that has been received, but not yet earned.

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. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued in the future, bond premiums and discounts will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed as 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.

Pensions – For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. Information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by 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. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher’s Retirement Fund Association (DTRFA) in 2015.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The District has two items that qualify for reporting in this category named *Cost Sharing Defined Benefit Pension Plan* and *Other Postemployment Benefits* which represents actuarial differences within PERA pension plan, TRA pension plan and OPEB plan as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 four types of items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item, *property taxes levied – subs. years,* is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as these amounts represent property tax revenue levied for a subsequent period. The District also has two items reported on the Statement of Net Position as *cost sharing defined benefit pension plan* and *other postemployment benefit*, which represents actuarial differences within the PERA and TRA pension plans and OPEB actuarial valuations.

Net Position – Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District’s financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

<u>Fund Balance Classifications</u> – In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

> *Non Spendable* - consists of amounts that are not in spendable form, such as inventory and prepaid items.
>
> *Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.
>
> *Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education.
>
> *Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management. Pursuant to Board Resolution, the District's Business Manager is authorized to establish assignments of fund balance.
>
> *Unassigned* - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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. Ultimate results could differ from those estimates.

G. Inter-fund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the District's governmental activities and its business-type activities, are eliminated in the statement of activities.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 101, *Compensated Absences*, in the fiscal year ended June 30, 2025. GASB Statement No. 101 establishes uniform accounting and financial reporting requirements for compensated absences.

The adoption of GASB 101 resulted in the recognition of an additional compensated absence liability of $515,170 as of July 1, 2024.

NOTE 3 DEPOSITS AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value.

The pooled cash and investment account is comprised of the following:

		Total
Cash	$	1,591,349
Investments		4,309,786
Total	$	5,901,135

As of June 30, 2025, the District's investments were in the Minnesota School District Liquid Asset Fund external investment pool.

		Fair Value (Level 1)
Minnesota School District Liquid Asset Fund	$	4,309,786

The Minnesota School District Liquid Asset Fund is a common law trust organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. The general objective of the Fund is to provide a high yield for the participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Minnesota Statutes, which govern the temporary investment of School District monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective.

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

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The District may invest idle funds as authorized in Minnesota Statutes, as follows:

(a) Direct obligations or obligations guaranteed or insured issued by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
(b) General obligations and revenue obligations of any state or local government with taxing powers rated "A" and "AA", respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated "A" or better.
(c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
(d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
(e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
(f) Repurchase or reverse repurchase agreements with banks that are qualified as a "depository" of public funds of the government entity, any other financial institution which is a member 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.
(g) Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.
(h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

The Minnesota School District Liquid Asset Fund is rated AAA by Standard & Poor's.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk - Deposits - In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. The District does not have a policy for custodial credit risk. As of June 30, 2025, the District collateral was sufficient to cover 110 percent of the deposits not covered by FDIC insurance.

<u>Custodial Credit Risk - Investments</u> - The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 524,000	$ -	$ -	$ 524,000
Construction in Process	288,233	-	288,233	-
Land Improvements	338,262	-	-	338,262
Total Capital Assets, Not Being Depreciated	1,150,495	-	288,233	862,262
Capital Assets, Being Depreciated/Amortized:				
Land Improvements	687,307	12,375	-	699,682
Buildings	79,909,713	620,677	-	80,530,390
Equipment	4,785,667	331,987	-	5,117,654
Right to Use- Lease Equipment	563,530	240,177	563,530	240,177
Right to Use- SBITA Curriculum	62,203	-	62,203	-
Total Capital Assets, Being Depreciated/Amortized	86,008,420	1,205,216	625,733	86,587,903
Less Accumulated Depreciation/Amortization For:				
Land Improvements	341,940	36,986	-	378,926
Buildings	29,290,390	1,715,169	-	31,005,559
Equipment	3,544,488	267,670	-	3,812,158
Right to Use- Lease Equipment	417,717	161,562	563,530	15,749
Right to Use- SBITA Curriculum	41,469	20,734	62,203	-
Total Accumulated Depreciation/Amortization	33,636,004	2,202,121	625,733	35,212,392
Total Capital Assets, Being Depreciated/Amortized, Net	52,372,416	(996,905)	-	51,375,511
Governmental Activities Capital Assets, Net	$ 53,522,911	$ (996,905)	$ 288,233	$ 52,237,773

In the statement of activities, depreciation and amortization expense was charged to the following governmental functions:

Elementary and Secondary Regular Instruction	$ 253,265
Pupil Support Services	149,302
Sites and Buildings	1,799,554
Total Depreciation/Amortization Expense	$ 2,202,121

NOTE 5 DEFINED BENEFIT PENSION PLANS- STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

Public Employees Retirement Association

A. Plan Description
The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (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 plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

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

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be 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 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 June 30 before the effective date of the increase will receive a reduced prorated increase.

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

1. General Employees Fund Contributions
General Plan members were required to contribute 6.5% in fiscal year 2025. In fiscal year 2025, the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Plan for the year ended June 30, 2025, were $349,910. The District's contributions were equal to the required contributions for each year as set by state statute.

D. General Employees Fund Pension Costs
At June 30, 2025, the District reported a liability of $2,037,905 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 $52,696.

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 proportionate share was 0.0551% at the end of the measurement period and 0.0528% for the beginning of the period.

District's proportionate share of the net pension liability	$	2,037,905
State of Minnesota's proportionate share of the net pension liability associated with the District		52,696
Total	$	2,090,601

For the year ended June 30, 2025, the District recognized pension expense of $240,884 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional -$1,012 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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 $1,413 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 188,665	$ -
Changes in actuarial assumptions	9,350	747,472
Difference between projected and actual investment earnings	-	596,133
Changes in proportion	139,981	-
Contributions paid to PERA subsequent to the measurement date	349,910	-
Total	$ 687,906	$ 1,343,605

The $349,910 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	$ (569,092)
2027	(69,734)
2028	(210,659)
2029	(156,124)

E. Long-Term Expected Return on Investment

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

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

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

Inflation is assumed to be 2.25%. Benefit increases after retirement are assumed to be 1.25%.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the net pension liability:	$ 4,451,113	$ 2,037,905	$ 52,822

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

<u>Teachers Retirement Association</u>

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

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

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

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

Tier I Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 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

With these provisions:

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

or

For years of service prior to July 1, 2006, a level formula of 1.7 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were $1,042,558. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Experience Studies	August 2, 2023 (demographic and economic assumptions)*
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year, up to 1.5% annually.
Mortality Assumption	
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-2021 scale.
Post-disability	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

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

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

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

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	4.36%
International Equity	16.50%	5.28%
Private Markets	20.00%	6.70%
Fixed Income	25.00%	2.03%
Cash	5.00%	2.92%

Changes in actuarial assumptions since the 2023 valuation:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Net Pension Liability

On June 30, 2025, Independent School District No. 595 reported a liability of $11,425,069 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 that date. Independent School District No. 595's proportion of the net pension liability was based on Independent School District No. 595'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 0.1798% at the end of the measurement period and 0.1807% for the beginning of the year.

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

District's proportionate share of net pension liability	$	11,425,069
State's proportionate share of the net pension liability associated with the District		747,404
Total:	$	12,172,473

For the year ended June 30, 2025, the District recognized pension expense of $1,367,379. It also recognized $8,856 as an increase 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 $8,856 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.

On June 30, 2024, Independent School District No. 595 had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 539,986	$ 144,993
Changes in actuarial assumptions	1,046,524	1,362,470
Difference between projected and actual investment earnings		1,538,883
Changes in proportion	977,660	199,076
Contributions paid to TRA subsequent to the measurement date	1,042,558	-
Total	$ 3,606,728	$ 3,245,422

$1,042,558 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2026	$ (409,372)
2027	1,120,417
2028	(585,711)
2029	(615,235)
2030	(191,351)

G. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of NPL related to TRA	$ 20,120,215	$ 11,425,069	$ 4,268,758

H. Pension Plan Fiduciary Net Position

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

The District recognized total pension expense of $546,488 for all of the pension plans in which it participates.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's Plan is a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The authority and requirement to provide these benefits is established in Minnesota Statutes Section 471.61, Subd. 2b. The benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through the District's collective bargaining agreements with employee groups. In as much as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

Benefit Provided – The District allows eligible individuals who have separated from employment to remain on the healthcare plan with no subsidized benefit from the District. An eligible individual is an active employee who has access to the healthcare plan and all retirees who have elected to continue coverage on the District's medical plan after retiring. The District provides no subsidized benefit for retiring individuals while allowing individuals to remain on the plan until the retiree reaches Medicare age. The District requires a three-year service requirement for all non-TRA employees who began employment on or before July 1, 2010; after July 1, 2010 the service requirement is five years. All teachers have a service requirement of three years.

Employees Covered by Benefit Terms – At July 1, 2023, the valuation date of the total OPEB liability, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	304
	304

Total OPEB Liability

At June 30, 2025, the District reported a liability of $613,966 for the defined benefit healthcare plan. The total OPEB liability was measured as of July 1, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as July 1, 2023.

Actuarial Methods and Assumptions

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

Inflation	2.50%
Salary increases	service graded table
Discount rate	3.90%
Healthcare cost trend	6.50% decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years.

The discount rate was based on the 20-year AA rated municipal bond yield.

The valuation uses mortality rates based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

The Actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amortization of deferred resource flows are based on the average expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.

In the July 1, 2023 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Retirees and their spouses contribute to the healthcare plan at the same rate as District employees. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy for which the District has historically funded on a pay-as-you-go basis. All of the active employees who have access to healthcare and all retirees who have elected to continue coverage on the employer's medical plan after retirement have been included in this valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ 546,488
Changes for the year:	
Service cost	51,725
Interest	23,187
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(7,434)
Net changes	67,478
Balance at June 30, 2025	$ 613,966

Sensitivity of the total OPEB Liability

The following presents the total OPEB liability as of June 30, 2025, calculated using the discount rate of 3.90%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current rate:

1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
$ 655,925	$ 613,966	$ 573,369

The following presents the total OPEB liability as of June 30, 2025, calculated using the healthcare cost trend rate of 6.5% grading to 5.0% over six years then to 4% over the next 48 years, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	Health Care Cost Trend	
1% Decrease (5.5% decreasing to 4.0% then to 3.0%)	Current Discount Rate (6.5% decreasing to 5.0% then 4.0%)	1% Increase (7.5% decreasing to 6.0% then to 5.0%)
$ 541,606	$ 613,966	$ 699,502

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized an OPEB expense of $566. At June 30, 2025, the District reported the following deferred outflow of resources and inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 152,653
Changes in actuarial assumptions	23,794	39,244
Contributions paid to OPEB subsequent to the measurement date	16,144	-
Total	$ 39,938	$ 191,897

The $16,144 reported as deferred outflows of resources related to OPEB resulting from District OPEB expenses subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	OPEB Expense Amount
2026	$ (34,655)
2027	(34,655)
2028	(34,654)
2029	(32,073)
2030	(32,066)

NOTE 7 LONG-TERM LIABILITIES

The long-term liabilities outstanding at year-end and changes in long-term liabilities are summarized as follows:

Summary of Long-Term Liabilities

	Beginning Balance, As Restated	Additions	Retired	Ending Balance	Due Within One Year
G.O. School Building Bonds	$ 14,690,000	$ -	$ 715,000	$ 13,975,000	$ 750,000
G.O. Alternative Facilities Refunding Bonds	1,595,000	-	380,000	1,215,000	395,000
G.O. Tax Abatement, Facilities, Capital Bond	6,650,000	-	480,000	6,170,000	500,000
Unamortized Premium	1,391,836	-	131,086	1,260,750	-
Total Bonds	24,326,836	-	1,706,086	22,620,750	1,645,000
Lease Payable	155,125	240,177	170,175	225,127	47,248
SBITA Payable	17,760	-	17,760	-	-
Special Assessment Debt	100,761	-	13,427	87,334	14,442
Compensated Absences	750,592		73,877	676,715	474,492
Total Other Post Employment Benefit Liability	546,488	67,478	-	613,966	-
Net Pension Liability	17,871,514	-	4,408,540	13,462,974	-
Total Long-Term Liabilities	$ 43,769,076	$ 307,655	$ 6,389,865	$ 37,686,866	$ 2,181,182

The change in compensated absences is presented net of additions and retirements.

A. General Obligation Bonds

Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2025	Amounts Due in 2025-2026 Principal	Amounts Due in 2025-2026 Interest
2016	3.0-5.0%	2036	$ 19,180,000	$ 715,000	$ 13,975,000	$ 750,000	$ 458,500
2017	2.0-4.0%	2028	3,585,000	380,000	1,215,000	395,000	24,300
2021	1.0-3.0%	2036	7,740,000	480,000	6,170,000	500,000	114,813
				$ 1,575,000	$ 21,360,000	$ 1,645,000	$ 597,613

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2026	$ 1,645,000	$ 597,613
2027	1,695,000	544,713
2028	1,750,000	490,163
2029	1,830,000	441,813
2030	1,895,000	383,713
2031-2035	10,320,000	1,089,048
2036-2037	2,225,000	56,768
	$ 21,360,000	$ 3,603,831

B. Special Assessment Debt

Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2025	Amounts Due in 2025-2026 Principal	Amounts Due in 2025-2026 Interest
2010	6.5%	2030	$ 50,749	$ 3,259	$ 17,460	$ 3,471	$ 1,135
2011	6.5%	2031	170,826	10,168	69,874	10,971	4,533
				$ 13,427	$ 87,334	$ 14,442	$ 5,668

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2026	$ 14,442	$ 5,668
2027	15,381	4,729
2028	16,380	3,730
2029	17,445	2,665
2030	16,275	1,531
2031	7,411	473
	$ 87,334	$ 18,796

C. Leases

The District leases copy machines at its school location in East Grand Forks, Minnesota. The term of the lease is for a period of 60 months commencing August of 2020 and terminating August 2025 with a monthly lease payment of $3,760. The contract carries an interest rate of 6.75%.

The District also leases Hockey arena space in East Grand Forks, Minnesota. The term of the lease is for 5 years commencing July of 2020 and terminating June of 2025 with an annual payment between $100,000 and $110,000. The contract carries an interest rate of 5%.

The following is a schedule by years of future minimum payments required under the lease:

Year Ending June 30,	Principal	Interest	Total Payments
2026	$ 47,248	$ 8,206	$ 55,454
2027	45,702	6,417	52,119
2028	47,564	4,555	52,119
2029	49,502	2,617	52,119
2030	35,111	644	35,755
Total Future Payments	$ 225,127	$ 22,439	$ 247,566

NOTE 8 COMPENSATED ABSENCES

The District has compensated absences consisting of severance plans, vacation plans, and sick leave. The District accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary-related employer payments are included in the calculation of the compensated absence liability. At June 30, 2025, the estimated liability under these plans was $676,715.

NOTE 9 CONTINGENCIES

The District receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2025.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

The District has joined together with other school districts in Minnesota in the Minnesota Health Care Consortium’s (MHC) Minimum Premium Funding Plan (Plan). The Plan is a public entity risk pool established as a health insurance purchasing pool for its members. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $300,000. The pool and its members purchase reinsurance, currently with a $300,000 specific stop loss attachment point and 110% aggregate stop loss attachment point. If the assets of the Plan were to be exhausted, members would not be responsible for the Plan's liabilities. MHC retains the risk of the Plan's liabilities.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 11 DEFICIT FUND BALANCE

The Community Service fund had a deficit fund balance of $30,520 that will be eliminated through future revenues and interfund transfers.

NOTE 12 NEW PRONOUNCEMENTS

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the District's financial statements.

NOTE 13 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through the date these financial statements were available to be issued.

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Local Property Tax Levies	$ 2,137,664	$ 1,960,586	$ 1,990,022	$ 29,436
Other Local and County Revenues	835,551	835,551	1,391,087	555,536
Revenue From State Sources	23,085,339	25,012,238	24,776,245	(235,993)
Revenue From Federal Sources	410,518	410,518	405,420	(5,098)
Sale/Other Conversion of Asset	26,000	26,000	21,334	(4,666)
TOTAL REVENUES	26,495,072	28,244,893	28,584,108	339,215
EXPENDITURES				
Current:				
Administration	2,058,278	1,992,577	1,838,538	(154,039)
District Support Services	810,303	829,105	719,400	(109,705)
Elementary and Secondary Regular Instruction	12,159,879	14,607,126	13,427,723	(1,179,403)
Vocational Education Instruction	440,494	500,787	406,903	(93,884)
Special Education Instruction	5,921,074	3,935,274	5,900,507	1,965,233
Instructional Support Services	1,174,421	1,216,866	1,275,682	58,816
Pupil Support Services	1,891,859	2,277,917	2,115,731	(162,186)
Sites and Buildings	2,179,121	2,291,021	1,958,056	(332,965)
Fixed Costs	170,150	190,855	265,006	74,151
Debt Service:				
Principal	219,033	219,033	201,362	(17,671)
Interest and Fees	-	-	7,985	7,985
Capital Outlay	305,600	532,851	1,192,574	659,723
TOTAL EXPENDITURES	27,330,212	28,593,412	29,309,467	716,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	(835,140)	(348,519)	(725,359)	(376,840)
OTHER FINANCING SOURCES				
Insurance Proceeds	-	-	60,036	60,036
Proceeds from Issuance of Debt	-	-	240,177	240,177
TOTAL OTHER FINANCING SOURCES	-	-	300,213	300,213
Net Change in Fund Balances	(835,140)	(348,519)	(425,146)	(76,627)
Fund Balances - Beginning	4,843,488	4,843,488	4,843,488	-
Fund Balances - Ending	$ 4,008,348	$ 4,494,969	$ 4,418,342	$ (76,627)

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 YEARS

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	$ 55,671	$ 57,341	$ 46,695	$ 48,096	$ 66,391	$ 68,383	$ 50,218	$ 51,725
Interest	23,089	25,159	27,029	20,067	21,320	15,264	16,121	23,187
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(173,789)	-	(73,595)	-	(169,560)	-
Changes of assumptions or other inputs	-	-	(12,917)	-	55,522	-	(54,944)	-
Benefit payments	(26,567)	(12,456)	(21,310)	(51,047)	(40,944)	(23,873)	(25,480)	(7,434)
Net Change in total OPEB Liability	52,193	70,044	(134,292)	17,116	28,694	59,774	(183,645)	67,478
Total OPEB Liability - Beginning	636,604	688,797	758,841	624,549	641,665	670,359	730,133	546,488
Total OPEB Liability - Ending	$ 688,797	$ 758,841	$ 624,549	$ 641,665	$ 670,359	$ 730,133	$ 546,488	$ 613,966
Covered payroll	$ 11,119,417	$ 11,453,000	$ 12,788,101	$ 13,171,744	$ 14,154,368	$ 14,578,999	$ 15,083,070	$ 15,535,562
Total OPEB Liability as a percentage of covered payroll	6.2%	6.6%	4.9%	4.9%	4.7%	5.0%	3.6%	4.0%

The District implemented GASB No. 75 for fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO PERA/TRA RETIREMENT FUNDS
LAST 10 YEARS

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	PERA	$ 204,146	$ 204,146	$ -	$ 2,703,366	7.55%
2017	PERA	216,922	216,922	-	2,881,327	7.53%
2018	PERA	234,003	234,003	-	3,108,035	7.53%
2019	PERA	253,873	253,873	-	3,384,995	7.50%
2020	PERA	270,428	270,428	-	3,605,699	7.50%
2021	PERA	280,559	280,559	-	3,740,787	7.50%
2022	PERA	292,277	292,277	-	3,897,027	7.50%
2023	PERA	318,271	318,271	-	4,243,613	7.50%
2024	PERA	350,376	350,376	-	4,671,680	7.50%
2025	PERA	349,910	349,910	-	4,891,615	7.15%
2016	TRA	$ 614,079	$ 614,079	$ -	$ 8,194,806	7.49%
2017	TRA	635,947	635,947	-	8,378,494	7.59%
2018	TRA	655,404	655,404	-	8,745,559	7.49%
2019	TRA	717,801	717,801	-	9,309,322	7.71%
2020	TRA	768,692	768,692	-	9,705,401	7.92%
2021	TRA	834,602	834,602	-	10,265,707	8.13%
2022	TRA	903,495	903,495	-	10,833,273	8.34%
2023	TRA	991,826	991,826	-	11,600,304	8.55%
2024	TRA	1,042,008	1,042,008	-	11,908,663	8.75%
2025	TRA	1,042,558	1,042,558	-	12,292,197	8.48%

The amounts presented for each fiscal year were determined as of the District's year end, which is June 30th.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	State of Minnesota's Proportionate Share of the Net Pension Liability (if Applicable) (b)	Proportionate Share of the Net Pension Liability and State of Minnesota's Share of the Net Pension Liability (if Applicable) (a+b)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015 PERA	0.0433%	$ 2,244,031	$ -	$ 2,244,031	$ 2,537,606	88.4%	78.19%
2016 PERA	0.0437%	3,548,223	-	3,548,223	2,703,366	131.3%	68.91%
2017 PERA	0.0447%	2,853,618	35,911	2,889,529	2,881,327	99.0%	75.90%
2018 PERA	0.0462%	2,562,987	84,043	2,647,030	3,108,035	82.5%	79.53%
2019 PERA	0.0478%	2,642,755	82,163	2,724,918	3,384,995	78.1%	80.20%
2020 PERA	0.0505%	3,027,706	93,440	3,121,146	3,605,699	84.0%	79.10%
2021 PERA	0.0517%	2,207,822	67,449	2,275,271	3,740,787	59.0%	87.00%
2022 PERA	0.0518%	4,102,577	120,459	4,223,036	3,882,747	105.7%	76.67%
2023 PERA	0.0528%	2,952,517	81,307	3,033,824	4,243,613	69.6%	83.10%
2024 PERA	0.0551%	2,037,905	52,696	2,090,601	4,671,680	43.6%	89.08%
2015 TRA	0.1565%	$ 9,681,073	$ 1,187,501	$ 10,868,574	$ 7,938,678	121.9%	76.80%
2016 TRA	0.1569%	37,424,394	3,755,374	41,179,768	8,194,806	456.7%	44.88%
2017 TRA	0.1561%	31,160,392	3,012,357	34,172,749	8,378,494	371.9%	51.57%
2018 TRA	0.1582%	9,938,715	933,754	10,872,469	8,745,559	113.6%	78.07%
2019 TRA	0.1639%	10,447,020	924,506	11,371,526	9,309,322	112.2%	78.07%
2020 TRA	0.1673%	12,360,348	1,035,717	13,396,065	9,705,401	127.4%	75.48%
2021 TRA	0.1633%	7,146,496	602,820	7,749,316	10,265,707	69.6%	86.63%
2022 TRA	0.1740%	13,933,000	1,033,235	14,966,235	10,491,930	132.8%	76.17%
2023 TRA	0.1807%	14,918,997	1,044,750	15,963,747	11,600,304	128.6%	76.42%
2024 TRA	0.1798%	11,425,069	747,404	12,172,473	11,908,663	95.9%	82.07%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous year.

See Notes to the Required Supplementary Information

NOTE 1 BUDGETARY DATA

Budgets are prepared for District funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. 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. All appropriations lapse at year-end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the District.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the governing board. The legal level of budgetary control is the fund level. The annual appropriated budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures.

For the fiscal year ended June 30, 2025, expenditures in the general fund exceeded the budgeted expenditures by $716,055. These over expenditures were partially funded by more than anticipated revenue.

NOTE 2 DEFINED BENEFIT PLANS

PERA

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

TRA

Changes in Actuarial Assumptions since the 2023 Valuation:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.

- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

Changes since prior valuation:

- None

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

	Special Revenue Funds		Capital Projects	
	Food Service Fund	Community Service Fund	Building Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	$ 413,473	$ 16,275	$ -	$ 429,748
Current Property Taxes Receivable	-	55,276	-	55,276
Delinquent Property Taxes Receivable	-	2,455	-	2,455
Accounts Receivable	9,493	-	-	9,493
Due From Department of Education	-	31,085	-	31,085
Due From Federal Govt. - DOE	11,461	-	-	11,461
Inventory	16,609	-	-	16,609
TOTAL ASSETS	$ 451,036	$ 105,091	$ -	$ 556,127
LIABILITIES				
Accounts Payable	$ 58	$ 845	$ -	$ 903
Salary Payable	1,811	30,169	-	31,980
Unearned Revenue	39,136	-	-	39,136
TOTAL LIABILITIES	41,005	31,014	-	72,019
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	-	2,455	-	2,455
Property Taxes Levied - Subs. Years	-	102,142	-	102,142
TOTAL DEFERRED INFLOWS OF RESOURCES	-	104,597	-	104,597
FUND BALANCES / (DEFICIT)				
Nonspendable - Inventory	16,609	-	-	16,609
Restricted for:				
ECFE	-	322,981	-	322,981
Community Education	-	189,002	-	189,002
Food Service	393,422	-	-	393,422
Unassigned	-	(542,503)	-	(542,503)
TOTAL FUND BALANCES (DEFICIT)	410,031	(30,520)	-	379,511
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 451,036	$ 105,091	$ -	$ 556,127

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		Capital Projects	
	Food Service Fund	Community Service Fund	Building Fund	Total Nonmajor Governmental Funds
REVENUES				
Local Property Tax Levies	$ -	$ 98,281	$ -	$ 98,281
Other Local and County Revenues	371	369,549	-	369,920
Revenue From State Sources	698,552	346,995	-	1,045,547
Revenue From Federal Sources	685,949	-	-	685,949
Sale/Other Conversion of Assets	57,401	-	-	57,401
TOTAL REVENUES	1,442,273	814,825	-	2,257,098
EXPENDITURES				
Current:				
Community Education and Services	-	597,024	-	597,024
Pupil Support Services	1,312,618	-	-	1,312,618
Capital Outlay	10,205	-	85,511	95,716
TOTAL EXPENDITURES	1,322,823	597,024	85,511	2,005,358
Net Change in Fund Balances	119,450	217,801	(85,511)	251,740
Fund Balances (Deficit)- Beginning	290,581	(248,321)	85,511	127,771
Fund Balances (Deficit) - Ending	$ 410,031	$ (30,520)	$ -	$ 379,511

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Balance Beginning of Year	Revenues	Expenditures	Transfers	Debt Issue/ Insurance	UFARS Balance	Reclassifications	Balance End of Year
General Fund								
Nonspendable								
Prepaid	$ -	$ -	$ -	$ 3,195	$ -	$ 3,195	$ -	$ 3,195
Restricted for:								
Student Activities	210,751	406,581	399,664	-	-	217,668	-	217,668
Scholarships	16,793	2,000	2,700	-	-	16,093	-	16,093
Staff Development	29,054	312,985	321,872	-	-	20,167	-	20,167
Literacy Incentive Aid	19,358	83,489	50,249	-	-	52,598	-	52,598
American Indian Ed Aid	39,799	50,993	73,342	-		17,450	-	17,450
Gifted and Talented	-	27,941	27,941	-	-	-	-	-
Achievement and Integration	-	198,723	198,723	-	-	-	-	-
Safe Schools Levy	-	71,295	164,164	-	-	(92,869)	92,869	-
Operating Capital	300,872	354,640	601,956	-	240,177	293,733	-	293,733
Disabled Access	1,903	-	-	-	-	1,903	-	1,903
English Learner	-	83,345	-	-	-	83,345	-	83,345
School Library Aid	-	40,000	-	-	-	40,000	-	40,000
OPEB	41,556	23,873	16,144	-	-	49,285	-	49,285
Literacy Aid	-	77,563	-	-	-	77,563	-	77,563
LTFM	(48,096)	385,224	334,183	-	-	2,945	-	2,945
Student Support Personnel	-	40,000	-	-	-	40,000	-	40,000
Medical Assistance	155,616	124,795	20,305	-	-	260,106	-	260,106
Assigned for Donations	23,579	33,672	26,605	-	-	30,646	-	30,646
Assigned for Technology	88,851	-	-	-	-	88,851	-	88,851
Unassigned	3,963,452	26,266,989	27,071,619	(3,195)	60,036	3,215,663	(92,869)	3,122,794
Food Service Fund								
Nonspendable	6,673	-	-	9,936	-	16,609	-	16,609
Restricted	283,908	1,442,273	1,322,823	(9,936)	-	393,422	-	393,422
Community Service Fund								
Restricted for:								
Community Education	76,229	421,752	308,979	-	-	189,002	-	189,002
ECFE	214,688	135,160	26,867	-	-	322,981	-	322,981
School Readiness	(576,961)	173,405	188,461	-	-	(592,017)	592,017	-
Community Service	37,723	84,508	72,717	-	-	49,514	(49,514)	-
Unassigned	-	-	-	-	-	-	(542,503)	(542,503)
Building Construction Fund								
LTFM levy	85,511	-	85,511	-	-	-	-	-
Debt Service Fund								
Restricted	168,610	2,342,351	2,237,963	-	-	272,998	-	272,998

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 595
East Grand Forks, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 595 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2025.

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 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.

Purpose of the Report

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

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 4, 2025

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 No. 595
East Grand Forks, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 595, East Grand Forks, 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, and have issued our report thereon dated December 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.*

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 result 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.

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 4, 2025

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

To the Board of Education
Independent School District No. 595
East Grand Forks, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 595'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, Independent School District No. 595 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Independent School District No. 595 and to meet our other 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 each major federal program. 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 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 the District'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 generally accepted auditing standards, *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.

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

- Exercise professional judgment 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 in the circumstances.
- 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 purpose 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.

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 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.

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 4, 2025

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Number	Assistance Listing Number	Amount
U.S. Department of Agriculture			
Indirect Programs:			
Passed-Through Minnesota Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	$ 116,774
National School Lunch Program	N/A	10.555	440,947
Commodity Distribution (Nonmonetary Assistance)	N/A	10.555	94,157
COVID-19 Summer Food Service Program for Children	N/A	10.559	21,594
Total Child Nutrition Cluster			673,472
State Administrative Expenses for Child Nutrition			
Commodities Reimbursement	N/A	10.560	2,271
Child Nutrition Discretionary Grants Limited Availability			
NFSP Equipment Grant	N/A	10.579	10,205
Total U.S. Department of Agriculture			685,948
U.S. Department of Education			
Title I Grants to Local Educational Agencies			
Title I	N/A	84.010	397,057
Career and Technical Education --Basic Grants to States			
Carl Perkins	N/A	84.048	2,041
Indian Education Grants to Local Educational Agencies			
Success for the Future	N/A	84.060	6,323
Total U.S. Department of Education			405,421
TOTAL FEDERAL AWARDS			$ 1,091,369

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported under generally accepted accounting principles (U.S. GAAP). 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.

NOTE 2 DE MINIMIS COST RATE

Independent School District No. 595 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Independent School District No. 595 under programs of the federal government for the year ended June 30, 2025. The information in this 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 Independent School District No. 595, it is not intended to and does not present the financial position or changes in net position of Independent School District No. 595.

NOTE 4 CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture through the Minnesota Department of Education are included in revenues from federal sources. It is assumed that federal funds are expended first.

NOTE 5 COMMODITY DISTRIBUTION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE 6 MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

NOTE 7 PASS-THROUGH ENTITIES

All pass-through entities listed on the previous page use the same AL numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

NOTE 8 SUBRECIPIENTS

The District did not pass any federal money to subrecipients.

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Non Compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553/10.555/10.559

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Minnesota Legal Compliance Findings

None reported.

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

There are no findings required to be reported in this section.

INDEPENDENT SCHOOL DISTRICT NO. 595
EAST GRAND FORKS, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
AS OF JUNE 30, 2025

District Name: INDEPENDENT SCHOOL DISTRICT NO. 595 **District Number:** 595

	Audit	UFARS	Variance
01 GENERAL FUND			
Total Revenue	28,584,108	28,584,107	1
Total Expenditures	29,309,467	29,309,465	2
Non Spendable:			
460 Non Spendable Fund Balance	3,195	3,195	
Restricted/Reserve:			
401 Student Activities	217,668	217,668	
402 Scholarships	16,093	16,093	
403 Staff Development	20,167	20,164	3
407 Capital Projects Levy			
408 Cooperative Revenue			
412 Literacy Incentive Aid	52,598	52,598	
414 Operating Debt			
416 Levy Reduction			
417 Taconite Building Maintenance			
420 American Indian Ed Aid	17,450	17,451	(1)
424 Operating Capital	293,733	293,735	(2)
426 $25 Taconite			
427 Disabled Accessibility	1,903	1,903	
428 Learning & Development			
434 Area Learning Center			
435 Contracted Alt Programs			
436 State Approved Alt Program			
438 Gifted & Talented			
439 English Learner	83,345	83,346	(1)
440 Teacher Development & Eval			
441 Basic Skills Programs			
443 School Library Aid	40,000	40,000	
448 Acheivement and Integration			
449 Safe Schools Levy	(92,869)	(92,869)	
451 QZAB Payments			
452 OPEB Liab Not In Trust	49,285	49,285	
453 Undefied Sev & Retirement Levy			
459 Basic Skills Ext Time			
456 Literacy Aid	77,563	77,563	
467 LTFM	2,945	2,947	(2)
471 Student Support Personnel	40,000	40,000	
472 Medical Assistance	260,106	260,105	1
Restricted:			
464 Restricted Fund Balance			
475 Title VIII - Impact Aid			
476 PILT			
Committed:			
418 Committed for Separation			
461 Committed Fund Balance			
Assigned:			
462 Assigned Fund Balance	119,497	119,497	
Assigned:			
422 Unassigned Fund Balance	3,215,663	3,215,662	1
Reconciliation of General	62,311,917	62,311,915	2
02 FOOD SERVICE			
Total Revenue	1,442,273	1,442,273	
Total Expenditures	1,322,823	1,322,823	
Non Spendable:			
460 Non Spendable Fund Balance	16,609	16,609	
Restricted/Reserve:			
452 OPEB Liab Not in Trust			
Restricted:			
464 Restricted Fund Balance	393,422	393,423	(1)
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Food Service	65,487,044	65,487,043	(1)
04 COMMUNITY SERVICE			
Total Revenue	814,825	814,825	
Total Expenditures	597,024	597,024	
NON SPENDABLE			
460 Non Spendable Fund Balance			
RESTRICTED/RESERVED:			
426 $25 Taconite			
431 Community Education	189,002	189,000	2
432 E.C.F.E.	322,981	322,982	(1)
440 Teacher Development & Eval			
444 School Readiness	(592,017)	(592,017)	
447 Adult Basic Education			
452 OPEB Liab Not In Trust			
Restricted:			
464 Restricted Fund Balance	49,514	49,516	(2)
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Community Service	1,381,329	1,381,330	(1)

	Audit	UFARS	Variance
06 BUILDING CONSTRUCTION			
Total Revenue			
Total Expenditures	85,511	85,509	2
Non Spendable:			
460 Non Spendable Fund Balance			
Restricted/Reserved			
407 Capital Project Levy			
413 Projects Funded By COP			
467 LTFM		1	(1)
Restricted			
464 Restricted Fund Balance			
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Building Construction	85,511	85,510	1
07 DEBT SERVICE			
Total Revenue	2,342,351	2,342,351	
Total Expenditures	2,237,963	2,237,963	
Non Spendable:			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
425 Bond Refundings			
433 Max Effort Loan			
451 QZAB Payments			
467 LTFM			
Restricted			
464 Restricted Fund Balance	272,998	272,999	(1)
Unassigned Fund Balance			
463 Unassigned Fund Balance			
Reconciliation of Debt Service	4,853,312	4,853,313	(1)
08 TRUST			
Total Revenue			
Total Expenditures			
401 Student Activities			
402 Scholarship			
422 Net Assets			
Reconciliation of Trust			
18 CUSTODIAL FUND			
Total Revenue			
Total Expenditures			
401 Student Activities			
402 Scholarship			
448 Achievement & Integration			
464 Restricted Fund Balance			
Reconciliation of Custodial			
20 INTERNAL SERVICE			
Total Revenue			
Total Expenditures			
Unassigned			
422 Unassigned Fund Balance			
Reconciliation of Internal Service			
25 OPEB REVOCABLE TRUST FUND			
Total Revenue			
Total Expenditures			
Unassigned			
422 Unassigned Fund Balance			
Reconciliation of OPEB Revocable Trust Fund			
45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue			
Total Expenditures			
Unassigned			
422 Unassigned Fund Balance			
Reconciliation of OPEB Irrevocable Trust			
47 OPEB DEBT SERVICE FUND			
Total Revenue			
Total Expenditures			
460 Nonspendable Fund Balance			
Restricted:			
425 Bond Refundings			
464 Restricted Fund Balance			
Unassigned:			
463 Unassigned Fund Balance			
Reconciliation of OPEB Debt Service			