

School Board Workshop:

February 9, 2026

Subject:

Quarterly Cash and Investment Report January 31, 2026

Presenter:

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Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

For Board Review Only.

DESCRIPTION:

The attachments contain information about the estimated cash and investment position of the district as of January 31, 2026 and the OPEB Trust as of December 31, 2025.

Cash and Investments Portfolio

The district's estimated cash and investment balance as of January 31, 2026, is \$24,042,220. For comparison, the estimated balances on January 31, 2025, and January 31, 2024, were \$21,870,309 and \$18,886,137, respectively. The current portfolio consists of 2.7% in collateralized/FDIC-insured certificates of deposit, 4.2% US Treasury or Governmental Agencies, and 93.1% in liquid accounts. This report provides a detailed breakdown of investments by type and the brokerage firms used for these investments.

Projected Cash and Investments Balances 2025-26

This graph displays the projected cash and investment balances at the end of each month for all funds, excluding the OPEB Trust and HRA Trust. The red portion at the top of each bar represents funds held in daily liquid accounts, while the blue portion at the bottom shows estimated investments.

Our portfolio strategy is to invest funds as far out as permitted by statutes and aligned with our cash flow requirements. Due to the timing of revenue receipts and payment obligations, cash balances at month-end are often higher than at other points during the month. Most revenue is received on the 15th and 30th of each month, while several significant payments occur at different times. This timing gap necessitates maintaining a sufficient portion of the portfolio in liquid deposits.

Since the last quarterly report, the Federal Reserve reduced the federal funds rate by 0.25%, but rates were unexpectedly held steady at the January meeting. The rate

decrease lowered liquid investment yields but did not materially change the inverted yield curve, with one-month Treasury yields remaining comparable to four-year Treasury yields. As a result, extending maturities continues to provide limited additional return relative to liquidity risk, and the district remains focused on liquid and short-duration investments while monitoring for opportunities to extend if yield spreads normalize.

Projected Monthly Balances Operating vs. Non-operating 2025-26

This graph illustrates the projected monthly balances for operating and debt funds during the 2025-26 fiscal year. Operating fund balances typically peak at the end of August or September, as final state aid payments from the prior fiscal year are received by late September. Debt fund balances peak in December, following the receipt of the calendar year's property tax collections in advance of the January debt service payments. The debt fund balance also increases again in May and June as additional tax settlements are received in preparation for the July debt service payments. The balance also climbs as we receive the May and June property tax settlements in time to make the June summer payroll.

Multi-year Monthly Cash Flow Projection

This graph presents the estimated monthly cash balances for all funds across fiscal years 2012-13 and 2021-22 through 2025-26. The monthly cash flow pattern has remained relatively consistent from year to year, which is a positive indicator of stable financial operations and predictable cash management. Fiscal year 2025-26 is tracking closely with patterns observed in prior years.

Fiscal year 2012-13 is included for historical context, as it represents the last time the State of Minnesota withheld district funding to address its own budget shortfall. Including this year helps demonstrate the district's ability to manage cash flow effectively during periods of external financial disruption.

Overall, the district is projected to maintain a strong financial position throughout the year.

OPEB Trust Quarterly Report

The "Bremer Bank OPEB Trust Summary" is a graph of the semi-annual balances for prior years and monthly balances for the current year in the OPEB Trust held and managed by Bremer Bank's trust services department. The trust was opened in October 2009 with a balance of \$10,692,177. The balance in the trust as of December 31, 2025, was \$15,467,743 for a net increase of \$4,775,566 or 44.66% since its inception. This balance reflects net transfers out of \$9,796,225 from the trust to cover retiree obligations for fiscal years 2012-13 through 2025-26. The investment value has fluctuated with the market.

The two pie charts in the bottom right illustrate the portfolio's asset allocation and the values across categories. We are within board policy limits for all allocations. We will continue to monitor the allocations to make sure we continue to stay in compliance with the established board policies.

The "Future OPEB and Compensated Absences Liabilities" summarizes the funding level for retiree benefit liabilities and compensated absences estimates as of December 31, 2025. We completed our most recent actuarial study as of July 1, 2025. That study estimated our actuarial accrued liability or OPEB liability to be \$12,330,116 (\$1,731,7967 increase from July 1, 2024) and the compensated absences liability at \$916,243 (\$224,489 decrease from July 1, 2024) for total retirement benefits and compensated absences liability of \$13,246,359 as of July 1, 2025. The combined liability increased by \$1,507,307 or 12.84% from July 1, 2024, to July 1, 2025. The liability is reviewed annually with a full study every two years.

To offset those liabilities, the district has a balance in the OPEB trust of \$15,467,743 and a committed fund balance of \$3,209,069 to fund the district's severance and compensated absences obligations. The combined balance of the two sources is \$18,676,812. When netted against the total estimate of OPEB and compensated absences liabilities of \$13,246,359, we are showing a projected surplus over the next 30-year period which is estimated at \$5,430,453. The district has negotiated measures to help control OPEB liabilities going forward for many employee groups and also worked to provide caps for compensated absences. We will continue to look for ways to minimize the OPEB liability and to continue to increase the amount of revenue to offset those retiree obligations.

ATTACHMENTS:

- Cash and Investments Portfolio 1.31.26
- Projected Cash and Investment Balances 2025-26
- Projected Monthly Balances Operating vs. Non-Operating 2025-26
- Multiyear Monthly Cash Flow Projection 1.31.26
- OPEB Trust Quarterly Report 12.31.25