INDEPENDENT SCHOOL DISTRICT NO. 492
AUSTIN, MINNESOTA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

INDEPENDENT SCHOOL DISTRICT NO. 492
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

INTRODUCTION SECTION	
BOARD OF EDUCATION AND ADMINISTRATION	**1**
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	**2**
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	**6**
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	**19**
STATEMENT OF ACTIVITIES	**20**
BALANCE SHEET – GOVERNMENTAL FUNDS	**21**
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	**22**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	**23**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	**24**
STATEMENT OF NET POSITION – PROPRIETARY FUND	**25**
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	**26**
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	**27**
STATEMENT OF FIDUCIARY NET POSITION	**28**
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	**28**
NOTES TO FINANCIAL STATEMENTS	**29**
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	**73**

INDEPENDENT SCHOOL DISTRICT NO. 492
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS 74

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY 75

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS 76

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS 77

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION 78

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET 88

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE 89

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FOOD SERVICE FUND 90

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND 91

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' 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* 92

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE 94

SCHEDULE OF FINDINGS AND RESPONSES 95

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE 96

INTRODUCTION SECTION

INDEPENDENT SCHOOL DISTRICT NO. 492
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2025

BOARD OF EDUCATION

Dr. Carolyn Dubė	Chair
Peggy Young	Vice Chair
Carol McAlister	Treasurer
Cece Kroc	Clerk
Don Leathers	Director
Dan Zielke	Director
Robert Hartman	Director

ADMINISTRATION

Dr. Joey Page	Superintendent of Schools
Todd Lechtenberg	Executive Director of Finance and Operations
Sue Stark	Director of Human Services and Title IX Coordinator/Human Rights Officer
Dr. Katie Baskin	Executive Director of Academics and Administrative Services
Sheri Willrodt	Executive Director of Special Education
Jennifer Lawhead	Community Education Director & Woodson Site Administrator

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 492
Austin, 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 Austin Public Schools Independent School District No. 492 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the Food Service Fund budgetary comparison information, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the Food Service Fund budgetary comparison, the Community Service Fund budgetary comparison information, Schedule of Expenditures of Federal Awards, and the Uniform Financial Accounting and Reporting Standards Compliance Table is 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 introductory section but does not include the basic financial statements and our auditors' 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 November 26, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
November 26, 2025

REQUIRED SUPPLEMENTARY INFORMATION

This section of Austin Schools - Independent School District 492's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

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

- Net position increased 97.1% from the prior year primarily due to changes in pension and OPEB liabilities, and deferred outflows/inflows of financial resources resulting from updated actuarial estimates.
- Overall revenues were $107,584,900 which is $11,486,455 more than expenses.
- The General Fund balance increased $8,353,563 from the prior year due to actual revenues and other financing sources exceeding actual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first of the 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.
- Proprietary funds statements offer short and long-term financial information about the activities the district operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

DISTRICT-WIDE STATEMENTS (CONTINUED)

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional 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, administration, food services and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds - focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., scholarship trust fund).

The District has three kinds of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The district currently has one proprietary fund – an internal service fund for health and dental insurance benefits.

FUND FINANCIAL STATEMENTS (CONTINUED)

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship trusts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes by for those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's total net position from governmental activities was $(1,039,012) on June 30, 2025 (see Table A-1). This was an increase of 91.7% from the prior year.

The District's Net Position

	Governmental Activities as of June 30,		Percentage
	2025	2024	Change
Current and Other Assets	$ 60,811,623	$ 50,323,965	20.84 %
Capital Assets	54,440,528	54,464,944	(0.04)
Total Assets	115,252,151	104,788,909	9.99
Deferred Outflows of Resources	13,222,899	13,736,372	(3.74)
Current Liabilities	11,306,481	8,217,470	37.59
Long-Term Liabilities	89,979,252	103,622,780	(13.17)
Total Liabilities	101,285,733	111,840,250	(9.44)
Deferred Inflows of Resources	28,228,329	19,210,498	46.94
Net Position:			
Net Investment in Capital Assets	18,113,264	16,472,578	9.96
Restricted	11,287,970	8,799,742	28.28
Unrestricted	(30,440,246)	(37,797,787)	(19.47)
Total Net Position	$ (1,039,012)	$ (12,525,467)	(91.70)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2025	Governmental Activities for the Fiscal Year Ended June 30, 2024	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 5,347,921	$ 4,948,053	8.08 %
Operating Grants and Contributions	43,363,607	42,803,404	1.31
Capital Grants and Contributions	2,335,491	2,191,083	6.59
General Revenues			
Property Taxes	10,249,449	10,056,555	1.92
Unrestricted State Aid	44,429,058	42,163,582	5.37
Investment Earnings	1,331,354	1,049,197	26.89
Other	528,020	618,405	(14.62)
Total Revenues	107,584,900	103,830,279	3.62
Expenses			
Administration	3,019,042	2,683,011	12.52
District Support Services	2,816,080	2,479,034	13.60
Regular Instruction	38,847,684	37,342,661	4.03
Vocational Education Instruction	959,715	892,207	7.57
Special Education Instruction	22,052,283	20,843,953	5.80
Instructional Support Services	4,913,899	3,913,975	25.55
Pupil Support Services	8,963,951	7,900,078	13.47
Sites and Buildings	7,064,902	6,705,238	5.36
Fiscal and Other Fixed Cost Programs	691,406	626,018	10.45
Food Service	3,942,163	3,977,874	(0.90)
Community Service	2,189,891	2,601,381	(15.82)
Interest and Fiscal Charges on Long-Term Liabilities	637,429	811,760	(21.48)
Total Expenses	96,098,445	90,777,190	5.86
Change in Net Position	11,486,455	13,053,089	
Beginning Net Position	(12,525,467)	(25,578,556)	
Ending Net Position	$ (1,039,012)	$ (12,525,467)	

Changes in net position. The District's total revenues were $107,584,900 for the year ended June 30, 2025. Property taxes and state formula aid accounted for 51% of total revenue for the year (see Figure A-1).

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was $96,098,455. The District's expenses are predominantly related to educating and caring for students (82%) (see Figure A-2). The purely administrative activities of the District accounted for just 3% of total costs.

Total revenues exceeded expenses, increasing net position $11,486,455 from last year.

Figure A-1
Sources of District's Revenues for Fiscal 2025

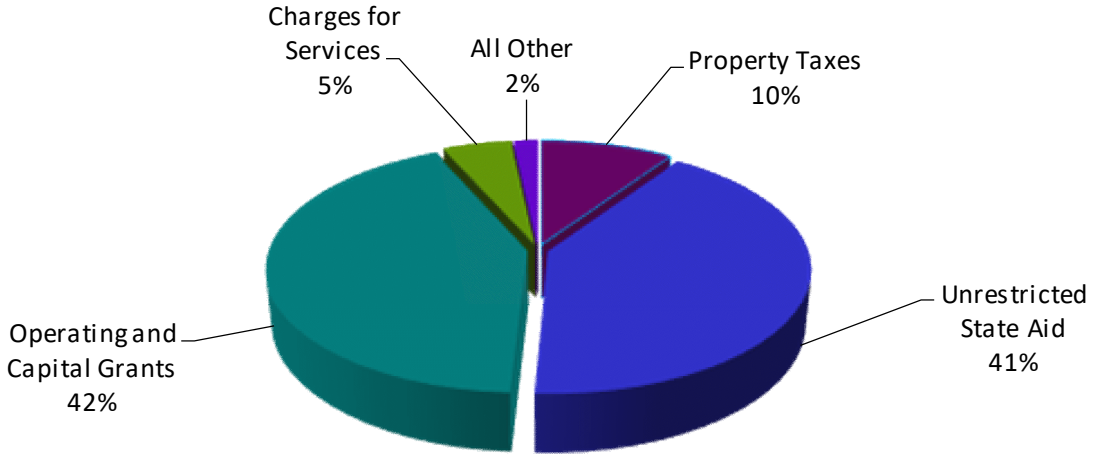
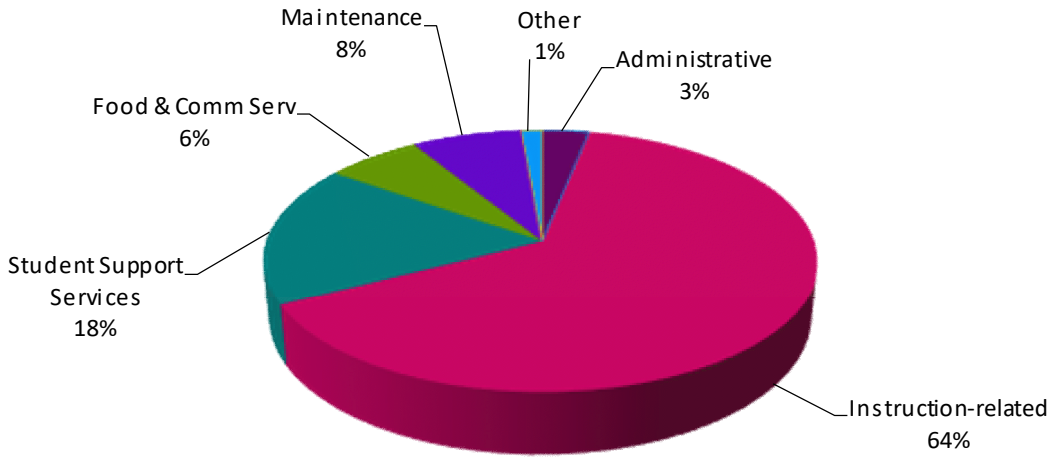


Figure A-2
District Expenses for Fiscal 2025



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

- The cost of all governmental activities this year was $96,098,445. Some of the cost was paid by the users of the District's programs ($5,347,921).
- The federal and state governments subsidized certain programs with grants and contributions ($45,699,098).
- Most of the District's costs ($54,678,507) however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with $10,249,449 in property taxes and $44,429,058 of state aid based on the statewide education aid formula. An additional $1,859,374 in costs was funded with investment earnings and other general revenues.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Administration	$ 3,019,042	$ 2,683,011	12.52 %	$ 2,308,990	$ 2,172,203	6.30 %
District Support Services	2,816,080	2,479,034	13.60	2,814,091	2,474,424	13.73
Regular Instruction	38,847,684	37,342,661	4.03	18,631,283	15,165,136	22.86
Vocational Education Instruction	959,715	892,207	7.57	722,915	602,852	19.92
Special Education Instruction	22,052,283	20,843,953	5.80	3,303,621	4,705,161	(29.79)
Instructional Support Services	4,913,899	3,913,975	25.55	4,802,352	3,821,416	25.67
Pupil Support Services	8,963,951	7,900,078	13.47	8,635,162	7,592,475	13.73
Sites and Buildings	7,064,902	6,705,238	5.36	4,940,899	4,725,514	4.56
Fiscal and Other Fixed Cost Programs	691,406	626,018	10.45	691,406	626,018	10.45
Food Service	3,942,163	3,977,874	(0.90)	(564,033)	(652,483)	(13.56)
Community Service	2,189,891	2,601,381	(15.82)	(335,024)	220,236	(252.12)
Interest and Fiscal Charges on Long-Term Liabilities	637,429	811,760	(21.48)	(900,236)	(618,302)	45.60
Total	$ 96,098,445	$ 90,777,190	5.86	$ 45,051,426	$ 40,834,650	10.33

Note: Table A-3 reflects net program cost. General revenues are not included, only program revenues are reflected.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $34,525,485, an increase from last year's ending fund balance of $7,085,262. Revenue from record growth in enrollment, management of staffing and the shifting of capital projects from one year to another due to availability contributed to this increase.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Revenues for the District's governmental funds were $107,751,892 while total expenditures were $101,301,749. The District completed the year with revenues exceeding expenditures by $6,450,143 excluding "other financing sources and uses."

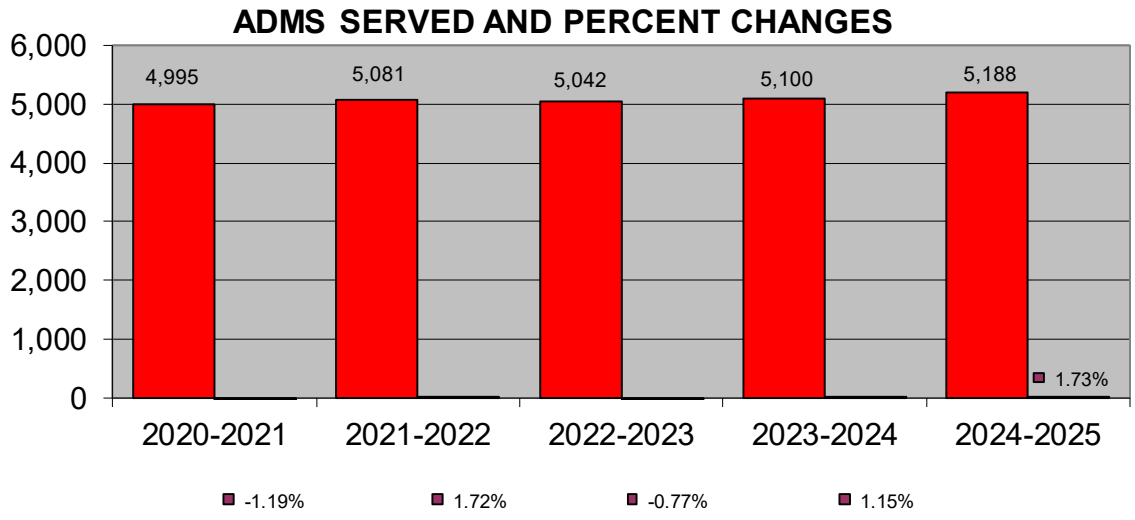
Table A-4
Governmental Fund Performance

	Year Ended June 30, 2025	Year Ended June 30, 2024
Revenues	$ 107,751,892	$ 104,293,143
Expenditures	101,301,749	93,614,437
Excess Revenues over Expenditures	6,450,143	10,678,706
Net Other Financing Sources	635,119	545,134
Total Change in Fund Balance	7,085,262	11,223,840
Fund Balance, Beginning	27,440,223	16,216,383
Fund Balance, Ending	$ 34,525,485	$ 27,440,223

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.

The following graph shows enrollment over the past five years:



GENERAL FUND (CONTINUED)

District enrollments have increased three of the past five years. The district did rebound in 2021-22 and 2022-23 from the loss in 2020-21 due to the pandemic. District enrollment will continue to be to monitored as we have seen a different trend lately.

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended June 30,		Change	
	2025	2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	$ 7,729,481	$ 7,355,929	$ 373,552	5.1 %
Earnings on Investments	1,090,423	761,863	328,560	43.1
Other	6,891,825	6,193,959	697,866	11.3
State Sources	76,983,337	72,107,117	4,876,220	6.8
Federal Sources	3,796,500	6,548,881	(2,752,381)	(42.0)
Total General Fund Revenue	$ 96,491,566	$ 92,967,749	$ 3,523,817	3.8

The total General Fund revenue increased by $3,523,817, or 3.8%, from the previous year. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including excess levy referendum and the property shift also 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 on revenue.

The following schedule presents a summary of General Fund expenditures.

Table A-6
General Fund Expenditures

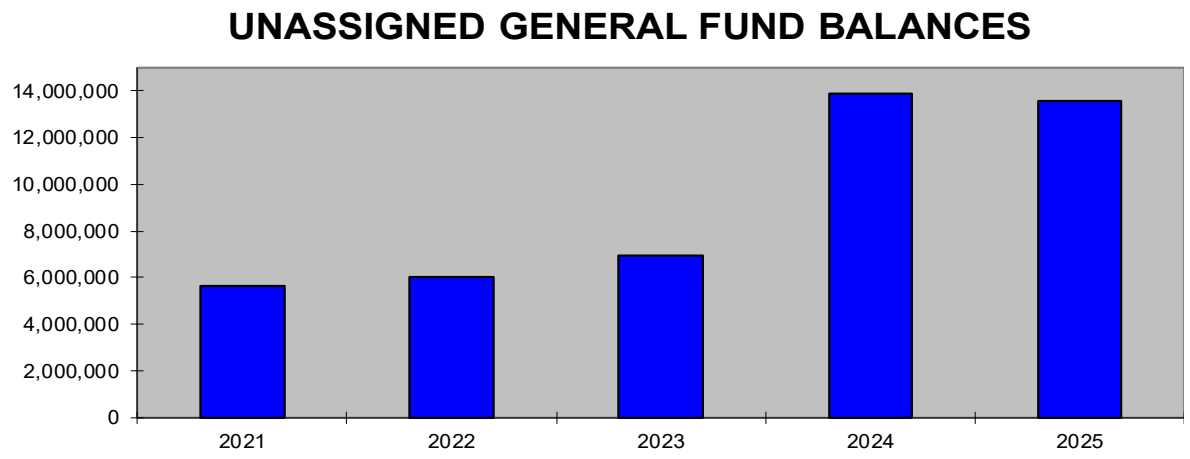
	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2025	2024		
Salaries	$ 46,467,018	$ 44,198,696	$ 2,268,322	5.1 %
Employee Benefits	21,566,125	19,894,064	1,672,061	8.4
Purchased Services	11,632,113	10,166,075	1,466,038	14.4
Supplies and Materials	4,188,600	4,140,690	47,910	1.2
Capital Expenditures	3,519,271	2,796,748	722,523	25.8
Debt Service Expenditures	1,025,133	1,283,806	(258,673)	(20.1)
Other Expenditures	374,862	348,725	26,137	7.5
Total General Fund Expenditures	$ 88,773,122	$ 82,828,804	$ 5,944,318	7.2

Total General Fund expenditures increased $5,944,318, or 7.2%, from the previous year. Capital investments in facilities, contracted special ed services due to staffing shortages, and implementation of student support programs account for the majority of the increase.

GENERAL FUND (CONTINUED)

In 2024-25, General Fund revenues and other financing sources exceeded expenditures by $.8,353,563 After adding other financing sources of $635,119, the total fund balance increased to $31,527,852 for June 30, 2025. After deducting statutory restrictions, the unassigned fund balance decreased from $13,5751,895 at June 30, 2024 to $13,570,555 at June 30, 2025.

The following graph shows the Unassigned General Fund Balance in total dollars.

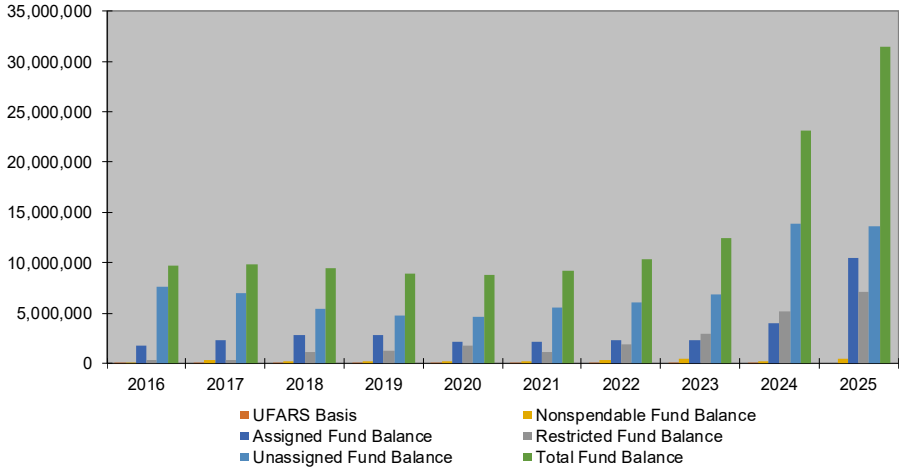


	2017	2018	2019	2020	2021	2022	2023	2024	2025
Unassigned Fund Balance - General Fund	$ 7,239,488	$ 5,415,027	$ 4,748,061	$ 4,672,782	$ 5,596,169	$ 6,002,858	$ 6,895,864	$ 13,853,533	$ 13,571,895
Percent Increases	-7.02%	-25.20%	-12.32%	-1.59%	19.76%	7.27%	14.88%	100.90%	-2.03%
Unassigned Fund Balance as a % of Expenditures	12.30%	8.50%	7.29%	7.00%	8.14%	8.18%	9.20%	17.82%	16.10%
Unassigned Fund Balance Policy Amount	4,904,354	5,305,746	5,425,773	5,556,877	5,724,621	6,114,449	6,241,279	6,475,838	7,026,423
General Fund									
Fund Balance Policy Expenditures	58,875,802	63,694,434	65,135,335	66,709,206	68,722,941	73,402,746	74,925,319	77,741,149	84,350,817
% Increase	2.54%	8.18%	2.26%	2.42%	3.02%	6.81%	2.07%	3.76%	8.50%
Unassigned General Fund Balance Policy	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%

The previous graph is the single best measure of overall financial health. The unassigned General Fund balance of $13,571,895 on June 30, 2025 represents 16.1% of annual expenditures or approximately two months of operations. The District closely monitors its fund balances.

GENERAL FUND (CONTINUED)

UNASSIGNED GENERAL FUND BALANCES



UFARS Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Nonspendable Fund Balance	$ 128,054	$ 283,392	$ 188,280	$ 198,535	$ 227,209	$ 221,156	$ 299,096	$ 439,652	$ 203,438	$ 417,843
Assigned Fund Balance	1,782,958	2,270,258	2,765,755	2,765,755	2,124,260	2,206,019	2,224,978	2,232,452	3,937,991	10,489,782
Restricted Fund Balance	298,209	300,489	1,152,337	1,212,251	1,810,753	1,128,770	1,885,853	2,922,242	5,179,327	7,048,332
Unassigned Fund Balance	7,557,454	7,027,039	5,357,905	4,748,061	4,672,782	5,596,169	6,002,858	6,895,864	13,853,533	13,571,895
Total Fund Balance	$ 9,766,675	$ 9,881,178	$ 9,464,277	$ 8,924,602	$ 8,835,004	$ 9,152,114	$ 10,412,785	$ 12,490,210	$ 23,174,289	$ 31,527,852
Total Expenditures	$ 59,201,809	$ 61,296,766	$ 62,854,098	$ 66,971,974	$ 6,989,094	$ 72,046,807	$ 73,758,999	$ 77,945,052	$ 82,828,804	$ 88,773,122
Unassigned Fund Balance as a % of Fund Balance Policy Expenditures	13.63%	12.30%	8.50%	7.29%	7.00%	8.14%	8.18%	9.20%	17.82%	16.10%

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over and budgeting for resale and gifts.
- Increases in appropriations for significant unbudgeted costs or revenues.

While the District's final budget for the general fund anticipated a net increase in fund balance of $94,003, the actual results for the year show a $8,353,563 increase.

- Actual revenues were $4,642,802 higher than expected due to higher than anticipated student enrollment.
- The actual total expenditures were $2,981,639 less than budgeted (a 3.25% variance). This variance is related to 1) lower spending on supplies and staffing 2) delay in projects that will impact the FY26 budget.

FOOD SERVICE FUND

The Food Service Fund balance increased by $340,311. This can be attributed to increased revenues from continued higher state reimbursement rates along with higher enrollment.

COMMUNITY SERVICE FUND

The Community Service Fund realized a gain of $296,501. This was due increasing programming and capacity with fewer pandemic restrictions.

CAPITAL PROJECT FUNDS

The Capital Projects Fund balance decreased by $1,976,575 mainly due to tennis court remodel along with the LED lighting project.

DEBT SERVICE FUNDS

The Debt Service Fund reflects payments on principal and interest of the Districts' debt. The grand total debt service fund balance is $918,606.

PROPRIETARY FUND

The Health Insurance Trust Fund decreased $156,046 in net position due to claims being higher than contributions. The net position of $2,502,984 is above the required level to cover the exposure of claims risk. The net position target for this fund is $2.1 million to cover the gap between the premium level and the aggregate stop loss limit. ISD No. 492 has a self-funded health and dental insurance plan with stop loss coverage of $300,000 on individual claims.

FIDUCIARY FUNDS

Private-purpose trust (scholarship trust) is ISD No. 492's fiduciary funds. The net position of the scholarship trust is $118,554.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2025, the District had invested $140,646,424 in a broad range of capital assets, including school buildings, land, computer and audio-visual equipment, and other equipment for various instructional programs (see Table A-7). Total accumulated depreciation and amortization as of June 30, 2025 is $86,205,896. The current year depreciation expense and amortization expense for Governmental Activities totaled $5,785,120. More detailed information about capital assets can be found in Note 3 to the financial statements.

Table A-7
Capital Assets

	2025	2024	Percentage Change
Land	$ 684,285	$ 684,285	- %
Land Improvements	6,159,805	5,586,264	10.3
Buildings and Improvements	110,192,838	109,174,704	0.9
Equipment	20,370,987	19,098,937	6.7
Less: Accumulated Depreciation	(85,887,610)	(80,555,910)	6.6
Right-to-Use Lease Asset	1,109,810	471,642	135.3
Right-to-Use Subscription Asset	192,377	162,295	18.5
Less: Accumulated Amortization	(318,286)	(157,273)	102.4
Total District Capital Assets	$ 54,440,528	$ 54,464,944	(0.0)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

As of June 30, 2025, the District had $25,274,586 in general obligation bonds outstanding. This is a decrease of 10.3% from last year (see Table A-8). Overall, the District's outstanding long-term liabilities, including net pension liability and severance and health benefits payable, decreased by 13.2% in fiscal year 2025, due to the decrease in the total net pension liability. The decrease in the total net pension liability is largely a result of changes in the actuarial assumptions used to measure the net pension liability.

More detailed information about the District's net pension liabilities can be found in Notes 6 and 8 of the financial statements. More information about the District's severance and health benefits payable and remaining long-term liabilities is presented in Note 9 and Note 4 of the financial statements.

Table A-8
The District's Long-Term Liabilities

	2025	2024	Percentage Change
General Obligation Bonds	$ 25,274,586	$ 28,188,153	(10.3)%
Net Bond Premium and Discount	1,323,095	1,710,206	(22.6)
Certificates of Participation Payable	4,820,000	5,230,000	(7.8)
Lease Payable	1,939,746	2,210,921	(12.3)
Lease Liability	902,568	398,367	126.6
Subscription Liability	39,715	88,587	(55.2)
Net Pension Liability	37,999,762	51,146,987	(25.7)
Total OPEB Liability	15,504,475	13,629,805	13.8
Compensated Absences Payable	2,175,305	1,019,754	113.3
Total Long-Term Liabilities	$ 89,979,252	$ 103,622,780	(13.2)
Long-Term Liabilities:			
Due Within One Year	$ 5,388,535	$ 5,073,699	
Due in More Than One Year	84,590,717	98,549,081	
Total	$ 89,979,252	$ 103,622,780	

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved excess operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

In November 2022, the District ran a special election asking voters to authorize a referendum totaling $470 per pupil. This will equate to approximately $2.4 million annually in operating revenue to the District.

The most significant factors influencing the financial position of the District are the unknown increased costs due to inflation, future enrollment, and labor shortages. Legislators passed a law stating that districts will receive additional basic funding at the rate of inflation not to exceed 3%. Inflation has been growing well over 3% for the past two years.

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

The district continues to have shortages in staffing, especially in the areas of substitute teachers, custodial, paraprofessionals and special education. The district has had to increase rates of pay substantially in order to attract applicants for these positions.

The district has a large amount of deferred maintenance due to the age of its buildings. The district has done an excellent job of maintaining the buildings on the limited funding for deferred maintenance; however, the last large renovation was completed in 1992.

The District will strive to maintain its current level of educational programming. The district is recognizing a loss of federal covid funding that was used to maintain educational programming during the pandemic. The District will carry on its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance & Operations Department, Independent School District No. 492, 401 Third Avenue NW, Austin, Minnesota 55912.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 36,160,036
Cash with Fiscal Agent	1,549
Receivables:	
Property Taxes	5,854,448
Other Governments	14,416,511
Lease Receivable	2,224,827
Other	1,674,957
Prepaid Items	432,172
Inventories	47,123
Capital Assets:	
Land and Construction in Progress	2,620,608
Other Capital Assets, Net of Depreciation	50,836,020
Other Capital Assets, Net of Amortization	983,900
Total Assets	115,252,151
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension Related	10,565,412
Deferred Outflows - Other Postemployment Benefits Related	2,657,487
Total Deferred Outflows	13,222,899
LIABILITIES	
Salaries Payable	5,268,579
Accounts and Contracts Payable	4,061,686
Accrued Interest	669,778
Due to Other Governmental Units	1,124,066
Unearned Revenue	182,372
Long-Term Liabilities:	
Net Pension Liability	37,999,762
Portion Due Within One Year - Other Postemployment Benefits	1,173,152
Portion Due in More Than One Year - Other Postemployment Benefits	14,331,323
Portion Due Within One Year	4,215,383
Portion Due in More Than One Year	32,259,632
Total Liabilities	101,285,733
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	10,927,335
Gains on Debt Refunding	144,225
Pension Related	13,839,262
Other Postemployment Benefits Related	1,224,054
Leases	2,093,453
Total Deferred Inflows of Resources	28,228,329
NET POSITION	
Net Investment in Capital Assets	18,113,264
Restricted for:	
General Fund Operating Capital Purposes	1,176,368
General Fund State-Mandated Reserves	5,871,964
Food Service	2,496,998
Community Service	1,466,998
Debt Service	275,642
Unrestricted	(30,440,246)
Total Net Position	$ (1,039,012)

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
Governmental Activities:					
Administration	$ 3,019,042	$ 710,052	$ -	$ -	$ (2,308,990)
District Support Services	2,816,080	-	1,989	-	(2,814,091)
Regular Instruction	38,847,684	244,957	19,324,303	647,141	(18,631,283)
Vocational Education Instruction	959,715	-	236,800	-	(722,915)
Special Education Instruction	22,052,283	2,951,020	15,797,642	-	(3,303,621)
Instructional Support Services	4,913,899	-	111,547	-	(4,802,352)
Pupil Support Services	8,963,951	-	328,789	-	(8,635,162)
Sites and Buildings	7,064,902	28,768	406,885	1,688,350	(4,940,899)
Fiscal and Other Fixed Cost Programs	691,406	-	-	-	(691,406)
Food Service	3,942,163	95,947	4,410,249	-	564,033
Community Service	2,189,891	1,317,177	1,207,738	-	335,024
Interest and Fiscal Charges on Long-Term Liabilities	637,429	-	1,537,665	-	900,236
Total School District	$ 96,098,445	$ 5,347,921	$ 43,363,607	$ 2,335,491	(45,051,426)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					7,745,709
Community Service					237,098
Debt Service					2,266,642
State Aid Not Restricted to Specific Purposes					44,429,058
Earnings on Investments					1,331,354
Miscellaneous					528,020
Total General Revenues					56,537,881
CHANGES IN NET POSITION					11,486,455
Net Position - Beginning of Year					(12,525,467)
NET POSITION - END OF YEAR					$ (1,039,012)

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds			Other	Total
	General	Capital Projects	Debt Service	Governmental Funds	Governmental Funds
ASSETS					
Cash and Investments	$ 26,993,021	$ 1,592	$ 1,980,860	$ 4,092,758	$ 33,068,231
Cash with Fiscal Agent	1,549	-	-	-	1,549
Receivables:					
Current Property Taxes	4,125,673	-	1,478,953	123,051	5,727,677
Delinquent Property Taxes	96,726	-	26,813	3,232	126,771
Accounts and Interest Receivable	1,180,365	-	-	53,483	1,233,848
Lease Receivable	2,224,827	-	-	-	2,224,827
Due from Other Minnesota School Districts	760,531	-	-	121,314	881,845
Due from Minnesota Department of Education	11,093,127	-	153,766	83,078	11,329,971
Due from Federal through Minnesota Department of Education	2,089,426	-	-	75,567	2,164,993
Due from Federal Government Received Directly	33,750	-	-	-	33,750
Due from Other Governmental Units	-	-	-	5,952	5,952
Inventory	-	-	-	47,123	47,123
Prepaids	417,843	-	-	14,329	432,172
Total Assets	$ 49,016,838	$ 1,592	$ 3,640,392	$ 4,619,887	$ 57,278,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Salaries and Compensated Absences Payable	$ -	$ -	$ -	$ 118,879	$ 118,879
Payroll Deductions and Employer Contributions Payable	5,149,700	-	-	-	5,149,700
Accounts and Contracts Payable	891,045	1,883,329	-	257,501	3,031,875
Due to Other Governmental Units	1,124,066	-	-	-	1,124,066
Unearned Revenue	92,714	-	60,718	28,821	182,253
Total Liabilities	7,257,525	1,883,329	60,718	405,201	9,606,773
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes Levied for Subsequent Year	8,042,390	-	2,634,255	250,690	10,927,335
Unavailable Revenue - Leases	2,093,453	-	-	-	2,093,453
Unavailable Revenue - Delinquent Property Taxes	95,618	-	26,813	3,232	125,663
Total Deferred Inflows of Resources	10,231,461	-	2,661,068	253,922	13,146,451
FIUND BALANCES					
Nonspendable:					
Inventory	-	-	-	47,123	47,123
Prepaids	417,843	-	-	14,329	432,172
Restricted for:					
Student Activities	225,486	-	-	-	225,486
Scholarships	12,368	-	-	-	12,368
American Indian Education Aid	3,088	-	-	-	3,088
Literacy Incentive Aid	358,035	-	-	-	358,035
Operating Capital	1,176,368	-	-	-	1,176,368
Learning and Development	368,037	-	-	-	368,037
Community Education	-	-	-	727,660	727,660
Early Childhood and Family Education	-	-	-	387,175	387,175
Area Learning Center	1,018,539	-	-	-	1,018,539
Gifted and Talented	8,172	-	-	-	8,172
English Learner	410,911	-	-	-	410,911
READ ACT- Literacy Aid	204,842	-	-	-	204,842
READ ACT- Tchr Training Compensation	13,912	-	-	-	13,912
Basic Skills Programs	1,978,298	-	-	-	1,978,298
School Readiness	-	-	-	181,009	181,009
School Library Aid	105,170	-	-	-	105,170
Adult Basic Education	-	-	-	121,863	121,863
Long-Term Facilities Maintenance	1,162,160	-	-	-	1,162,160
Student Support	2,946	-	-	-	2,946
Debt Service	-	-	918,606	-	918,606
Community Education	-	-	-	31,730	31,730
Restricted for Other Purposes	-	-	-	2,449,875	2,449,875
Assigned	10,489,782	-	-	-	10,489,782
Unassigned	13,571,895	(1,881,737)	-	-	11,690,158
Total Fund Balances	31,527,852	(1,881,737)	918,606	3,960,764	34,525,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 49,016,838	$ 1,592	$ 3,640,392	$ 4,619,887	$ 57,278,709

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance for Governmental Funds	$	34,525,485
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land		684,285
Construction in Progress		1,936,323
Land Improvements, Net of Accumulated Depreciation		2,074,155
Buildings and Improvements, Net of Accumulated Depreciation		44,578,438
Equipment, Net of Accumulated Depreciation		4,183,427
Right-to-Use Lease Asset, Net of Accumulated Amortization		983,900
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		125,663
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		(669,778)
The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net Pension Liability		(37,999,762)
Deferred Outflows of Resources - Pensions		10,565,412
Deferred Inflows of Resources - Pensions		(13,839,262)
The District's Total Other Postemployment Benefits Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Total Other Postemployment Benefits Liability		(15,504,475)
Deferred Outflows of Resources - Other Postemployment Benefits		2,657,487
Deferred Inflows of Resources - Other Postemployment Benefits		(1,224,054)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable		(25,274,586)
Unamortized Premiums		(1,323,095)
Certificates of Participation Payable		(4,820,000)
Financed Purchase Payable		(1,939,746)
Lease Liability		(902,568)
Subscription Liability		(39,715)
Unamortized Gain on Bond Refunding		(144,225)
Compensated Absences Payable		(2,175,305)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		2,502,984
Total Net Position of Governmental Activities	$	(1,039,012)

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service		
REVENUES							
Local Sources:							
Property Taxes	$ 7,729,481	$ -	$ -	$ -	$ 2,271,608	$ 238,075	$ 10,239,164
Investment Income	1,090,423	-	-	753	61,292	115,159	1,267,627
Other	6,891,825	-	-	-	-	1,601,372	8,493,197
State Sources	76,983,337	-	-	-	1,537,665	1,692,773	80,213,775
Federal Sources	3,796,500	-	-	-	-	3,741,629	7,538,129
Total Revenues	96,491,566	-	-	753	3,870,565	7,389,008	107,751,892
EXPENDITURES							
Current:							
Administration	3,072,909	-	-	-	-	-	3,072,909
District Support Services	2,827,716	-	-	-	-	-	2,827,716
Elementary and Secondary							
Regular Instruction	34,784,099	-	-	-	-	-	34,784,099
Vocational Education Instruction	956,827	-	-	-	-	-	956,827
Special Education Instruction	21,805,469	-	-	-	-	-	21,805,469
Instructional Support Services	4,641,833	-	-	-	-	-	4,641,833
Pupil Support Services	8,906,269	-	-	-	-	-	8,906,269
Sites and Buildings	6,543,113	-	-	38,518	-	-	6,581,631
Fiscal and Other Fixed Cost Programs	690,483	-	-	-	-	-	690,483
Food Service	-	-	-	-	-	3,908,587	3,908,587
Community Service	-	-	-	-	-	2,511,585	2,511,585
Capital Outlay	3,519,271	-	-	1,938,810	-	331,946	5,790,027
Debt Service:							
Principal	860,795	-	-	-	2,913,567	-	3,774,362
Interest and Fiscal Charges	164,338	-	-	-	885,536	78	1,049,952
Total Expenditures	88,773,122	-	-	1,977,328	3,799,103	6,752,196	101,301,749
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,718,444	-	-	(1,976,575)	71,462	636,812	6,450,143
OTHER FINANCING SOURCES (USES)							
Lease and Subscriptions Proceeds	634,749	-	-	-	-	-	634,749
Insurance Recovery	370	-	-	-	-	-	370
Total Other Financing Sources (Uses)	635,119	-	-	-	-	-	635,119
NET CHANGE IN FUND BALANCES	8,353,563	-	-	(1,976,575)	71,462	636,812	7,085,262
Fund Balances - Beginning of Year, as Originally Reported	23,174,289	2,156,687	1,167,265	94,838	847,144	-	27,440,223
Change Within the Financial Reporting Entity	-	(2,156,687)	(1,167,265)	-	-	3,323,952	-
Fund Balances - Beginning of Year, as Adjusted	23,174,289	-	-	94,838	847,144	3,323,952	27,440,223
FUND BALANCES - END OF YEAR	$ 31,527,852	$ -	$ -	$ (1,881,737)	$ 918,606	$ 3,960,764	$ 34,525,485

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balance - Total Governmental Funds	$	7,085,262
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays and right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.		
Capital Outlays		5,761,627
Gain (Loss) on Disposal of Capital Assets		(923)
Depreciation and Amortization Expense		(5,785,120)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.		10,286
The use of some capital assets are structured as leases. In governmental funds, a lease arrangement is considered a source of financing, and in the Statement of Net Position, the lease liability is reported. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease liability in the Statement of Net Position.		
Other Financing Sources - Lease		(634,749)
Principal Payments - Leases		130,548
The use of some capital assets are structured as subscription agreements. In governmental funds, a subscription arrangement is considered a source of financing, and in the Statement of Net Position, the subscription liability is reported. Repayment of subscription principal is an expenditure in the governmental funds, but repayment reduces the subscription liability in the Statement of Net Position.		
Principal Payments - Subscriptions		48,872
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		2,221,322
Other postemployment benefit expenditures in the governmental funds are measured by current year benefit payments. OPEB expense on the statement of activities is measured by the change in the total OPEB liability and the related deferred inflows and outflows of resources.		(54,562)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		(1,155,551)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of Bond Principal		2,913,567
Repayment of Certificates of Participation Payable		410,000
Repayment of Financed Purchase Payable		271,175
Change in Accrued Interest Liability		11,730
Amortization of Unamortized Gain on Refunding		21,906
Amortization of Bond Premium		387,111
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		(156,046)
Total	$	11,486,455

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2025

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 3,091,805
Accounts Receivable	441,109
Total Assets	3,532,914
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,029,811
Unearned Revenue	119
Total Liabilities	1,029,930
NET POSITION	
Unrestricted	$ 2,502,984

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services:	
Premiums, Net of Refunds	$ 13,632,022
OPERATING EXPENSES	
Claim Expense	13,851,795
Operating Loss	(219,773)
NONOPERATING INCOME	
Earnings on Investments	63,727
Change in Net Position	(156,046)
Net Position - Beginning	2,659,030
Net Position - Ending	$ 2,502,984

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Interfund Services Provided	$ 13,565,703
Payments for Claims	(13,378,935)
Net Cash Provided by Operating Activities	186,768
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	63,727
Net Cash Provided by Investing Activities	63,727
NET INCREASE IN CASH AND CASH EQUIVALENTS	250,495
Cash and Cash Equivalents - Beginning of Year	2,841,310
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,091,805
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (219,773)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(65,267)
Increase (Decrease) in Accounts Payable	472,860
Increase (Decrease) in Unearned Revenue	(1,052)
Total Adjustments	406,541
Net Cash Used by Operating Activities	$ 186,768

See accompanying Notes to Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Private-Purpose Trust	Custodial Fund	Other Employee Benefit Trust
ASSETS			
Cash and Cash Equivalents	$ 118,427	$ -	$ 123,600
Interest Receivable	127	-	-
Total Assets	118,554	-	123,600
NET POSITION			
Held In Trust	$ 118,554	$ -	$ 123,600

INDEPENDENT SCHOOL DISTRICT NO. 492
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025

	Private-Purpose Trust	Custodial Fund	Other Employee Benefit Trust
ADDITIONS			
Earnings on Investments	$ 3,921	$ -	$ 4,188
Other Revenue	-	220,728	27,412
Total Additions	3,921	220,728	31,600
DEDUCTIONS			
Scholarships Awarded	142	220,728	-
Change in Net Position	3,779	-	31,600
Net Position - Beginning of Year	114,775	-	92,000
Net Position - End of Year	$ 118,554	$ -	$ 123,600

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 492 (the District) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

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

GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units — entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions for the activity funds are included in the financial statements within the General Fund.

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, except for fiduciary funds. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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 purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

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

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

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.

Description of Funds

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources from bonds issued for the addition/renovation of District buildings.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for food service revenues and expenditures. Revenues for the fund are composed of user fees and reimbursements from the federal and state governments.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues in this fund are composed of user fees, local levy dollars, state tax credits, and aid from the federal and state governments.

Proprietary Funds

Internal Service Funds – Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund account is for the District's health care and dental self-insurance programs. The self-insurance costs are charged to the various funds based on established premium rates.

Fiduciary Funds

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for scholarships.

Custodial Fund – The Custodial Fund is used to account for custodial arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for scholarships and other miscellaneous collections and payments where the District is an intermediary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds (Continued)

Other Employee Benefit Trust Fund – The Other Employee Benefit Trust Fund is used to account for employee health reimbursement account (HRA) benefits held in an irrevocable trust for the benefit of the District's new employees hired on or after July 1, 2019. This fund accounts for contributions that are to be held and used for HRA benefits.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the Board adopts an annual budget for the following fiscal year for the general, food service, community service, and debt service funds. The approved budget is published in summary form in the District's legal newspaper by November 30 or within one week of the acceptance of the final audit by the Board each year. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

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

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

Budget provisions for the debt service fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash of the individual funds is combined for investment purposes. Investments consist of external investment pools, certificates of deposit, money market savings, and mutual fund investments. Investments with an original maturity of less than one year are recorded at amortized cost, which approximates fair value. Investments with an original maturity of more than one year are recorded at fair value based on quoted market prices. Interest earned as a result of these investments and the combined deposit account is distributed to the appropriate funds based on average cash and investment balances of each fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Investments With Fiscal Agent

The District has cash held by trustee related to the proceeds of the Series 2019A and Series 2022A Certificates of Participation. Cash is drawn from these accounts for payment of principal and interest when due on the 2019A and 2022A Certificates of Participation.

H. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all demand accounts, external investment pools, savings accounts, money market savings, and mutual fund investments to be cash and cash equivalents while all certificates of deposit are considered investments regardless of maturities.

I. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are current property taxes receivable.

J. Lease Receivable

Represents the amount due from the Austin Albert Lea Special Education Cooperative for the building within which the program operates. Amounts due from the Cooperative are equal to the debt service requirements on the $4,024,000 lease agreement the District entered into to finance the acquisition and improvements to the building. The lease carries an interest rate of 2.54% and calls for semi-annual payments of $162,811 on February 1st and August 1st, extending through August 1, 2031.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are recorded as an expense or expenditure during the periods benefited.

L. Inventories

Inventories are recorded using the consumption method of accounting and consist of food and other supplies on hand at year end, 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, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Property Taxes

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities.

Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy which is frozen at $357,418 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

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

N. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of $5,000 for federal funds, $10,000 for individual items, and $25,000 for group purchases for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets (Continued)

Capital assets are recorded in the District-wide financial statement, 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 4 to 15 years for equipment.

Right-to-use assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

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

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made by the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

O. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The District has two items that qualify for reporting as this element — pension related deferred outflows of resources and OPEB-related deferred outflows of resources. Both of these deferred outflows of resources will be recognized as expenses in subsequent years.

P. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Long-Term Liabilities (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Q. Pensions

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

For purposes of measuring the total pension liability, deferred outflows/inflows of resources and pension expense of the Austin Public Schools Supplemental Pension Benefit Plan (ASPBP), information about the net position and additions to/deductions from ASPBP's net position have been determined on the same basis as they are reported by the ASPBP. For this purpose, ASPBP recognizes benefit payments when due and payable in accordance with the benefit terms.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2006.

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Accrued Employee Benefits

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

Vacation Payable

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2025 unpaid vacation pay totaling $852,816 is recorded on the statement of net position.

Severance and Early Retirement Incentive Payable

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

For the Central Office Administrators group of employees, sick leave vests. A maximum of 100 days multiplied by the employee's daily rate of pay is payable upon termination of employment.

Compensated absences payable also includes various severance and early retirement incentives that are calculated based on unused sick leave days. At June 30, 2025, unpaid sick leave totaling $271,567.68 is recorded on the statement of net position.

1. **Retirement Payment – Secretaries**

   A retirement payment is available to secretaries in the District. The secretary will receive an amount equal to $60 per day of unused sick leave days, up to a maximum of 100 days. The District pays out a maximum of $10,000 a year for the retirement payment and any unused funds are carried over for use in subsequent years.

2. **Retirement Payment – Confidential Secretaries**

   A retirement payment is available to confidential secretaries in the District. The secretary will receive an amount equal to $75 per day of unused sick leave days, up to a maximum of $4,000 a year for the retirement payment and any unused funds are carried over for use in subsequent years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Accrued Employee Benefits (Continued)

Severance and Early Retirement Incentive Payable (Continued)

3. Early Retirement Incentive Payment – Principals

An early retirement incentive payment is available to principals who have completed at least 10 years of continuous service with the District and are between the ages of 55 and 64. An eligible principal will receive an amount equal to the number of unused sick leave days multiplied by the employee's daily rate of pay, not to exceed $20,000. The payment is reduced by any 403(b) contributions the District made for the employee.

4. Early Retirement Incentive Payment – Custodians

An early retirement incentive payment is available to custodians who have completed at least 10 years of continuous service with the District and are between the ages of 55 and 64. An eligible custodian will receive an amount equal to $100 per day of unused sick leave days, up to a maximum of 100 days. The District pays out a maximum of $24,000 per year for the entire unit for this benefit.

5. Early Retirement Incentive Payment – Food Service Employees

An early retirement incentive payment is available to food service employees who have completed at least 15 years of continuous service. An eligible food service employee will receive an amount equal to 67% of unused sick leave days multiplied by the employee's daily rate of pay, up to a maximum of 80 days. No more than three people will be eligible for this benefit in any one year. The District pays out a maximum of $7,500 per year for the entire unit for this benefit.

6. Early Retirement Incentive Payment – Paraprofessionals

An early retirement incentive payment is available to paraprofessionals who are at least the age of 62 and who have completed at least 20 years of service with the district. A paraprofessional will receive a payment into a 403b account up to a maximum of 100 days of sick leave and a maximum of 25 years of credit based on the following formula: # Days of Accumulated Sick Leave (100 maximum) * Years of Service (25 maximum) * $0.50.

Teachers whose hire date/seniority date is after July 1, 2019, are eligible for a Retiree Only HRA. The benefits outlines in this subdivision shall be available to regular teachers that work .50 FTE or more whose seniority date is on or after July 1, 2019, for the full school year. Teachers must be actively working for the full school year to be eligible for the Retiree Only Health Reimbursement Arrangement (HRA) contributions for that school year. The HRA contribution will not be prorated for partial school years worked with the following exception: teachers who retire prior to the end of the school year will receive a prorated contribution based on the number of days worked divided by the total number of teacher duty days in the school year during which they retire.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Accrued Employee Benefits (Continued)

Severance and Early Retirement Incentive Payable (Continued)

Beginning in contract year 2021-2022, the district will set aside $400 annually for all newly hired full-time teachers. Regular part-time teachers that work .50 FTE or more will receive a prorated portion of the contribution. The district contribution will be made in July following the preceding full school year of service. The district contribution will be deposited into a district reserved account (IRS Section 115 Irrevocable Trust) on behalf of all eligible employees as outlines in this article; however, all district contributions will remain district assets until eligible employees meet the district's vesting requirements. Teachers will become vested when they have at least 10 years of continuous service to the district, including District approved leaves of absence and reach age 57. For each year of service thereafter, the district will continue to deposit $400 annually in the HRA account of all eligible full-time employees as outlined in this article. The deposit for part-time teachers will be prorated to the FTE for which they are contracted. The district contributions will be made in July following the preceding full school year of service. The vested teacher will have access to his/her HRA account balance upon separation of employment. Teachers whose seniority date is on or after July 1, 2019 shall not be eligible for other benefits provided under Article 19, Retirement Insurance; Section b.

S. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for miscellaneous local grants, decertified tax increment financing revenue, school lunch deposits, community education prepaid fees, and retiree health and dental insurance prepayments.

T. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of deferred inflows. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflow is pension related as discussed in Note 6. The fourth type of deferred inflow is related to other postemployment benefits, as discussed in Note 9. The fifth type of deferred inflow is related to leases. The sixth type is related to gains on refunding debt.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by resolutions approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent and Executive Director of Finance and operations to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

In accordance with the District's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned fund balance.

It is also the District's policy to maintain an unassigned general fund balance of no less than 8.33% of the annual budgeted expenditures.

V. Net Position

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

W. Adoption of New Accounting Standards

In June 2022, the Government Accounting Standards Board (GASB) issued GASB statement No. 101, *Compensated Absences.* This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's Board.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes, as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed Investment Contracts guaranteed by a United States commercial banks, domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary and with a credit quality in one of the top two highest categories
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

At June 30, 2025, the District's investment balances were as follows:

	Fair Value
Commercial Paper	$ 1,472,787
United States Treasuries	1,001,341
Mutual Funds	40,420
Total Investments at Fair Value	$ 2,514,549

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

	Amortized Cost
Certificates of Deposit	$ 4,722,600
MN Trust Investment Shares	4,202,763
MN Trust Term Series	96,183
MN Trust Limited Term Duration Series	4,506,964
MSDLAF+ MAX Class	3,047,831
Total Investments at Amortized Cost	$ 16,576,341
Total District Investments	$ 19,090,890

The MSDLAF+ is an external investment pool not registered with the Securities Exchange Commission (SEC). The MSDLAF+ is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1.00. The MSDLAF+ elects to measure its investments at amortized cost. The Max Class may not be redeemed for at least 14 days, and a 24 -hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk is as follows:

- The MSDLAF+ is rated AAAm by Standard & Poor's
- The mutual funds are rated AAAm by Standard & Poor's
- MN Trust Investments are rated AAAm by Standard & Poor's

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The maturities of the District's investments are as follows:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	No Maturity
Mutual Funds	$ 40,420	$ 40,420	$ -	$ -	$ -
United States Treasuries	1,001,341	-	1,001,341	-	-
Commercial Paper	1,472,787	1,223,624	249,163	-	-
MN Trust Investment Shares	4,202,763	4,202,763	-	-	-
MN Trust Term Series	96,183	96,183	-	-	-
MN Trust Limited Term Duration Series	4,506,964	4,506,964	-	-	-
MSDLAF+ MAX Class	3,047,831	3,047,831	-	-	-
Certificates of Deposit	4,722,600	3,786,200	936,400	-	-
Total	$ 19,090,890	$ 16,903,985	$ 2,186,905	$ -	$ -

Concentration of Credit Risk – The District places no limit on the amount that the District may invest in any one issuer. The District had no investments at June 30, 2025 which individually comprised more than 5% of total investments.

The deposits and investments are presented in the financial statements as follows:

Deposits	$ 17,312,722
Certificates of Deposit	4,722,600
United States Treasuries	1,001,341
Commercial Paper	1,472,787
Mutual Funds	40,420
MN Trust Investment Shares	4,202,763
MN Trust Term Series	96,183
MN Trust Limited Term Duration Series	4,506,964
MSDLAF+ Liquid Class	3,047,831
Total	$ 36,403,612
Cash and Investments - Statement of Net Position	$ 36,160,036
Cash and Investments with Fiscal Agent - Statement of Net Position	1,549
Cash and Investments - Statement of Fiduciary Net Position	242,027
Total Cash and Investments	$ 36,403,612

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital Assets, not Being Depreciated:					
Land	$ 684,285	$ -	$ -	$ -	$ 684,285
Construction in Progress	-	1,936,323	-	-	1,936,323
Total Capital Assets, not Being Depreciated	684,285	1,936,323	-	-	2,620,608
Capital Assets, Being Depreciated:					
Land Improvements	5,586,264	573,541	-	-	6,159,805
Buildings and Improvements	109,174,704	1,018,134	-	-	110,192,838
Equipment	19,098,937	1,476,577	(204,527)	-	20,370,987
Total Capital Assets, Being Depreciated	133,859,905	3,068,252	(204,527)	-	136,723,630
Accumulated Depreciation for:					
Land Improvements	(3,893,644)	(192,006)	-	-	(4,085,650)
Buildings and Improvements	(61,041,860)	(4,572,540)	-	-	(65,614,400)
Equipment	(15,620,406)	(770,758)	203,604	-	(16,187,560)
Total Accumulated Depreciation	(80,555,910)	(5,535,304)	203,604	-	(85,887,610)
Total Capital Assets, Being Depreciated, Net	53,303,995	(2,467,052)	(923)	-	50,836,020
Capital Assets, Being Amortized:					
Right-to-Use Lease Asset - Building	358,245	638,168	-	-	996,413
Right-to-Use Lease Asset - Equipment	113,397	-	-	-	113,397
Right-to-Use Subscription Asset - Software	162,295	118,885	(88,803)	-	192,377
Total Capital Assets, Being Amortized	633,937	757,052	(88,803)	-	1,302,187
Accumulated Amortization for:					
Right-to-Use Lease Asset - Building	(68,061)	(89,376)	-	-	(157,437)
Right-to-Use Lease Asset - Equipment	(15,312)	(56,698)	-	-	(72,010)
Right-to-Use Subscription Asset - Software	(73,900)	(103,742)	88,803	-	(88,839)
Total Accumulated Amortization	(157,273)	(249,816)	88,803	-	(318,286)
Total Capital Assets, Being Amortized, Net	476,664	507,236	0	-	983,900
Governmental Activities Capital Assets, Net	$ 54,464,944	$ (23,493)	$ (923)	$ -	$ 54,440,528

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:	
Administration	$ 633
District Support Services	-
Regular Instruction	4,735,376
Vocational Education Instruction	7,969
Special Education Instruction	547,544
Instructional Support Services	231,779
Pupil Support Services	94,714
Sites and Buildings	91,398
Food Service	69,622
Community Service	6,085
Total Depreciation and Amortization Expense, Governmental Activities	$ 5,785,120

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the debt service fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Net Interest Rate	Series Number	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
2/1/2010	1.33%	2010A	$ 12,000,000	12/15/2025	$ 839,586	$ 839,586
12/17/2014	3.00% - 3.25%	2014A	5,295,000	2/1/2033	235,000	4,135,000
12/7/2014	2.00% - 3.00%	2014B	2,330,000	2/1/2029	190,000	805,000
12/20/2018	3.00% - 5.00%	2018A	4,910,000	2/1/2033	350,000	3,125,000
11/5/2020	2.00% - 5.00%	2020A	18,075,000	2/1/2032	1,090,000	14,265,000
10/14/2021	2.00% - 5.00%	2021A	2,770,000	2/1/2032	260,000	2,105,000
Total General Obligation Bonds					2,964,586	25,274,586
5/30/2019	3.00% - 5.00%	2019A	5,775,000	2/1/2034	365,000	3,845,000
5/12/2022	2.38% - 4.00%	2022A	1,095,000	2/1/2038	60,000	975,000
Total Certificates of Participation					425,000	4,820,000
Bond Premiums					-	1,323,095
Financed Purchase Payable					278,107	1,939,746
Subscription Payable					19,166	39,715
Leases Payable					256,956	902,568
Compensated Absences Payable					271,568	2,175,305
Total					$ 4,215,383	$ 36,475,015

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, net pension liability, other postemployment benefits obligation, and compensated absences payable are as follows:

	General Obligation Bonds Payable		Financed Purchase Payable		Certificates of Participation Payable		Lease Payable		SBITA Payable	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 2,964,586	$ 774,109	$ 278,107	$ 47,515	$ 425,000	$ 163,555	$ 256,956	$ 39,186	$ 19,166	$ 981
2027	3,070,000	677,775	285,216	40,406	450,000	143,805	227,787	26,057	20,549	-
2028	3,210,000	536,675	292,506	33,115	470,000	122,703	413,818	12,858	-	-
2029	3,330,000	413,575	299,983	25,639	480,000	108,700	4,007	8	-	-
2030	3,200,000	329,675	307,651	17,971	500,000	94,300	-	-	-	-
2031-2035	9,500,000	508,650	476,283	12,149	2,230,000	233,275	-	-	-	-
2036-2038	-	-	-	-	265,000	18,725	-	-	-	-
Total	$ 25,274,586	$ 3,240,459	$ 1,939,746	$ 176,795	$ 4,820,000	$ 885,063	$ 902,568	$ 78,109	$ 39,715	$ 981

C. Description of Long-Term Liabilities

General Obligation Bonds

On February 1, 2010, the District issued $12,000,000 of Taxable General Obligation Alternative Facilities Bonds, Series 2010A. The proceeds of this issue were used to finance the replacement and upgrades of existing indoor air quality and HVAC systems at six existing District facilities to meet ventilation standards. Assets of the debt service fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On April 7, 2010, the District issued $760,000 of General Obligation Capital Facilities Bonds, Series 2010B. The proceeds of this issue were used to provide funds for specified capital projects and related financing costs. Assets of the debt service fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

On December 17, 2014, the District issued $5,295,000 of General Obligation Alternative Facilities Bonds, Series 2014A. The proceeds of this issue were used to finance costs of acquisition and betterment of school facilities. Assets of the debt service fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On December 7, 2014, the District issued $2,330,000 of General Obligation Capital Facilities Bonds, Series 2012A. The proceeds of this issue were used to finance costs of acquisition and betterment of school facilities. Assets of the debt service fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On December 20, 2018, the District issued $4,910,000 of General Obligation Capital Facilities Bonds, Series 2018A. The proceeds of this issue were used to finance capital projects and related financing costs including improvements, maintenance, and repairs to the Austin High School Music Suite.

On November 5, 2020, the District issued $18,075,000 of General Obligation School Building Refunding Bonds, Series 2020A. The proceeds of this issue were used for a current refunding of the 2022 through 2032 maturities of the District's General Obligation School Building Refunding Bonds, Series 2012A.

On October 14, 2021, the District issued $2,770,000 of General Obligation Facilities Maintenance Bonds, Series 2021A. The proceeds of this issue were used to finance capital projects and related financing costs including improvements, maintenance, and repairs.

Financed Purchase Payable

The District entered into a lease agreement on June 2, 2016 for $4,024,000. The lease was incurred to finance the acquisition of property, building, fixtures, and equipment to house the special education and other educational programs of the Austin Albert Lea Area Special Education Coop. The lease carries an interest rate of 2.54%. The building was completed at the end of fiscal year 2017 and the District has a lease with the Coop to lease the building back to the coop. The lease payable will be repaid with funds received from the coop as part of the lease agreement with the Coop.

Leases Payable

The District entered into a lease agreement on April 16, 2025 for $686,695. The lease was incurred to finance the acquisition technology for the district. The lease carries an interest rate of 6.00%. Furthermore, the District has entered into leases for copiers and classroom space.

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Certificates of Participation

On May 30, 2019, the District issued $5,775,000 in Certificates of Participation, Series 2019A, as part of a lease agreement. The certificates were issued to finance construction of a second floor music addition to the annex at Austin High School. Proceeds from these certificates were placed into trust account to finance construction costs. The certificates carry interest rates from 3.00% to 5.00% with principal payments due annually on February 1, with a final maturity of February 1, 2034. In accordance with the lease agreement, upon final payment, title to the project will pass from the lessor to the lessee (the District).

On May 1, 2022, the District issued $1,095,000 in Certificates of Participation, Series 2022A, as part of a lease agreement. The certificates were issued to finance construction of an addition to classroom space to the existing media center. Proceeds from these certificates were placed into trust account to finance construction costs. The certificates carry interest rates from 2.38% to 4.00% with principal payments due annually on February 1, with a final maturity of February 1, 2032. In accordance with the lease agreement, upon final payment, title to the project will pass from the lessor to the lessee (the District).

Subscription-Based Information Technology Arrangements

The District has entered into subscription based-information technology arrangements (SBITAs) for curriculum software. The SBITA expires June 30, 2025.

Compensated Absences Payable

Compensated Absences Payable consists of unused vacation, unused sick leave, and various severance and early retirement liabilities. The District's operating funds finance compensated absences on a pay-as-you-go basis.

D. Changes in Long-Term Liabilities

	June 30, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 28,188,153	$ -	$ 2,913,567	$ 25,274,586
Bond Premiums	1,710,206	-	387,111	1,323,095
Certificates of Participation	5,230,000	-	410,000	4,820,000
Financed Purchase Payable	2,210,921	-	271,175	1,939,746
Leases Payable	398,367	634,749	130,548	902,568
Subscription Liability	88,587	-	48,872	39,715
Compensated Absences Payable	1,019,754	2,175,306	1,019,755	2,175,305
Total	$ 38,845,988	$ 2,810,055	$ 5,181,028	$ 36,475,015

NOTE 5 RESTRICTED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds:

A. Restricted for Student Activities

In accordance with state statute, the fund balance restriction represents available resources dedicated exclusively for student activities.

B. Restricted for Scholarships

In accordance with state statute, this fund balance restriction represents available resources dedicated exclusively for scholarships.

C. Restricted for Literacy Incentive Aid

The fund balance restriction represents accumulated resources available to provide literacy incentive programming.

D. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books and vehicles and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

E. Restricted for Learning and Development

The fund balance restriction represents accumulated resources available to provide learning and development programming.

F. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

G. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

H. Restricted for Area Learning Center

Represents funds restricted to use in the District’s Area Learning Center.

I. Restricted for Gifted and Talented

Represents accumulated resources available to provide services for gifted and talented programming.

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

J. Restricted for Basic Skills

Represents accumulated resources available to provide services for gifted and talented programming.

K. Restricted for School Readiness

Represents accumulated resources available to provide services for school readiness programming.

L. Restricted for School Library Aid

Represents accumulated resources available to provide services for school library programming.

M. Restricted for Student Support

Represents accumulated resources available to provide services for student support programming.

N. Restricted for Adult Basic Education

The fund balance restriction represents the balance of carryover monies for all activities involving Adult Basic Education.

O. Restricted for American Indian Education Aid

The fund balance restriction represents the balance of carryover monies for all activities involving American Indian Education Aid.

P. Restricted for English Learner

Represents accumulated resources available to provide services for English Learner programming.

Q. Restricted for Long-Term Facilities Maintenance

Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's ten-year plan.

R. Restricted for READ Act – Literacy Aid

The fund balance restriction represents accumulated resources available to provide literacy programming in accordance with funding made available for that purpose.

S. Restricted for READ Act – Teacher Training Compensation

The fund balance restriction represents accumulated resources available to provide teacher training programming in accordance with funding made available for that purpose.

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

T. Restricted for Debt Service

Represents resources available to be used to service the district's debt.

U. Restricted for Community Service

Represents accumulated resources available to provide services for community service programming.

V. Restricted for Food Service

Represents accumulated resources available to be used in the District's food service fund.

NOTE 6 DEFINED BENEFIT PENSION PLANS

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) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 354 and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

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

   Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities).

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide 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.

1. GERF Benefits

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

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

2. TRA Benefits

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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.

2. TRA Benefits (Continued)

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

(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) 3.0% 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).

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

Tier II Benefits

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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. Contributions

1. GERF Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were $977,179 The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were $3,126,285 The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2025, the District reported a liability of $5,389,897 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 $139,372.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

GERF Pension Costs	
District's Proportionate Share of the Net Pension Liability	$ 5,389,897
State of Minnesota's Proportionate Share of the Net Liability Associated with the District	139,372
	$ 5,529,269

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .01458 percent at the end of the measurement period and .01481 percent for the beginning of the period

For the year ended June 30, 2025, the District recognized pension expense of $311,556 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $1,727 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $247,985 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 deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 506,792	$ -
Changes in Actuarial Assumptions	26,315	2,039,987
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,565,182
Changes in Proportion	-	303,081
District Contributions Subsequent to the Measurement Date	977,179	-
Total	$ 1,510,286	$ 3,908,250

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

The $977,179 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (1,849,948)
2027	(415,485)
2028	(696,606)
2029	(413,104)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of $32,451,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was .51070% at the end of the measurement period and .5154% for the beginning of the year.

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

Description	Amount
District's Proportionate Share of the TRA Net	$ 32,451,517
State's Proportionate Share of the Net Pension	2,122,455
Total	$ 34,573,972

For the year ended June 30, 2025, the District recognized pension expense of $2,875,765

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 $899,683 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 1,547,082	$ 420,560
Changes in Actuarial Assumptions	3,272,729	3,869,932
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,593,116
Changes in Proportion	1,084,758	939,298
District Contributions Subsequent to the Measurement Date	3,126,285	-
Total	$ 9,030,854	$ 9,822,906

Of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, $3,126,285 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (1,982,296)
2027	2,919,642
2028	(2,192,854)
2029	(2,093,000)
2030	(569,829)

3. Aggregate Pension Costs

At June 30, 2025, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	TRA	GERF	Supplemental Pension	Total
Net Pension Liability	$ 32,451,517	$ 5,389,897	$ 158,348	$ 37,999,762
Deferred Outflows of Resources	9,030,854	1,510,286	24,272	10,565,412
Deferred Inflows of Resources	9,822,906	3,908,250	108,106	13,839,262
Pension Expense	3,775,448	313,283	39,129	4,127,860

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25% per year	2.50% per year
Active Member Payroll Growth	10.25% after one to 3.00% after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Investment Rate of Return	7.00%	7.00%

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.

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

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA healthy retiree mortality rates were based on the PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA beneficiary mortality rates were based on the Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA disabled retiree mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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

- 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.

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

- 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 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA and TRA, 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	PREA Target Allocation	TRA Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	33.5 %	5.10%
International Equity	16.5	16.5	5.30%
Private Markets	25.0	25.0	5.90%
Fixed Income	25.0	25.0	0.75%
Total	100.0 %	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were 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.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

Description	1% Decrease in	Current	1% Increase in
GERF Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	$ 11,772,403	$ 5,389,897	$ 139,704
TRA Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	$ 57,149,020	$ 32,451,517	$ 12,124,886

H. 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.

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

NOTE 7 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2025, are $408,367.

NOTE 8 SUPPLEMENTAL PENSION PLAN

A. Plan Description

The District provides a single-employer defined benefit supplemental pension benefit plan (the Plan) to eligible administrators, supervisors, and directors. The Plan's purpose is to provide retirement income to Plan members. The District is the administrator of the Plan. As of July 1, 2024, employees covered by the Plan are as follows:

Active Plan Members	13
Total	13

B. Benefits Provided

Authority for payment of pension benefits is established by employment contracts for the superintendent, executive directors, and directors. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period.

Benefits are based on employee's hire dates and are calculated based on the basis of service credit, a given percentage, and final annual salary. Currently, the superintendent, executive directors and directors with certain minimum years of service, ranging from a minimum of five years to ten years of service, are eligible to retire and receive a lump sum benefit upon attaining an age eligible for retirement. The maximum benefit, depending on service years, ranges from 20% of annual salary to 44% of annual salary. All payments are made as lump sum payments.

The District paid $0 for pension benefits under the Plan that came due during the year ended June 30, 2025.

C. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

C. Total Pension Liability (Continued)

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation date July 1, 2024. At June 30, 2025, the District reported a total pension liability of $158,348. Changes in the District's total pension liability were as follows:

Beginning Total Pension Liability	$	312,823
Changes for the Year:		
Service Cost		18,640
Interest		12,708
Difference between expected and actual experience		3,060
Change in Benefit Terms		(173,657)
Changes of Assumptions and Other Inputs		(3,861)
Benefit Payments		(11,365)
Net Changes		(154,475)
Ending Total Pension Liability	$	158,348

D. Pension Costs

For the year ended June 30, 2025, the District recognized pension expense of $(155,474) At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual	$ 14,157	$ 74,134
Changes of Assumptions and Other Inputs	10,115	33,972
Total	$ 24,272	$ 108,106

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

D. Pension Costs (Continued)

Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (13,165)
2027	(13,165)
2028	(13,165)
2029	(13,165)
2030	(13,165)
Thereafter	(18,009)

E. Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2024
Measurement Date:	July 1, 2024
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	4.10%
Inflation:	2.50%
Salary Increases:	Varies by service and contract group (3% on the previous measurement date)
Retirement Age:	55
Mortality:	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale

F. Discount Rate

The discount rate used to measure the total pension liability was 4.10 % (3.90% on the previous measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

G. Plan Changes

The Plan was amended in 2025 such that principals no longer receive a benefit from the supplemental pension plan. Directors and executive directors must have been hired on or before July 1, 2023 in order to receive a benefit under the Plan. Also, the Plan benefits are based on the 2023-2024 salary scale.

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

H. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 4.10%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	4.10% Discount Rate	1% Increase in Discount Rate
Total Pension Liability	$ 166,080	$ 158,348	$ 150,825

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's health and dental insurance plan. There are 786 active participants and 43 inactive participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period.

Under the terms of employment contracts, when teachers, who were hired prior to July 1, 2019, retire between the ages of 55 to 65, the District must provide life and health insurance benefits which shall cease when such employees attain the age of 65 years for most employees. For principals that retire between the ages of 55 and 65, the District must provide health and dental insurance benefits which will cease when such employees attain the age of 65 years. For administrators hired prior to January 1, 2003 that retire between the ages 55 to 65, the District must provide health, dental, and life insurance benefits until the employee reaches the age of 65 years. Under the terms of the employment contracts, when custodians retire between the ages of 55 to 65, the District will pay for single medical coverage and life insurance until the month in which the retiree reaches the age of 65. This benefit is generally available to those employees who have at least 10 years of continuous employment with the District. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

New hires employed into the unit on July 1, 2019, and thereafter shall not be eligible to receive an employer contribution toward term life insurance and health insurance benefits upon retirement.

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

B. Benefits Provided

Teachers hired before July 1, 2019 who have 10 years of continuous employment with the District prior to the year of separation are eligible for a District contribution toward single coverage on the District's medical insurance until reaching the age of Medicare eligibility. The District will pay the same monthly contribution as for active teachers to a single coverage $250/$500 deductible plan, or a single coverage high-deductible plan with a health savings account plus 50% of the deductible for a high-deductible plan until Medicare eligibility.

Non-teachers who are 55 to 62 years of age upon retirement, depending on contract group, and have been employed by the District for a minimum of 10 years (and hired before July 1, 2006 for secretaries, hired before July 1, 2002 for food service and hired before July 1, 2003 for custodians) are eligible for a District contribution toward single coverage on the District's medical insurance until reaching the age of Medicare eligibility. The District will pay the same monthly contribution as for active members (active members at the time of retirement for secretary unit) and receive the same HSA single contribution of 50% of the single HDHP deductible.

C. Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of July 1, 2024 and determined by an actuarial valuation as of July 1, 2024 and measured using the following actuarial assumptions, applied to all periods included in the measurement, unless specified otherwise.

Inflation	2.50%
Salary Increases	4.00%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years and then to 4.00% Over the Next 48 Years
Dental Trend Rate	4.00%

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

The discount rate used to measure the total OPEB liability was 4.10% (3.90% as of the measurement date of July 1, 2024). The discount rate is based on published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the Total OPEB Liability

The following table shows the components of the changes in the District's Total OPEB liability:

	Total OPEB Liability
Balances at June 30, 2023	
Service Cost	$ 821,401
Interest on the Total OPEB Liability	543,230
Changes in Benefit Terms	
Plan Changes	
Actual Experience	1,110,385
Changes of Assumptions	
Employer Contributions	
Administrative Expense	(1,054,545)
Net Changes	1,874,670
Balances at June 30, 2024	$ 15,504,475

E. Total OPEB Liability and Sensitivity

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

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	$ 16,469,325	$ 15,504,475	$ 14,575,155

The following presents the Total OPEB liability of the District, as well as what the District's Total OPEB liability would be if it were calculated using the health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

	Healthcare Cost		
	1% Decrease (5.5% Decreasing to 3.00% over 54 Years)	Current Trend Rates (6.5% Decreasing to 4.00% over 54 Years)	1% Increase (7.5% Decreasing to 5.00% over 54 Years)
Total OPEB Liability	$ 14,037,264	$ 15,504,475	$ 17,218,807

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

For the year ended June 30, 2025, the District recognized OPEB expense of $1,227,714 At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 951,759	$ 411,076
Changes of Assumptions and Other Inputs	532,576	812,978
Benefit Payments Subsequent to the Measurement Date	1,173,152	-
Total	$ 2,657,487	$ 1,224,054

The payment of benefits of $1,173,152 subsequent to the measurement date will reduce the District's Total OPEB Liability in the District's fiscal year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (35,188)
2027	(79,188)
2028	(14,461)
2029	(47,549)
2030	213,153
Thereafter	223,514
Total	$ 260,281

NOTE 10 FLEXIBLE BENEFIT PLAN

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

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

NOTE 10 FLEXIBLE BENEFIT PLAN (CONTINUED)

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

NOTE 11 RELATED ORGANIZATIONS

Austin Public Education Foundation, Inc.

The Foundation is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Foundation is engaged in the operation of raising funds to support, aid, and promote educational programs in the District, its successors, and assigns, and the students, parents, residents, teachers, and administrators who are residing within the confines of the District.

The financial statements of Austin Public Education Foundation, Inc. are presented in a separate report.

The District received $105,528 in pledges from the Foundation for the year ended June 30, 2025.

Austin Albert Lea Area Special Education Cooperative

The Austin Albert Lea Area Special Education Cooperative (AALASEC) was created in 2015. The primary objective of AALASEC is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be effectively operated by it two member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointly governed organization’s financial statements are audited and available for inspection.

NOTE 12 SELF-INSURED HEALTH AND DENTAL PLAN

The District has elected to self-insure their employee health and dental insurance program. The District has entered into an agreement with an insurance company to provide stop-loss insurance to limit the losses on individual and aggregate claims and to provide claims processing and other administrative duties. The individual stop-loss amount is $300,000 per participant and the aggregate stop-loss amount is $216,056,278. The District established an internal service fund to account for contributions from other funds for health and dental insurance and to establish a reserve for catastrophic losses. Contributions during the year were based on maximum claims before reinsurance is effective. The amounts charged to expenses include administrative fees, stop-loss insurance premiums, claims paid and accruals for claims incurred but not paid at year-end. The liability for unpaid claims is included in the Internal Service Fund as accounts payable.

NOTE 12 SELF-INSURED HEALTH AND DENTAL PLAN (CONTINUED)

An analysis of claims for the years ended June 30, 2025 and 2024 are as follows:

Self-Insurance Claims	Health and Dental
Beginning of Fiscal Year Liability - July 1, 2024	$ 556,951
Current Year Claims, Changes in Estimates, and Other Charges	13,851,795
Payments on Claims	(13,378,935)
End of Fiscal Year Liability - June 30, 2025	$ 1,029,811

	Health and Dental
Beginning of Fiscal Year Liability - July 1, 2023	$ 669,739
Current Year Claims, Changes in Estimates, and Other Charges	15,833,146
Payments on Claims	(15,945,934)
End of Fiscal Year Liability - June 30, 2024	$ 556,951

NOTE 13 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 is self-insured for employee related health and dental. The District purchases commercial insurance coverage for all other risks of loss.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. In addition, there have been no settlements in excess of the District's insurance coverage in any of the prior three years.

NOTE 14 TAX ABATEMENT

The District enters into property tax abatement agreements with individuals that build new homes within the city limits of Austin, Minnesota. The purpose of tax abatements is to encourage individuals to build homes within the community. The total amount of the property taxes due on the newly constructed homes is abated for the first five years. The abatement is a reduction of the taxable valuation on the property. For the fiscal year ended June 30, 2025, the District's tax revenues were not significantly affected by these abatements.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

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

NOTE 16 RESTATEMENT OF BEGINNING FUND BALANCE

Changes to or Within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The Food Service Special Revenue Fund and Community Service Special Revenue Fund previously met the criteria to be reported as a major governmental funds. However, effective July 1, 2024, the funds no longer met the criteria to be reported as a major fund and are reported as nonmajor governmental funds for the fiscal year ended June 30, 2025. The effect of that change within the financial reporting entity is shown in the table below

	Food Service	Community Service	Nonmajor Governmental Funds
June 30, 2024, as Previously Presented	$ 2,156,687	$ 1,167,265	$ -
Change from Major to Nonmajor Fund	(2,156,687)	(1,167,265)	3,323,952
June 30, 2024, as Restated	$ -	$ -	$ 3,323,952

NOTE 17 SUBSEQUENT EVENT

On July 8th, 2025, the District issued $2,495,000 of General Obligation Capital Facilities Bonds. The interest rate on the bonds range from 4-5% and the maturity date(s) range from February 1st, 2030 to February 1st, 2040.

On August 8th, 2025, the District entered into a lease-purchase agreement of $575,000 for tennis courts and related athletic improvements. The interest rate of this rental is 4.36% and the payments annually occur from February 1st, 2027 to February 1st, 2036.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 492
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 7,758,879	$ 7,758,879	$ 7,729,481	$ (29,398)
Investment Income	125,576	125,351	1,090,423	965,072
Other	6,415,274	7,107,711	6,891,825	(215,886)
State Sources	71,902,852	73,292,854	76,983,337	3,690,483
Federal Sources	2,376,743	3,563,969	3,796,500	232,531
Total Revenues	88,579,324	91,848,764	96,491,566	4,642,802
EXPENDITURES				
Current:				
Administration	2,918,754	2,887,943	3,072,909	184,966
District Support Services	3,096,834	3,189,056	2,827,716	(361,340)
Elementary and Secondary Regular Instruction	35,040,885	36,269,872	34,784,099	(1,485,773)
Vocational Education Instruction	956,761	1,009,709	956,827	(52,882)
Special Education Instruction	21,628,782	21,365,701	21,805,469	439,768
Instructional Support Services	4,943,913	5,392,654	4,641,833	(750,821)
Pupil Support Services	8,527,660	8,810,760	8,906,269	95,509
Sites and Buildings	6,636,625	6,593,089	6,543,113	(49,976)
Fiscal and Other Fixed Cost Programs	1,664,604	1,772,240	690,483	(1,081,757)
Capital Outlay	1,758,006	4,345,668	3,519,271	(826,397)
Debt Service:				
Principal	823,597	113,369	860,795	747,426
Interest and Fiscal Charges	241,701	4,700	164,338	159,638
Total Expenditures	88,238,122	91,754,761	88,773,122	(2,981,639)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	341,202	94,003	7,718,444	7,624,441
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	634,749	634,749
SIBITA Proceeds	-	-	-	-
Insurance Recovery	-	-	370	370
Total Other Financing Sources (Uses)	-	-	635,119	635,119
NET CHANGE IN FUND BALANCE	$ 341,202	$ 94,003	8,353,563	$ 8,259,560
Fund Balance - Beginning of Year			23,174,289	
FUND BALANCE - END OF YEAR			$ 31,527,852	

INDEPENDENT SCHOOL DISTRICT NO. 492
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT MEASUREMENT PERIODS

	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability								
Service Cost	$ 821,401	$ 826,276	$ 814,221	$ 1,110,206	$ 1,030,505	$ 978,442	$ 889,535	$ 795,729
Interest	543,230	513,485	312,647	341,988	432,987	450,997	441,956	426,438
Changes of Benefit Terms	-	-	-	-	-	-	(172,448)	-
Plan Changes	-	-	(3,507)	-	(158)	-	-	-
Differences Between Expected and Actual Experience	1,110,385	-	(632,608)	-	(173,557)	-	(966,448)	-
Changes of Assumptions	454,199	(72,510)	(1,192,306)	231,616	(279,532)	307,994	254,351	-
Benefit Payments	(1,054,545)	(641,907)	(731,643)	(766,386)	(847,178)	(833,590)	(726,670)	(726,670)
Net Change in Total OPEB Liability	1,874,670	625,344	(1,433,196)	917,424	163,067	903,843	(279,724)	495,497
Total OPEB Liability - Beginning	13,629,805	13,004,461	14,437,657	13,520,233	13,357,166	12,453,323	12,733,047	12,237,550
Total OPEB Liability - Ending (a)	$ 15,504,475	$ 13,629,805	$ 13,004,461	$ 14,437,657	$ 13,520,233	$ 13,357,166	$ 12,453,323	$ 12,733,047
Covered-Employee Payroll	$ 44,650,518	$ 42,479,426	$ 41,242,161	$ 39,725,363	$ 38,568,314	$ 38,943,550	$ 37,809,272	$ 33,671,800
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	34.72%	32.09%	31.53%	36.34%	35.06%	34.30%	32.94%	32.94%

Note 1: The District implemented GASB Statement No. 75 in fiscal year 2018. The above table will be expanded to 10 years of information as it becomes available.

Note 2: No assets are accumulated in a trust.

INDEPENDENT SCHOOL DISTRICT NO. 492
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

PERA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Pension Liability	0.1458%	0.1481%	0.1538%	0.1554%	0.1567%	0.1492%	0.1562%	0.1528%	0.1529%	0.1536%
District's Proportionate Share of the Net Pension Liability	$ 5,389,897	$8,281,586	$12,181,011	$6,636,276	$9,394,881	$8,248,934	$8,665,336	$9,754,651	$12,414,722	$7,960,349
State's Proportionate Share of the Net Pension Liability Associated with District	139,372	228,321	357,091	202,600	289,647	256,322	284,197	122,694	162,144	-
Total	$ 5,529,269	$ 8,509,907	$ 12,538,102	$ 6,838,876	$ 9,684,528	$ 8,505,256	$ 8,949,533	$ 9,877,345	$ 12,576,866	$ 7,960,349
District's Covered Payroll	$ 11,187,240	$ 11,790,453	$ 11,569,987	$ 11,187,240	$ 11,175,133	$ 10,530,560	$ 10,525,453	$ 9,398,780	$ 9,237,724	$ 8,628,469
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	49.42%	76.15%	108.37%	61.13%	86.66%	80.77%	85.03%	100.30%	136.15%	92.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.06%	79.50%	79.50%	75.90%	68.90%	78.20%

TRA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Pension Liability	0.5107%	0.5154%	0.5199%	0.5003%	0.5116%	0.5077%	0.5065%	0.4910%	0.4912%	0.4720%
District's Proportionate Share of the Net Pension Liability	$ 32,451,517	$42,552,578	$41,630,842	$21,894,624	$37,797,693	$32,360,905	$31,810,105	$98,012,507	$117,162,920	$29,173,124
State's Proportionate Share of the Net Pension Liability Associated with District	2,122,455	2,980,748	3,087,295	1,846,568	3,167,556	2,863,687	2,988,444	9,475,199	11,760,020	3,578,049
Total	$ 34,573,972	$ 45,533,326	$ 44,718,137	$ 23,741,192	$ 40,965,249	$ 35,224,592	$ 34,798,549	$ 107,487,706	$ 128,922,940	$ 32,751,173
District's Covered Payroll	$ 30,125,461	$ 32,764,351	$ 32,404,880	$ 30,125,461	$ 29,859,255	$ 28,162,335	$ 28,118,787	$ 26,761,840	$ 23,110,240	$ 25,791,257
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	107.72%	142.51%	128.47%	72.68%	126.59%	114.91%	113.13%	366.24%	506.97%	113.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.07%	78.07%	51.57%	44.88%	76.80%

INDEPENDENT SCHOOL DISTRICT NO. 492
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

PERA Schedule of District Contributions
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 977,179	$926,205	$884,284	$867,749	$839,043	$838,135	$789,792	$789,409	$738,612	$693,160
Contributions in Relation to the Statutorily Required Contribution	(977,179)	(926,205)	(884,284)	(867,749)	(839,043)	(838,135)	(789,792)	(789,409)	(738,612)	(693,160)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 13,029,053	$12,349,400	$11,790,453	$11,569,987	$11,187,240	$11,175,133	$10,530,560	$10,525,453	$9,848,160	$9,398,780
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

TRA Schedule of District Contributions
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 3,126,285	$2,961,753	$2,801,352	$2,702,567	$2,449,200	$2,364,853	$2,171,316	$2,108,909	$2,007,138	$1,733,268
Contributions in Relation to the Statutorily Required Contribution	(3,126,285)	(2,961,753)	(2,801,352)	(2,702,567)	(2,449,200)	(2,364,853)	(2,171,316)	(2,108,909)	(2,007,138)	(1,733,268)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 35,728,971	$33,809,966	$32,764,351	$32,404,880	$30,125,461	$29,859,255	$28,162,335	$28,118,787	$26,761,840	$23,110,240
Contributions as a Percentage of Covered Payroll	8.75%	8.76%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 492
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement Date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016
Service Cost	$ 18,640	$ 40,102	$ 39,369	$ 35,836	$ 33,598	$ 32,671	$ 30,334	$ 31,120	$ 32,058
Interest	12,708	12,112	8,186	9,685	11,186	11,586	14,454	12,162	11,665
Changes of Benefit Terms	(173,657)	-	-	-	10,582	-	-	(11,118)	-
Differences Between Expected and Actual Experience	3,060	-	(44,531)	-	20,908	-	(100,195)	-	-
Changes of Assumptions	(3,861)	(1,501)	(32,875)	5,031	6,213	7,049	(2,609)	-	-
Benefit Payments	(11,365)	(32,757)	(51,051)	(84,503)	-	(44,473)	(32,472)	(18,965)	(32,209)
Net Change in Total Pension Liability	(154,475)	17,956	(80,902)	(33,951)	82,487	6,833	(90,488)	13,199	11,514
Total Pension Liability - Beginning	312,823	294,867	375,769	409,720	327,233	320,400	410,888	397,689	386,175
Total Pension Liability - Ending (a)	$ 158,348	$ 312,823	$ 294,867	$ 375,769	$ 409,720	$ 327,233	$ 320,400	$ 410,888	$ 397,689
Employee Payroll	$ 3,604,828	$ 3,546,941	$ 3,443,632	$ 3,322,169	$ 3,225,407	$ 3,079,279	$ 2,989,591	$ 2,931,971	$ 2,846,574
Total Pension Liability as a Percentage of Employee Payroll	4.39%	8.82%	8.56%	11.31%	12.70%	10.63%	10.72%	14.01%	13.97%

Note: Ten years of data will be presented as it becomes available.

Note:
No assets are accumulated in a trust that meets all of the following criteria of GASB Statement No. 73, paragraph 4:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.5% to 7.00%, for financial reporting purposes.

Changes in Plan Provisions

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

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

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

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for fiscal reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for fiscal reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2021 (Continued)

Changes in Actuarial Assumptions (Continued)

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

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

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

The following changes were reflected in the valuation performed on behalf of the District's supplemental pension plan for the year ended June 30:

2025

Changes in Plan Provisions

- The supplemental pension plan was amended in 2025 such that principals no longer receive a benefit from the supplemental pension plan. Directors and executive directors must have been hired on or before July 1, 2023 in order to receive a benefit under the Plan. Also, the Plan benefits are based on the 2023-2024 salary scale.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.90% to 4.10%.

2024

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 3.90%.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2023

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 2.10% to 3.80%.

2022

Changes in Actuarial Assumptions

- The discount rate was changed from 2.40% to 2.10%.

2021

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.

2020

Changes in Actuarial Assumptions

- The discount rate was changed from 3.10% to 2.40%.

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.10%.

2018

Changes in Actuarial Assumptions

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.
- Eligible retirees older than 90 are assumed to continue to receive payments for their lifetime; previously payments were assumed to end at age 90.

2017

Changes in Actuarial Assumptions

- The discount rate was changed from 2.90% to 3.40%.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2025

Changes in Actuarial Assumptions

- The discount rate was changed from 3.90% to 4.10%.

2024

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 3.90%.

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 2.90% to 3.80%.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

2022

Changes in Actuarial Assumptions

- The discount rate was changed from 2.40% to 2.10%.

2021

Changes in Plan Provisions

- Teachers must be hired before July 1, 2019 to receive postretirement medical and life insurance subsidies.

Changes in Actuarial Assumptions

- The mortality tables were updated from the PR-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10% to 2.40%.

2020

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.10%.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.10%.

2018

Changes in Plan Provisions

- The eligibility for Principals hired after July 1, 2005, changed from age 55 with 10 years of service to age 62 with 10 years of service.

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.
- Eligible retirees older than 90 are assumed to continue to receive payments for their lifetime; previously payments were assumed to end at age 90.

SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 492
NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue		Total
	Food Service	Community Service	Governmental Funds
ASSETS			
Cash and Investments	$ 2,662,089	$ 1,430,669	$ 4,092,758
Receivables:			
Current Property Taxes	-	123,051	123,051
Delinquent Property Taxes	-	3,232	3,232
Accounts and Interest Receivable	2,928	50,555	53,483
Due from Other Minnesota School Districts	1,031	120,283	121,314
Due from Minnesota Department of Education	-	83,078	83,078
Due from Federal Through Minnesota Department of Education	75,567	-	75,567
Due from Other Governmental Units	-	5,952	5,952
Prepaid Items	-	14,329	14,329
Inventory	47,123	-	47,123
Total Assets	$ 2,788,738	$ 1,831,149	$ 4,619,887
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Salaries and Payroll Deductions Payable	$ 39,370	$ 79,509	$ 118,879
Accounts and Contracts Payable	245,430	12,071	257,501
Unearned Revenue	6,940	21,881	28,821
Total Liabilities	291,740	113,461	405,201
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	-	250,690	250,690
Property Taxes	-	3,232	3,232
Total Deferred Inflows of Resources	-	253,922	253,922
FUND BALANCES			
Nonspendable:			
Inventory	47,123	-	47,123
Prepaid Items	-	14,329	14,329
Restricted for:			
Community Education Programs	-	727,660	727,660
Early Childhood and Family Education Programs	-	387,175	387,175
School Readiness	-	181,009	181,009
Adult Basic Education	-	121,863	121,863
Community Education	-	31,730	31,730
Food Service	2,449,875	-	2,449,875
Total Fund Balances	2,496,998	1,463,766	3,960,764
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,788,738	$ 1,831,149	$ 4,619,887

INDEPENDENT SCHOOL DISTRICT NO. 492
NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025

	Special Revenue		
	Food Service	Community Service	Total
REVENUES			
Local Sources:			
Property Taxes	$ -	$ 238,075	$ 238,075
Investment Income	67,944	47,215	115,159
Other	95,987	1,505,385	1,601,372
State Sources	702,837	989,936	1,692,773
Federal Sources	3,707,372	34,257	3,741,629
Total Revenues	4,574,140	2,814,868	7,389,008
EXPENDITURES			
Current:			
Food Service	3,908,587	-	3,908,587
Community Service	-	2,511,585	2,511,585
Capital Outlay	325,164	6,782	331,946
Debt Service:			
Principal	78	-	78
Total Expenditures	4,233,829	2,518,367	6,752,196
NET CHANGE IN FUND BALANCES	340,311	296,501	636,812
Fund Balances - Beginning of Year, as Originally Reported	-	-	-
Change Within the Financial Reporting Entity	2,156,687	1,167,265	3,323,952
Fund Balances - Beginning of Year, as Adjusted	2,156,687	1,167,265	3,323,952
FUND BALANCES - END OF YEAR	$ 2,496,998	$ 1,463,766	$ 3,960,764

INDEPENDENT SCHOOL DISTRICT NO. 492
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Investment Income	$ 15,000	$ 15,000	$ 67,944	$ 52,944
Other - Primarily Meal Sales	116,188	116,188	95,987	(20,201)
State Sources	1,200,000	1,200,000	702,837	(497,163)
Federal Sources	2,940,000	2,950,394	3,707,372	756,978
Total Revenues	4,271,188	4,281,582	4,574,140	292,558
EXPENDITURES				
Current:				
Food Service	3,699,121	4,040,050	3,908,587	(131,463)
Capital Outlay	106,940	488,190	325,164	(163,026)
Debt Service:				
Principal	1,575	1,575	78	(1,497)
Total Expenditures	3,807,636	4,529,814	4,233,829	(295,985)
Net Change in Fund Balance	$ 463,552	$ (248,232)	340,311	$ 588,543
FUND BALANCE				
Beginning of Year			2,156,687	
End of Year			$ 2,496,998	

INDEPENDENT SCHOOL DISTRICT NO. 492
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 234,918	$ 237,162	$ 238,075	$ 913
Investment Income	-	-	47,215	47,215
Other - Primarily Tuition and Fees	1,446,757	1,615,090	1,505,385	(109,705)
State Sources	871,086	1,026,140	989,936	(36,204)
Federal Sources	34,987	34,257	34,257	(0)
Total Revenues	2,587,748	2,912,648	2,814,868	(97,780)
EXPENDITURES				
Current:				
Community Service	2,854,599	2,814,573	2,511,585	(302,988)
Capital Outlay	4,032	6,782	6,782	-
Total Expenditures	2,858,631	2,821,355	2,518,367	(302,988)
Net Change in Fund Balance	$ (270,883)	$ 91,293	296,501	$ 205,208
FUND BALANCE				
Beginning of Year			1,167,265	
End of Year			$ 1,463,766	

OTHER REQUIRED REPORTS

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' 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*

Board of Education
Independent School District No. 492
Austin, 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. 492 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
November 26, 2025

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Independent School District No. 492
Austin, 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 respective financial position of the governmental activities, each major fund and the other aggregate information of Independent School District No. 492 (the District) as of and for the year ended June 30, 2025, and the related notes, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide*, 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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
November 26, 2025

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

INDEPENDENT SCHOOL DISTRICT NO. 492
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ Yes ____x____ No
   - Significant deficiency(ies) identified? _____ Yes ____x____ None Reported
3. Noncompliance material to financial statements noted? _____ Yes ____x____ No

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Minnesota Legal Compliance Findings

Our audit did not disclose any matters required to be reported regarding Minnesota Legal Compliance.

INDEPENDENT SCHOOL DISTRICT NO. 492
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2025

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 96,491,566	$ 96,491,526	$ 40
Total Expenditures	88,773,122	88,773,080	42
Nonspendable:			
460 Nonspendable Fund Balance	417,843	417,843	-
Restricted:			
401 Student Activities	225,486	225,484	2
402 Scholarships	12,368	12,368	-
403 Staff Development	-	-	-
405 Deferred Maintenance	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
412 Literacy Incentive Aid	358,035	358,035	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
420 American Indian Education Aid	3,088	3,088	-
424 Operating Capital	1,176,368	1,176,368	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	368,037	368,037	-
434 Area Learning Center	1,018,539	1,018,539	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	8,172	8,172	-
439 English Learner	410,911	410,911	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
443 School Library Aid	105,170	105,170	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
456 READ ACT- Literacy Aid	204,842	204,842	-
457 READ ACT- Tchr Training Compensation	13,912	13,912	-
459 Basic Skills Extended Time	1,978,298	1,978,298	-
467 Long Term Facilities Maintenance	1,162,160	1,162,160	-
471 Student Support Personnel Aid	2,946	2,946	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	10,489,782	10,489,781	1
Unassigned:			
422 Unassigned Fund Balance	13,571,895	13,571,901	(6)
02 FOOD SERVICE			
Total Revenue	4,574,140	4,574,140	-
Total Expenditures	4,233,829	4,233,828	1
Nonspendable:			
460 Nonspendable Fund Balance	47,123	47,123	-
Restricted:			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	2,449,875	2,449,876	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	2,814,868	2,814,864	4
Total Expenditures	2,518,367	2,518,363	4
Nonspendable:			
460 Nonspendable Fund Balance	14,329	14,329	-
Restricted:			
426 $25 Taconite	-	-	-
431 Community Education	727,660	727,660	-
432 E.C.F.E.	387,175	387,175	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	181,009	181,009	-
447 Adult Basic Education	121,863	121,863	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	31,730	31,731	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ 753	$ 753	$ -
Total Expenditures	1,977,328	1,977,328	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long Term Facilities Maintenance	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	(1,881,737)	(1,881,737)	-
07 DEBT SERVICE			
Total Revenue	3,870,565	3,870,566	(1)
Total Expenditures	3,799,103	3,799,103	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	918,606	918,607	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	3,921	3,921	-
Total Expenditures	142	142	-
Restricted/Reserved			
402 Scholarships	118,554	118,554	-
18 CUSTODIAL			
Total Revenue	220,728	220,728	-
Total Expenditures	220,728	220,728	-
Restricted/Reserved			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	-	-	-
20 INTERNAL SERVICE			
Total Revenue	13,695,749	13,695,749	-
Total Expenditures	13,851,795	13,851,795	-
Net Position:			
422 Net Position	2,502,984	2,502,983	1
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	31,600	31,600	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	123,600	123,600	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.