

INDEPENDENT SCHOOL DISTRICT NO. 831  
FOREST LAKE, MINNESOTA

Financial Statements  
and Supplementary Information

Year Ended  
June 30, 2025



Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 831

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Board and Administration  
Year Ended June 30, 2025

**SCHOOL BOARD**

Board Position  
During 2024–2025

---

Curt Rebelein	Chairperson (President)
Luke Hagglund	Vice Chairperson (Vice President)
Tessa Antonsen	Clerk
Mark Kasel	Treasurer
Jill Christenson	Director
Julie Corcoran	Director
Gail Theisen	Director

**ADMINISTRATION**

Dr. Steven Massey	Superintendent
Chrissy Rehnberg-Eide	Director of Business Services

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FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Independent School District No. 831  
Forest Lake, 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 Independent School District No. 831 (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, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **BASIS FOR OPINIONS**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our 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.

#### **EMPHASIS OF MATTER**

##### ***Change in Accounting Principle***

As described in Note 1 of the notes to basic financial statements, in fiscal 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

(continued)

## **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Exercise professional 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.

(continued)

## **REQUIRED SUPPLEMENTARY INFORMATION**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **SUPPLEMENTARY INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the UFARS Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER INFORMATION**

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

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

(continued)

## **PRIOR YEAR COMPARATIVE INFORMATION**

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2024 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated November 25, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



LB CARLSON, LLP  
Minneapolis, Minnesota

November 21, 2025

# INDEPENDENT SCHOOL DISTRICT NO. 831

## Management's Discussion and Analysis Year Ended June 30, 2025

This section of Independent School District No. 831's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the other components of the District's annual financial statements.

### FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2025 by \$699,079 (deficit net position). The District's total net position increased by \$9,737,284 during the fiscal year ended June 30, 2025.
- Government-wide revenues totaled \$123,803,872 and were \$12,459,830 more than expenses of \$111,344,042.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* during the year. Beginning net position was restated for the cumulative impact of implementing this new guidance, which lowered beginning net position by \$2,722,546 in governmental activities. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased by \$3,973,427 from the prior year, compared to an increase of \$490,934 planned in the budget.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with Minnesota statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Proprietary Funds** – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. 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 government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	2025	2024
<b>Assets</b>		
Current and other assets	\$ 95,970,993	\$ 77,513,024
Capital assets, net of depreciation/amortization	204,983,855	203,247,283
Total assets	\$ 300,954,848	\$ 280,760,307
<b>Deferred outflows of resources</b>		
Bond refunding deferments	\$ 210,434	\$ 248,993
OPEB plan deferments	243,093	339,668
Pension plan deferments	11,012,957	13,460,706
Total deferred outflows of resources	\$ 11,466,484	\$ 14,049,367
<b>Liabilities</b>		
Current and other liabilities	\$ 21,363,565	\$ 18,292,371
Long-term liabilities, including due within one year	238,292,607	243,840,074
Total liabilities	\$ 259,656,172	\$ 262,132,445
<b>Deferred inflows of resources</b>		
OPEB plan deferments	\$ 2,418,759	\$ 2,673,605
Pension plan deferments	16,433,464	6,784,132
Property taxes levied for subsequent year	34,612,016	33,655,855
Total deferred inflows of resources	\$ 53,464,239	\$ 43,113,592
<b>Net position</b>		
Net investment in capital assets	\$ 45,482,636	\$ 42,516,961
Restricted	8,672,606	6,614,156
Unrestricted	(54,854,321)	(59,567,480)
Total net position	\$ (699,079)	\$ (10,436,363)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position, as compared to fund balances, is the liability for long-term compensated absences, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated/amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition, food service, community service, and other state funding restrictions, contributed to the increase in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Positive operations in the General Fund and Internal Service Fund also contributed to the increase in unrestricted net position.

Table 2 presents a summarized version of the District's Statement of Activities:

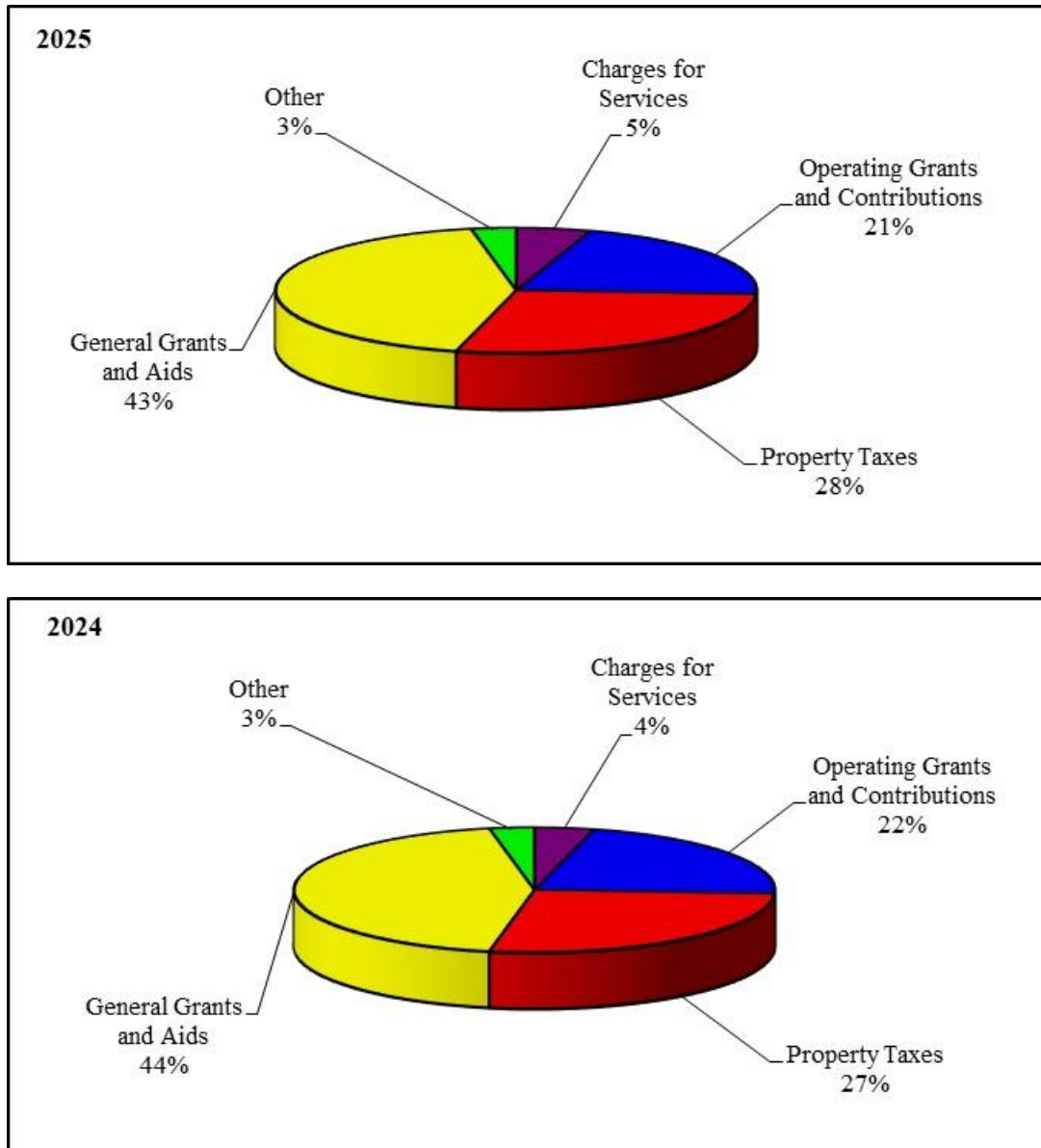
<b>Table 2</b>		
<b>Summary Statement of Activities</b>		
<b>for the Years Ended June 30, 2025 and 2024</b>		
	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 5,715,042	\$ 5,250,937
Operating grants and contributions	26,452,373	25,654,194
General revenues		
Property taxes	34,677,009	31,797,690
General grants and aids	53,513,302	52,114,353
Other	3,446,146	3,340,290
Total revenues	<u>123,803,872</u>	<u>118,157,464</u>
<b>Expenses</b>		
Administration	3,836,418	3,670,141
District support services	3,047,538	3,194,988
Elementary and secondary regular instruction	29,905,086	27,231,839
Vocational education instruction	1,868,289	1,289,867
Special education instruction	17,718,949	16,184,175
Instructional support services	6,278,552	6,008,005
Pupil support services	14,026,319	12,839,041
Sites and buildings	8,458,644	8,218,905
Fiscal and other fixed cost programs	960,630	834,214
Food service	4,985,927	5,487,028
Community service	5,311,198	5,519,083
Depreciation and amortization not allocated to other functions	8,026,682	7,827,137
Interest and fiscal charges	6,919,810	6,150,170
Total expenses	<u>111,344,042</u>	<u>104,454,593</u>
Change in net position	12,459,830	13,702,871
Net position – beginning, as previously reported	(10,436,363)	(24,139,234)
Change in accounting principle	(2,722,546)	–
Net position – beginning, as restated	<u>(13,158,909)</u>	<u>(24,139,234)</u>
Net position – ending	<u>\$ (699,079)</u>	<u>\$ (10,436,363)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Revenues increased by \$5,646,408 in the current year. The increase in the approved levy contributed to the change in property taxes. Additional funding for the basic general education formula allowance increased general grants and aids. The District recognized more special education funding, contributing to the increase in operating grants and contributions. Expenses were up compared to the prior year, primarily to natural inflationary increases and increased lease activity.

Figure A shows further analysis of these revenue sources:

**Figure A – Sources of Revenues for Fiscal Years 2025 and 2024**

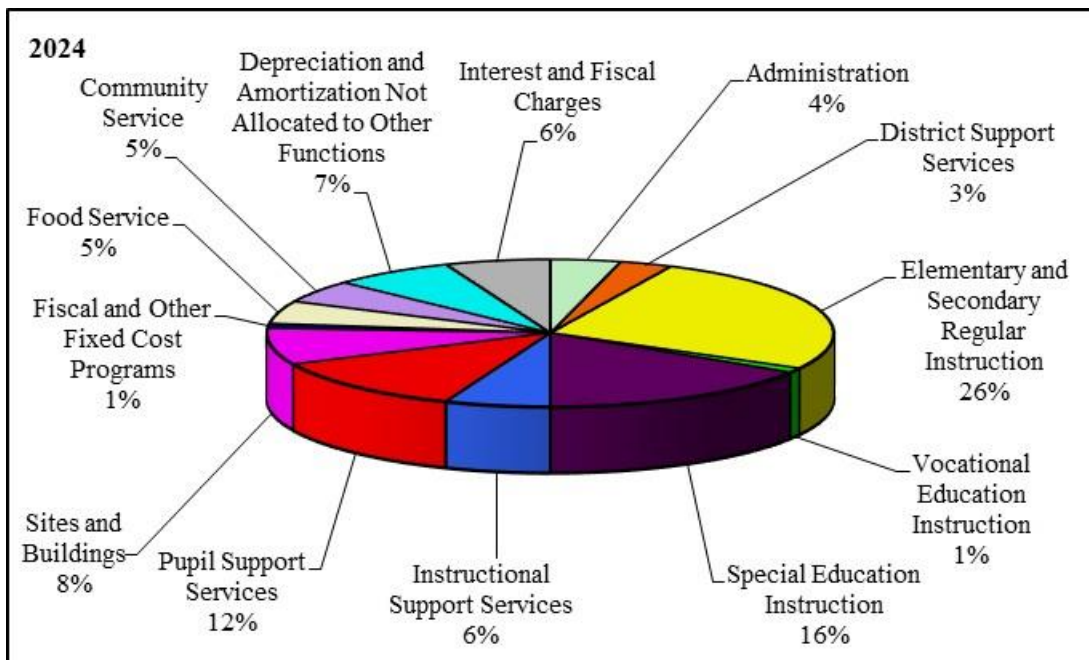
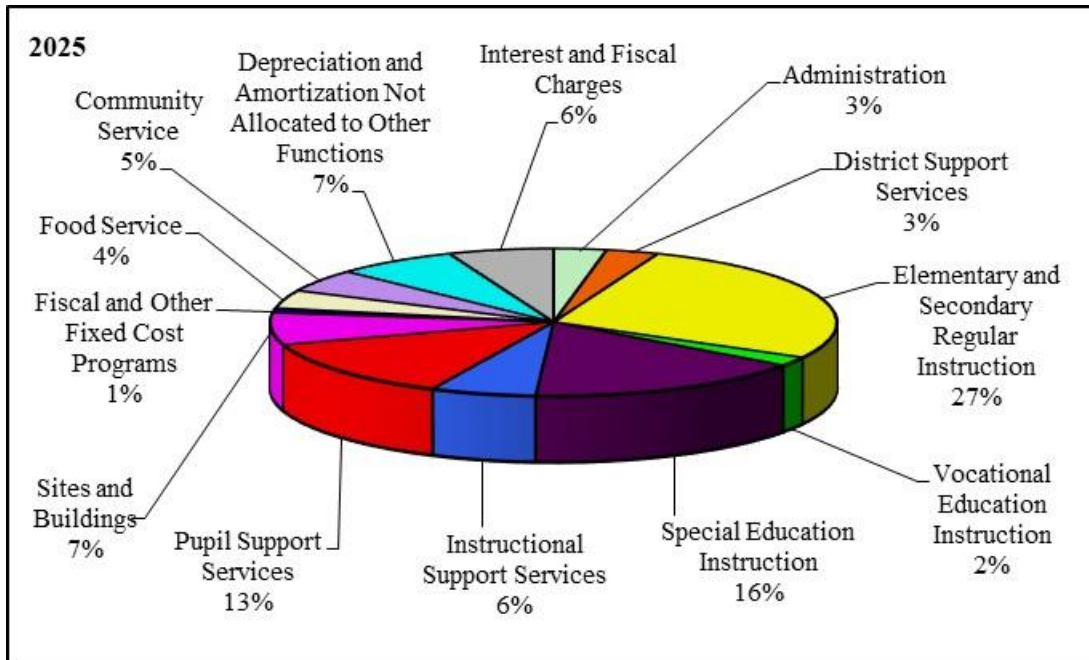


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of the expense functions:

**Figure B – Expenses for Fiscal Years 2025 and 2024**



The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Major funds			
General Fund	\$ 11,557,263	\$ 7,583,836	\$ 3,973,427
Capital Projects – Building Construction	23,544,053	15,781,669	7,762,384
Debt Service	3,417,985	3,899,078	(481,093)
Nonmajor funds			
Food Service Special Revenue	1,344,819	1,231,702	113,117
Community Service Special Revenue	<u>2,090,887</u>	<u>1,771,764</u>	<u>319,123</u>
Total governmental funds	<u>\$ 41,955,007</u>	<u>\$ 30,268,049</u>	<u>\$ 11,686,958</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2025, the District's governmental funds reported combined fund balances of \$41,955,007, an increase of \$11,686,958 in comparison with the prior year. Approximately 16.6 percent of this amount (\$6,954,933) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$223,182), 2) restricted for particular purposes (\$34,392,100), or 3) assigned for particular purposes (\$384,792).

Changes in the table above are discussed on the following pages.

## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 93,462,827</u>	<u>\$ 96,511,746</u>	<u>\$ 3,048,919</u>	<u>3.3 %</u>
Expenditures	<u>\$ 93,314,389</u>	<u>\$ 96,020,812</u>	<u>\$ 2,706,423</u>	<u>2.9 %</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

	<u>2025 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other financing sources	\$ 101,878,565	\$ 5,366,819	5.6 %	\$ 6,397,340	6.7 %
Expenditures and other financing uses	<u>97,905,138</u>	\$ 1,884,326	2.0 %	\$ 9,645,374	10.9 %
Net change in fund balances	<u>\$ 3,973,427</u>				

The fund balance of the General Fund increased \$3,973,427, compared to an increase of \$490,934 approved in the final budget.

The largest revenue and other financing sources variance to budget occurred in other financing sources and state sources. Other financing sources were over budget, mainly due to proceeds recognized on new leases for equipment in the current year. State sources were over budget, mainly in general education aid and special education aid. The increase from the prior year was mainly in property taxes, state sources, and other financing sources. The increase in the approved levy contributed to the change in property taxes. State sources increased over the prior year with more special education funding, legislative improvements for general education aid, and increased nonpublic pupil transport aid in fiscal 2025. Other financing sources increased with more proceeds recognized on new leases for equipment in the current year.

The expenditure variance to budget was spread across several categories with the largest variance in other financing uses, capital expenditures, and salaries. Other financing uses were over budget, due to a transfer of long-term facilities maintenance levy to the Capital Projects – Building Construction Fund. This variance was offset by capital expenditures and salaries, which were under budget. Capital expenditures were under budget, due to a shift of long-term facilities maintenance expenditures from the General Fund to the Capital Projects – Building Construction Fund in accordance with the Minnesota Department of Education (MDE) guidance. Salaries were under budget, mainly in elementary and secondary regular instruction, due to conservative budgeting with licensed teachers and more staff turnover than anticipated. Expenditures and other financing uses increased from the prior year, due to the transfer of long-term facilities maintenance levy to the Capital Projects – Building Construction Fund, the timing of long-term facilities maintenance projects, and increased personnel costs, due to contractually-approved salary and employee benefits.

## **COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS**

### **Capital Projects – Building Construction Fund**

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds, certificates of participation, and as authorized by the District’s long-term facilities maintenance program as approved by the MDE. At June 30, 2025, the District had a fund balance of \$23,544,053 restricted for long-term facilities maintenance. Fund balance increased \$7,762,384 during the year, due to the issuance of bonds to finance the acquisition and betterment of school sites and facilities.

### **Debt Service Fund**

Debt Service Fund expenditures exceeded revenues by \$481,093 in the current year, compared to a \$481,338 fund balance increase anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation’s financing plan. The remaining fund balance of \$3,417,985 at June 30, 2025 is available for meeting future debt service obligations.

### **Food Service Special Revenue Fund**

The Food Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing equity by \$113,117, compared to a planned fund balance decrease of \$185,237. Revenues were over budget, mainly in investment earnings, federal sources, and state sources due to conservative budgeting. Expenditures were less than projected largely due to less personnel spending and capital outlay being incurred than anticipated in the budget.

### **Community Service Special Revenue Fund**

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$319,123, compared to a planned fund balance decrease of \$2,100. The variance to budget was primarily in revenues from investment earnings and tuition and fees due to conservative budgeting. Expenditures were under budget, mainly in salaries and employee benefits offset by capital outlay and supplies and materials.

### **Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds used to account for the District’s self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2025 totaled \$10,949,621. Operating expenses totaled \$8,677,359 for self-insured health and dental benefit claims. The internal service funds also reported \$16,713 in investment earnings in the current year.

The internal service funds had a net position deficit as of June 30, 2025 of \$9,001, which represents an increase of \$2,288,975 in net position from the prior year. This increase was due to health insurance premiums charged to governmental funds and employees exceeding health benefit claims in the current year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

Table 6 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2025 and 2024:

<b>Table 6 Capital Assets</b>			
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 3,162,426	\$ 3,162,426	\$ –
Construction in progress	6,195,409	1,588,653	4,606,756
Buildings	78,602,259	78,602,259	–
Lease – buildings	528,394	528,394	–
Building and land improvements	210,316,551	204,464,209	5,852,342
Furniture and equipment	28,771,842	28,977,505	(205,663)
Lease – furniture and equipment	4,986,242	4,492,119	494,123
Technology subscriptions	732,532	732,532	–
Intangibles	1,895,000	1,895,000	–
Less accumulated depreciation/amortization	<u>(130,206,800)</u>	<u>(121,195,814)</u>	<u>(9,010,986)</u>
<b>Total</b>	<u><u>\$ 204,983,855</u></u>	<u><u>\$ 203,247,283</u></u>	<u><u>\$ 1,736,572</u></u>
Depreciation/amortization expense	<u><u>\$ 10,689,710</u></u>	<u><u>\$ 10,077,906</u></u>	<u><u>\$ 611,804</u></u>

By the end of fiscal year 2025, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2025, including the activity of the Capital Projects – Building Construction Fund.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

## Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General obligation notes and bonds payable	\$ 172,055,000	\$ 166,915,000	\$ 5,140,000
Certificates of participation payable	4,325,000	4,980,000	(655,000)
Unamortized premium/discount	4,454,315	4,079,124	375,191
Lease liability	3,319,724	3,172,052	147,672
Arbitrage liability	1,444,037	368,217	1,075,820
Net pension liability	40,467,605	55,189,842	(14,722,237)
Net OPEB liability	7,610,592	7,512,482	98,110
Compensated absences payable	4,616,334	1,623,357	2,992,977
<b>Total</b>	<b><u>\$ 238,292,607</u></b>	<b><u>\$ 243,840,074</u></b>	<b><u>\$ (5,547,467)</u></b>

The change in general obligation notes and bonds payable, certificates of participation payable, and lease liability are due to the scheduled principal payments in the current year offset by the issuance of general obligation notes and bonds and new leases issued for equipment during fiscal year 2025.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

The implementation of new GASB guidance for compensated absences payable, as previously discussed, increased compensated absences payable in the current year.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

District's market value	\$ 8,650,977,813
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,297,646,672</u></u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

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

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$200, or 2.75 percent, per pupil to the formula for fiscal year 2026.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Services Department at (651) 982-8125. The address is: Independent School District No. 831, 6100 North 210th Street, Forest Lake, Minnesota 55025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Net Position  
as of June 30, 2025

(With Partial Comparative Information as of June 30, 2024)

	Governmental Activities	
	2025	2024
<b>Assets</b>		
Cash and temporary investments	\$ 65,285,581	\$ 47,603,473
Receivables		
Current taxes	19,972,181	19,680,105
Delinquent taxes	421,979	365,211
Accounts and interest	1,403,987	362,762
Due from other governmental units	8,490,183	9,030,680
Due from fiduciary fund	-	100,000
Inventory	16,526	13,806
Prepaid items	380,556	356,987
Capital assets		
Not depreciated/amortized	9,357,835	4,751,079
Depreciated, net of accumulated depreciation/amortized	195,626,020	198,496,204
Total capital assets, net of accumulated depreciation/amortization	<u>204,983,855</u>	<u>203,247,283</u>
Total assets	300,954,848	280,760,307
Deferred outflows of resources		
Bond refunding deferments	210,434	248,993
OPEB plan deferments	243,093	339,668
Pension plan deferments	11,012,957	13,460,706
Total deferred outflows of resources	<u>11,466,484</u>	<u>14,049,367</u>
Total assets and deferred outflows of resources	<u>\$ 312,421,332</u>	<u>\$ 294,809,674</u>
<b>Liabilities</b>		
Salaries payable	\$ 1,063,231	\$ 657,588
Accounts and contracts payable	14,029,255	11,125,815
Accrued interest payable	2,354,300	2,593,701
Due to other governmental units	821,492	801,169
Unearned revenue	2,434,347	2,179,508
Claims incurred, but not reported	660,940	934,590
Long-term liabilities		
Due within one year	9,802,651	8,064,015
Due in more than one year	228,489,956	235,776,059
Total long-term liabilities	<u>238,292,607</u>	<u>243,840,074</u>
Total liabilities	259,656,172	262,132,445
Deferred inflows of resources		
OPEB plan deferments	2,418,759	2,673,605
Pension plan deferments	16,433,464	6,784,132
Property taxes levied for subsequent year	34,612,016	33,655,855
Total deferred inflows of resources	<u>53,464,239</u>	<u>43,113,592</u>
<b>Net position</b>		
Net investment in capital assets	45,482,636	42,516,961
Restricted for		
Capital asset acquisition	3,459,313	1,781,395
Debt service	1,195,916	1,372,640
Food service	1,344,819	1,231,702
Community service	2,108,972	1,780,356
Other purposes (state funding restrictions)	563,586	448,063
Unrestricted	(54,854,321)	(59,567,480)
Total net position	<u>(699,079)</u>	<u>(10,436,363)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 312,421,332</u>	<u>\$ 294,809,674</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Activities  
Year Ended June 30, 2025  
(With Partial Comparative Information for the Year Ended June 30, 2024)

Functions/Programs	2025			2024	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
			Governmental Activities	Governmental Activities	
Governmental activities					
Administration	\$ 3,836,418	\$ -	\$ -	\$ (3,836,418)	\$ (3,670,141)
District support services	3,047,538	-	-	(3,047,538)	(3,194,988)
Elementary and secondary regular instruction	29,905,086	1,442,451	1,945,196	(26,517,439)	(23,872,820)
Vocational education instruction	1,868,289	-	66,937	(1,801,352)	(1,190,690)
Special education instruction	17,718,949	391,577	17,536,879	209,507	571,917
Instructional support services	6,278,552	-	473,985	(5,804,567)	(5,994,900)
Pupil support services	14,026,319	-	856,670	(13,169,649)	(12,446,248)
Sites and buildings	8,458,644	61,934	-	(8,396,710)	(8,121,776)
Fiscal and other fixed cost programs	960,630	-	-	(960,630)	(834,214)
Food service	4,985,927	519,331	4,643,045	176,449	433,751
Community service	5,311,198	3,299,749	929,661	(1,081,788)	(1,252,046)
Depreciation and amortization not allocated to other functions	8,026,682	-	-	(8,026,682)	(7,827,137)
Interest and fiscal charges	6,919,810	-	-	(6,919,810)	(6,150,170)
<b>Total governmental activities</b>	<b>\$ 111,344,042</b>	<b>\$ 5,715,042</b>	<b>\$ 26,452,373</b>	<b>(79,176,627)</b>	<b>(73,549,462)</b>
General revenues					
Taxes					
Property taxes for general purposes				22,423,773	19,576,313
Property taxes for community service				1,493,051	1,434,935
Property taxes for debt service				10,760,185	10,786,442
General grants and aids				53,513,302	52,114,353
Other general revenues				1,338,293	1,593,877
Investment earnings				2,107,853	1,746,413
<b>Total general revenues</b>				<b>91,636,457</b>	<b>87,252,333</b>
Change in net position				12,459,830	13,702,871
Net position – beginning, as previously reported				(10,436,363)	(24,139,234)
Change in accounting principle				(2,722,546)	-
Net position – beginning, as restated				<u>(13,158,909)</u>	<u>(24,139,234)</u>
Net position – ending				<u>\$ (699,079)</u>	<u>\$ (10,436,363)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Balance Sheet  
 Governmental Funds  
 as of June 30, 2025  
 (With Partial Comparative Information as of June 30, 2024)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
<b>Assets</b>			
Cash and temporary investments	\$ 23,574,599	\$ 26,293,245	\$ 8,740,992
Receivables			
Current taxes	12,205,494	–	7,086,611
Delinquent taxes	266,214	–	137,106
Accounts and interest	445,012	552,772	–
Due from other governmental units	8,219,517	–	19,098
Due from other funds	–	–	–
Inventory	–	–	–
Prepaid items	194,639	–	–
	<u>44,905,475</u>	<u>26,846,017</u>	<u>15,983,807</u>
<b>Total assets</b>	<b>\$ 44,905,475</b>	<b>\$ 26,846,017</b>	<b>\$ 15,983,807</b>
<b>Liabilities</b>			
Salaries payable	\$ 680,171	\$ –	\$ –
Accounts and contracts payable	10,610,763	3,301,964	–
Due to other governmental units	821,319	–	–
Unearned revenue	10,894	–	–
<b>Total liabilities</b>	<u>12,123,147</u>	<u>3,301,964</u>	<u>–</u>
<b>Deferred inflows of resources</b>			
Property taxes levied for subsequent year	20,971,675	–	12,433,591
Unavailable revenue – delinquent taxes	253,390	–	132,231
<b>Total deferred inflows of resources</b>	<u>21,225,065</u>	<u>–</u>	<u>12,565,822</u>
<b>Fund balances</b>			
Nonspendable	194,639	–	–
Restricted	4,022,899	23,544,053	3,417,985
Assigned	384,792	–	–
Unassigned	6,954,933	–	–
<b>Total fund balances</b>	<u>11,557,263</u>	<u>23,544,053</u>	<u>3,417,985</u>
	<u>\$ 44,905,475</u>	<u>\$ 26,846,017</u>	<u>\$ 15,983,807</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 44,905,475</b>	<b>\$ 26,846,017</b>	<b>\$ 15,983,807</b>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 4,237,546	\$ 62,846,382	\$ 47,156,119
680,076	19,972,181	19,680,105
18,659	421,979	365,211
14,337	1,012,121	188,532
251,568	8,490,183	9,030,680
–	–	100,000
16,526	16,526	13,806
12,017	206,656	183,087
<u>\$ 5,230,729</u>	<u>\$ 92,966,028</u>	<u>\$ 76,717,540</u>
\$ 383,060	\$ 1,063,231	\$ 657,588
89,953	14,002,680	11,029,111
173	821,492	801,169
97,002	107,896	117,342
<u>570,188</u>	<u>15,995,299</u>	<u>12,605,210</u>
1,206,750	34,612,016	33,655,855
18,085	403,706	188,426
<u>1,224,835</u>	<u>35,015,722</u>	<u>33,844,281</u>
28,543	223,182	196,893
3,407,163	34,392,100	24,888,468
–	384,792	177,488
–	6,954,933	5,005,200
<u>3,435,706</u>	<u>41,955,007</u>	<u>30,268,049</u>
<u>\$ 5,230,729</u>	<u>\$ 92,966,028</u>	<u>\$ 76,717,540</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2025  
(With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Total fund balances – governmental funds	\$ 41,955,007	\$ 30,268,049
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	335,190,655	324,443,097
Accumulated depreciation/amortization	(130,206,800)	(121,195,814)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation notes and bonds payable	(172,055,000)	(166,915,000)
Certificates of participation payable	(4,325,000)	(4,980,000)
Unamortized premium/discount	(4,454,315)	(4,079,124)
Lease liability	(3,319,724)	(3,172,052)
Arbitrage liability	(1,444,037)	(368,217)
Net pension liability	(40,467,605)	(55,189,842)
Net OPEB liability	(7,610,592)	(7,512,482)
Compensated absences payable	(4,616,334)	(1,623,357)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,354,300)	(2,593,701)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	(9,001)	(2,297,976)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	210,434	248,993
Deferred outflows of resources – OPEB plan deferments	243,093	339,668
Deferred outflows of resources – pension plan deferments	11,012,957	13,460,706
Deferred inflows of resources – OPEB plan deferments	(2,418,759)	(2,673,605)
Deferred inflows of resources – pension plan deferments	(16,433,464)	(6,784,132)
Deferred inflows of resources – unavailable revenue – delinquent taxes	403,706	188,426
Total net position – governmental activities	<u>\$ (699,079)</u>	<u>\$ (10,436,363)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2025

(With Partial Comparative Information for the Year Ended June 30, 2024)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
<b>Revenue</b>			
Local sources			
Property taxes	\$ 22,282,954	\$ –	\$ 10,695,217
Investment earnings	898,315	792,574	249,731
Other	3,120,346	–	–
State sources	70,595,081	–	190,979
Federal sources	2,461,524	–	–
Total revenue	<u>99,358,220</u>	<u>792,574</u>	<u>11,135,927</u>
<b>Expenditures</b>			
Current			
Administration	3,933,995	–	–
District support services	3,790,704	–	–
Elementary and secondary regular instruction	30,866,402	–	–
Vocational education instruction	1,925,130	–	–
Special education instruction	18,399,633	–	–
Instructional support services	6,467,704	–	–
Pupil support services	14,847,234	–	–
Sites and buildings	9,053,848	–	–
Fiscal and other fixed cost programs	960,630	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	10,089,670	–
Debt service			
Principal	1,687,757	–	5,610,000
Interest and fiscal charges	216,530	141,843	6,007,020
Total expenditures	<u>92,149,567</u>	<u>10,231,513</u>	<u>11,617,020</u>
Excess (deficiency) of revenue over expenditures	7,208,653	(9,438,939)	(481,093)
<b>Other financing sources (uses)</b>			
Debt issued	2,321,371	10,750,000	–
Premium on debt issued	–	695,752	–
Sale of assets	94,384	–	–
Insurance recovery	104,590	–	–
Transfers in	–	5,755,571	–
Transfers (out)	(5,755,571)	–	–
Total other financing sources (uses)	<u>(3,235,226)</u>	<u>17,201,323</u>	<u>–</u>
Net change in fund balances	3,973,427	7,762,384	(481,093)
<b>Fund balances</b>			
Beginning of year	<u>7,583,836</u>	<u>15,781,669</u>	<u>3,899,078</u>
End of year	<u>\$ 11,557,263</u>	<u>\$ 23,544,053</u>	<u>\$ 3,417,985</u>

Nonmajor Funds	Total Governmental Funds	
	2025	2024
\$ 1,483,558	\$ 34,461,729	\$ 31,788,617
150,520	2,091,140	1,727,034
3,819,080	6,939,426	6,743,076
3,534,203	74,320,263	72,361,814
2,038,503	4,500,027	5,201,697
<u>11,025,864</u>	<u>122,312,585</u>	<u>117,822,238</u>
–	3,933,995	3,849,844
–	3,790,704	3,559,344
–	30,866,402	30,443,797
–	1,925,130	1,498,332
–	18,399,633	17,614,482
–	6,467,704	6,680,520
–	14,847,234	13,330,748
–	9,053,848	8,568,713
–	960,630	834,214
4,750,432	4,750,432	5,179,013
5,438,913	5,438,913	5,554,256
405,714	10,495,384	4,486,520
–	7,297,757	6,953,244
–	6,365,393	5,676,015
<u>10,595,059</u>	<u>124,593,159</u>	<u>114,229,042</u>
430,805	(2,280,574)	3,593,196
–	13,071,371	21,397,828
–	695,752	705,853
1,435	95,819	26,962
–	104,590	74,776
–	5,755,571	–
–	(5,755,571)	–
<u>1,435</u>	<u>13,967,532</u>	<u>22,205,419</u>
432,240	11,686,958	25,798,615
3,003,466	30,268,049	4,469,434
<u>\$ 3,435,706</u>	<u>\$ 41,955,007</u>	<u>\$ 30,268,049</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2025

(With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Total net change in fund balances – governmental funds	\$ 11,686,958	\$ 25,798,615
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	13,523,813	6,736,128
Depreciation/amortization expense	(10,689,710)	(10,077,906)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	43,411	407,425
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation notes and bonds payable	(10,750,000)	(20,035,000)
Lease liability	(2,321,371)	(1,362,828)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation notes and bonds payable	5,610,000	5,330,000
Certificates of participation payable	655,000	630,000
Lease liability	1,032,757	993,244
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	239,401	(367,953)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(375,191)	(405,279)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liability	(1,075,820)	(368,217)
Net pension liability	14,722,237	5,580,321
Net OPEB liability	(98,110)	(171,381)
Compensated absences payable	(270,431)	21,344
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	2,288,975	(242,025)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	(38,559)	(38,559)
Deferred outflows of resources – OPEB plan deferments	(96,575)	(111,893)
Deferred outflows of resources – pension plan deferments	(2,447,749)	(5,446,587)
Deferred inflows of resources – OPEB plan deferments	254,846	391,298
Deferred inflows of resources – pension plan deferments	(9,649,332)	6,433,051
Deferred inflows of resources – unavailable revenue – delinquent taxes	215,280	9,073
Change in net position – governmental activities	<u>\$ 12,459,830</u>	<u>\$ 13,702,871</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Property taxes	\$ 22,176,839	\$ 22,176,839	\$ 22,282,954	\$ 106,115
Investment earnings	263,839	513,839	898,315	384,476
Other	2,415,000	2,663,919	3,120,346	456,427
State sources	66,001,752	68,551,752	70,595,081	2,043,329
Federal sources	2,605,397	2,605,397	2,461,524	(143,873)
Total revenue	<u>93,462,827</u>	<u>96,511,746</u>	<u>99,358,220</u>	<u>2,846,474</u>
<b>Expenditures</b>				
Current				
Administration	3,923,954	3,923,954	3,933,995	10,041
District support services	4,067,659	4,067,659	3,790,704	(276,955)
Elementary and secondary regular instruction	30,788,198	31,299,621	30,866,402	(433,219)
Vocational education instruction	1,535,533	1,910,533	1,925,130	14,597
Special education instruction	17,790,454	18,315,454	18,399,633	84,179
Instructional support services	6,996,873	6,996,873	6,467,704	(529,169)
Pupil support services	11,304,122	12,404,122	14,847,234	2,443,112
Sites and buildings	14,306,358	14,501,358	9,053,848	(5,447,510)
Fiscal and other fixed cost programs	777,373	777,373	960,630	183,257
Debt service				
Principal	1,640,000	1,640,000	1,687,757	47,757
Interest and fiscal charges	183,865	183,865	216,530	32,665
Total expenditures	<u>93,314,389</u>	<u>96,020,812</u>	<u>92,149,567</u>	<u>(3,871,245)</u>
Excess (deficiency) of revenue over expenditures	148,438	490,934	7,208,653	6,717,719
<b>Other financing sources (uses)</b>				
Debt issued	—	—	2,321,371	2,321,371
Sale of assets	—	—	94,384	94,384
Insurance recovery	—	—	104,590	104,590
Transfers (out)	—	—	(5,755,571)	(5,755,571)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(3,235,226)</u>	<u>(3,235,226)</u>
Net change in fund balances	<u>\$ 148,438</u>	<u>\$ 490,934</u>	<u>3,973,427</u>	<u>\$ 3,482,493</u>
<b>Fund balances</b>				
Beginning of year			<u>7,583,836</u>	
End of year			<u>\$ 11,557,263</u>	

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Net Position  
 Internal Service Funds  
 as of June 30, 2025  
 (With Partial Comparative Information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and temporary investments	\$ 2,439,199	\$ 447,354
Receivables		
Accounts and interest	391,866	174,230
Due from other funds	-	93,488
Prepaid items	173,900	173,900
Total current assets	<u>3,004,965</u>	<u>888,972</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	26,575	96,704
Due to other funds	-	93,488
Unearned revenue	2,326,451	2,062,166
Claims incurred, but not reported	660,940	934,590
Total current liabilities	<u>3,013,966</u>	<u>3,186,948</u>
Net position		
Unrestricted	<u>\$ (9,001)</u>	<u>\$ (2,297,976)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenses, and Changes in Net Position  
 Internal Service Funds  
 Year Ended June 30, 2025  
 (With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 10,949,621	\$ 9,496,772
Operating expenses		
Health benefit claims	8,083,054	9,246,266
Dental benefit claims	594,305	511,910
Total operating expenses	<u>8,677,359</u>	<u>9,758,176</u>
Operating income (loss)	2,272,262	(261,404)
Nonoperating revenue		
Investment earnings	<u>16,713</u>	<u>19,379</u>
Change in net position	2,288,975	(242,025)
Net position		
Beginning of year	<u>(2,297,976)</u>	<u>(2,055,951)</u>
End of year	<u>\$ (9,001)</u>	<u>\$ (2,297,976)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2025  
(With Partial Comparative Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 10,996,270	\$ 9,831,944
Payment for health claims	(8,455,755)	(9,368,079)
Payment for dental claims	(565,383)	(538,578)
Net cash flows from operating activities	<u>1,975,132</u>	<u>(74,713)</u>
Cash flows from noncapital financing activities		
Cash received from other funds	93,488	50,594
Cash paid to other funds	(93,488)	(50,594)
Net cash flows from noncapital financing activities	-	-
Cash flows from investing activities		
Investment income received	<u>16,713</u>	<u>19,379</u>
Net change in cash and cash equivalents	1,991,845	(55,334)
Cash and cash equivalents		
Beginning of year	<u>447,354</u>	<u>502,688</u>
End of year	<u>\$ 2,439,199</u>	<u>\$ 447,354</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 2,272,262	\$ (261,404)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(217,636)	80,266
Accounts and contracts payable	(70,129)	(151,026)
Unearned revenue	264,285	254,906
Claims incurred, but not reported	(273,650)	2,545
Net cash flows from operating activities	<u>\$ 1,975,132</u>	<u>\$ (74,713)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Fiduciary Net Position  
as of June 30, 2025

	<u>Post-Employment Benefits Trust Fund</u>
Assets	
Investments at fair value	
Mutual funds	<u>\$ 381,526</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 381,526</u></u>

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

	<u>Post-Employment Benefits Trust Fund</u>
Additions	
Investment earnings	\$ 16,661
Deductions	
Administrative fees	<u>250</u>
Change in net position	16,411
Net position	
Beginning of year	<u>365,115</u>
End of year	<u><u>\$ 381,526</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Notes to Basic Financial Statements  
as of June 30, 2025

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Independent School District No. 831 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

**C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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 internally directed revenues are reported instead as general revenues.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 revenues are recognized when all eligibility requirements imposed by the provider have been met.

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation and amortization not allocated to other functions.” Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

### D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

The proprietary (internal service) funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities 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 of the District’s internal service funds are charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary funds are presented in the fiduciary fund financial statements by type, for which the District has one Post-Employment Benefits 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 government-wide financial statements.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described earlier in these notes.

### **Description of Funds**

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

#### **Major Governmental Funds**

**General Fund** – The General Fund is the government’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and as authorized by the District’s MDE-approved long-term facilities maintenance program.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues.

#### **Nonmajor Governmental Funds**

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is used to record financial activities of the District’s child nutrition program.

**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, adult or early childhood programs, or other similar services.

#### **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 District, or to other governments, on a cost-reimbursement basis. The District’s internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

#### **Fiduciary Fund**

**Post-Employment Benefits Trust Fund** – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **E. Budgetary Information**

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the Capital Projects – Building Construction and Debt Service Funds exceeded budgeted appropriations by \$1,331,513 and \$1,174,238, respectively, during the year ended June 30, 2025. Revenues in excess of budget, along with available fund balance, financed these variances.

### **F. Cash and Temporary Investments**

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, assets were contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from these investments are allocated directly to this fund.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for certain investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **G. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

### **H. Inventories**

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

### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

### **J. Property Taxes**

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$683,583 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 2024–2025. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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 reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

### **K. Subscription-Based Information Technology Arrangements (SBITAs)**

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 4 to include the terms and related disclosures associated with any subscription liability.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **L. Capital Assets**

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building and land improvements, 5 to 15 years for furniture and equipment, and 10 to 20 years for intangible assets. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

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

### **M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Arbitrage liabilities are reported as expenditures when paid.

### **N. Compensated Absences**

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under the terms of collectively bargained contracts, eligible employees accrue vacation, sick, and other leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. The District's policy permits employees to accumulate earned but unused sick leave. Generally, all sick leave lapses when employees leave employment of the District and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances. The liability for compensated absences includes salary-related benefits, where applicable.

### **O. Severance Benefits**

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

The obligation for severance payable is part of the liability for compensated absences payable and accrued in the financial statements as previously noted.

### **P. State-Wide Pension Plans**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

### **Q. Other Post-Employment Benefits (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows of resources related to bond refunding deferrals in the government-wide Statement of Net Position. A bond refunding deferral results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District also reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings on pension and OPEB Plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

### S. Net Position

In the government-wide, internal service, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

### U. Use of Estimates

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

### V. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As part of the insurance renewal process and available coverage limits for property – special form liability, there was a reduction in this one area of the District's insurance coverage in the current fiscal year.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments, that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the past two years were as follows:

	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2024	\$ 15,550	\$ 511,910	\$ 518,985	\$ 8,475
2025	\$ 8,475	\$ 594,305	\$ 589,083	\$ 13,697

Changes in the balance of health claim liabilities for the past two years were as follows:

	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2024	\$ 916,495	\$ 9,246,266	\$ 9,236,646	\$ 926,115
2025	\$ 926,115	\$ 8,083,054	\$ 8,361,926	\$ 647,243

### W. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### X. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Implementation of this new guidance resulted in the restatement of beginning net position for the cumulative effect of this change. In the government-wide financial statement, beginning net position was reduced by \$2,722,546. See Note 4 of the notes to basic financial statements for additional details on this change.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 18,735,676
Investments	<u>46,931,431</u>
Total deposits and investments	<u><u>\$ 65,667,107</u></u>

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 65,285,581
Statement of Fiduciary Net Position	
Investments – mutual funds	<u>381,526</u>
Total deposits and investments	<u><u>\$ 65,667,107</u></u>

### B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

At year-end, the carrying amount of the District’s deposits was \$18,735,676, while the balance on the bank records was \$21,072,319. At June 30, 2025, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

### C. Investments

The District has the following investments at year-end:

Deposits/Investments	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasuries	N/R	N/A	Level 2	\$ 1,480,253	\$ 984,736	\$ 2,464,989
Negotiable certificates of deposits	N/R	N/A	Level 2	\$ 487,015	\$ –	487,015
Investment pools/mutual funds						
Minnesota School District						
Liquid Asset Fund	AAA	S&P	Amortized Cost	N/A	N/A	125,806
MNTrust Investment						
Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	31,443,153
MNTrust Limited Term Duration	N/R	N/A	Amortized Cost	N/A	N/A	3,283,581
MNTrust Term Series	N/R	N/A	Amortized Cost	\$ 5,550,000	\$ –	5,550,000
MNTrust Term Series II	AAA	Fitch	Amortized Cost	\$ 1,000,000	\$ 1,500,000	2,500,000
MNTrust Term Series Flex	N/R	N/A	Amortized Cost	N/A	N/A	61,323
Goldman Sachs Mutual Fund	AAA	S&P	Amortized Cost	N/A	N/A	381,526
Wells Fargo Federal Treasury Obligation I	AAA	S&P	Level 1	N/A	N/A	634,038
Total investments						<u>\$ 46,931,431</u>

N/A – Not Applicable

N/R – Not Rated

The District’s investments include investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days. MNTrust Term Series and MNTrust Term Series II are intended to be held until maturity. A participant’s withdrawal prior to maturity will require 7-days’ notice of redemption and will likely carry a penalty which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investment therein. MNTrust Term Series Flex offers weekly liquidity with a one-day notice of withdrawal.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). 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.

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to 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 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 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, rated 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 bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

### NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized					
Land	\$ 3,162,426	\$ –	\$ –	\$ –	\$ 3,162,426
Construction in progress	1,588,653	10,079,618	–	(5,472,862)	6,195,409
Total capital assets, not depreciated/amortized	4,751,079	10,079,618	–	(5,472,862)	9,357,835
Capital assets, depreciated/amortized					
Buildings	78,602,259	–	–	–	78,602,259
Lease – buildings	528,394	–	–	–	528,394
Building and land improvements	204,464,209	379,480	–	5,472,862	210,316,551
Furniture and equipment	28,977,505	743,344	(949,007)	–	28,771,842
Lease – furniture and equipment	4,492,119	2,321,371	(1,827,248)	–	4,986,242
Technology subscriptions	732,532	–	–	–	732,532
Intangibles	1,895,000	–	–	–	1,895,000
Total capital assets, depreciated/amortized	319,692,018	3,444,195	(2,776,255)	5,472,862	325,832,820
Less accumulated depreciation/amortization for					
Buildings	(58,379,680)	(1,416,549)	–	–	(59,796,229)
Lease – buildings	(528,394)	–	–	–	(528,394)
Building and land improvements	(38,520,911)	(6,144,140)	–	–	(44,665,051)
Furniture and equipment	(21,065,813)	(1,230,233)	947,825	–	(21,348,221)
Lease – furniture and equipment	(1,882,382)	(1,733,613)	730,899	–	(2,885,096)
Technology subscriptions	(146,506)	(73,253)	–	–	(219,759)
Intangibles	(672,128)	(91,922)	–	–	(764,050)
Total accumulated depreciation/amortization	(121,195,814)	(10,689,710)	1,678,724	–	(130,206,800)
Net capital assets, depreciated/amortized	198,496,204	(7,245,515)	(1,097,531)	5,472,862	195,626,020
Total capital assets, net	\$ 203,247,283	\$ 2,834,103	\$ (1,097,531)	\$ –	\$ 204,983,855

Depreciation/amortization expense was charged to the following governmental functions:

Administration	\$ 28,327
District support services	160,031
Elementary and secondary regular instruction	416,573
Vocational education instruction	27,375
Special education instruction	5,893
Instructional support services	40,800
Pupil support services	1,976,099
Community service	7,930
Depreciation and amortization not allocated to other functions	8,026,682
Total depreciation/amortization expense	<u>\$ 10,689,710</u>

## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Notes and Bonds Payable

The District currently has the following general obligation notes and bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
School building bonds	05/05/2016	2.00–5.00%	\$ 75,000,000	02/01/2046	\$ 65,205,000
School building bonds	12/15/2016	3.00–5.00%	\$ 67,070,000	02/01/2046	57,050,000
Taxable OPEB refunding bonds	12/15/2016	1.25–3.35%	\$ 5,365,000	02/01/2030	2,555,000
Facilities maintenance and tax abatement bonds	08/16/2018	3.00–5.00%	\$ 8,250,000	02/01/2029	3,850,000
Facilities maintenance and capital facilities bonds	04/30/2020	2.00–4.00%	\$ 9,610,000	02/01/2035	7,780,000
Capital notes and facilities maintenance bonds	08/25/2022	3.00–4.00%	\$ 4,995,000	02/01/2036	4,830,000
Facilities maintenance bonds	09/28/2023	4.00–5.00%	\$ 20,035,000	02/01/2040	20,035,000
Facilities maintenance bonds	05/22/2025	5.00%	\$ 10,750,000	02/01/2033	10,750,000
Total general obligation notes and bonds payable					<u>\$ 172,055,000</u>

These notes and bonds were issued to finance acquisition, construction, and/or improvements of capital facilities; to purchase equipment; to finance the retirement (refunding) of prior bond issues; or to finance OPEB obligations. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

### B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of participation	06/17/2021	2.00–4.00%	\$ 6,820,000	04/01/2031	\$ 4,325,000

This certificate of participation was issued to finance improvements at Forest Lake Area High School and to retire (refund) a prior certificate of participation. The certificates of participation are paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)**

**C. Lease Liability**

The District has obtained the use of certain equipment and building space through lease financing agreements. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability outstanding:

Lease Description	Lease Date	Interest Rate	Final Maturity	Principal Outstanding
Bus lease	09/15/2020	2.68%	09/15/2027	\$ 224,212
Bus lease	10/05/2022	3.85%	11/05/2029	536,958
Bus lease	08/25/2023	4.99%	09/25/2025	670,537
Bus lease	08/25/2023	4.99%	09/25/2025	50,826
Bus lease	08/22/2024	4.86%	02/26/2027	286,907
Bus lease	08/22/2024	4.86%	10/26/2026	1,550,284
Total lease liability				<u><u>\$ 3,319,724</u></u>

**D. Arbitrage Liability**

The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund. The arbitrage liability relates to the 2023 bond.

**E. Other Long-Term Liabilities**

The District offers a number of benefits to its employees, including pensions, compensated absences, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Employee Benefits Trust Fund to finance OPEB obligations.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans for the current year:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 7,062,940	\$ 2,044,926	\$ 5,086,503	\$ 389,651
TRA	33,404,665	8,968,031	11,346,961	2,711,673
Total	<u><u>\$ 40,467,605</u></u>	<u><u>\$ 11,012,957</u></u>	<u><u>\$ 16,433,464</u></u>	<u><u>\$ 3,101,324</u></u>

## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

### F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation notes and bonds, certificates of participation, and lease liability are as follows:

Year Ending June 30,	General Obligation Notes and Bonds		Certificates of Participation		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 6,050,000	\$ 5,846,178	\$ 675,000	\$ 107,300	\$ 1,304,041	\$ 147,194
2027	10,615,000	5,783,055	690,000	87,050	1,617,165	87,357
2028	7,025,000	5,347,655	715,000	66,350	175,667	11,725
2029	7,360,000	5,113,740	730,000	44,900	113,013	6,603
2030	7,460,000	4,878,753	750,000	30,300	109,838	1,946
2031–2035	40,950,000	20,571,288	765,000	15,300	–	–
2036–2040	47,980,000	12,846,831	–	–	–	–
2041–2045	36,535,000	5,272,778	–	–	–	–
2046	8,080,000	281,450	–	–	–	–
	<u>\$ 172,055,000</u>	<u>\$ 65,941,728</u>	<u>\$ 4,325,000</u>	<u>\$ 351,200</u>	<u>\$ 3,319,724</u>	<u>\$ 254,825</u>

### G. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle*	Additions	Retirements	Ending Balance	Due Within One Year
General obligation notes and bonds payable	\$ 166,915,000	\$ –	\$ 10,750,000	\$ 5,610,000	\$ 172,055,000	\$ 6,050,000
Certificates of participation payable	4,980,000	–	–	655,000	4,325,000	675,000
Unamortized premium/discount	4,079,124	–	695,752	320,561	4,454,315	–
Total notes, bonds, and certificates payable	<u>175,974,124</u>	<u>–</u>	<u>11,445,752</u>	<u>6,585,561</u>	<u>180,834,315</u>	<u>6,725,000</u>
Lease liability**	3,172,052	–	2,321,371	2,173,699	3,319,724	1,304,041
Arbitrage liability	368,217	–	1,075,820	–	1,444,037	–
Net pension liability	55,189,842	–	5,457,375	20,179,612	40,467,605	–
Net OPEB liability	7,512,482	–	267,069	168,959	7,610,592	–
Compensated absences payable	1,623,357	2,722,546	270,431	–	4,616,334	1,773,610
	<u>\$ 243,840,074</u>	<u>\$ 2,722,546</u>	<u>\$ 20,837,818</u>	<u>\$ 29,107,831</u>	<u>\$ 238,292,607</u>	<u>\$ 9,802,651</u>

\* The change in accounting principle was required by new guidance in financial reporting on compensated absences implemented in the current year as described in Note 1. The change in the compensated absences liability is presented as a net change.

\*\* The lease liability retirement amount includes \$1,140,942 that was the result of a lease termination in the current year and is not a debt service principal payment.

## NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District’s financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. At June 30, 2025, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
<b>Nonspendable</b>					
Inventory	\$ –	\$ –	\$ –	\$ 16,526	\$ 16,526
Prepaid items	194,639	–	–	12,017	206,656
Total nonspendable	<u>194,639</u>	<u>–</u>	<u>–</u>	<u>28,543</u>	<u>223,182</u>
<b>Restricted</b>					
Student activities	94,465	–	–	–	94,465
Operating capital	435,948	–	–	–	435,948
Literacy aid	230,174	–	–	–	230,174
Teacher compensation for READ Act	167,525	–	–	–	167,525
Long-term facilities maintenance	3,023,365	23,544,053	–	–	26,567,418
Student support personnel	71,422	–	–	–	71,422
Food service	–	–	–	1,316,626	1,316,626
Debt service	–	–	3,417,985	–	3,417,985
Community education	–	–	–	1,685,506	1,685,506
Early childhood and family education	–	–	–	326,897	326,897
School readiness	–	–	–	78,134	78,134
Community service	–	–	–	–	–
Total restricted	<u>4,022,899</u>	<u>23,544,053</u>	<u>3,417,985</u>	<u>3,407,163</u>	<u>34,392,100</u>
<b>Assigned</b>					
Severance	384,792	–	–	–	384,792
<b>Unassigned</b>					
	<u>6,954,933</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,954,933</u>
<b>Total</b>	<u><u>\$ 11,557,263</u></u>	<u><u>\$ 23,544,053</u></u>	<u><u>\$ 3,417,985</u></u>	<u><u>\$ 3,435,706</u></u>	<u><u>\$ 41,955,007</u></u>

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

### **A. Plan Descriptions**

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

#### **1. General Employees Retirement Fund (GERF)**

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. Minnesota Statutes, Chapter 356 defines each plan's financial reporting requirements.

Certain full-time and part-time employees of the District other than teachers are covered by the 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 Association (TRA)**

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

### **B. Benefits Provided**

#### **1. GERF Benefits**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes 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.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

The General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of the 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 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

### **2. TRA Benefits**

The 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 Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

Two methods are used to compute benefits for the 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.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Tier I Benefits**

Step-Rate Formula	Percentage per Year
<b>Basic Plan</b>	
First 10 years of service	2.2 %
All years after	2.7 %
<b>Coordinated Plan</b>	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

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) Three percent per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Or

For years of service prior to July 1, 2006, a Level formula of 1.7 percent per year for Coordinated members and 2.7 percent per year for Basic members is applied. For years of service July 1, 2006 and after, a Level formula of 1.9 percent per year for Coordinated members and 2.7 percent 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, 2025, 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, 2025. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

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

## NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the GERF for the year ended June 30, 2025, were \$1,183,811. The District's contributions were equal to the required contributions as set by state statutes.

#### 2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. Rates for each fiscal year 2025 Coordinated Plan were 7.75 percent for the employee and 8.75 percent for the employer. Basic Plan rates were 11.25 percent for the employee and 12.75 percent for the employer. The District's contributions to the TRA for the plan's fiscal year ended June 30, 2025, were \$3,160,140. The District's contributions were equal to the required contributions for each year as set by state statutes.

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2025, the District reported a liability of \$7,062,940 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 nonemployer 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 \$182,633.

District's proportionate share of the net pension liability	\$ 7,062,940
State's proportionate share of the net pension liability associated with the District	<u>182,633</u>
Total	<u>\$ 7,245,573</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the 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 the PERA's participating employers. The District's proportionate share was 0.1910 percent at the end of the measurement period and 0.1879 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$384,755 for its proportionate share of the GERF's pension expense. The District also recognized an additional \$4,896 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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 \$324,961 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 663,100	\$ –
Changes in actuarial assumptions	36,064	2,641,032
Net difference between projected and actual investment earnings on pension plan investments	–	1,974,229
Changes in proportion	161,951	471,242
District’s contributions to the GERP subsequent to the measurement date	<u>1,183,811</u>	<u>–</u>
Total	<u>\$ 2,044,926</u>	<u>\$ 5,086,503</u>

The \$1,183,811 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	\$ (2,371,869)
2027	\$ (494,662)
2028	\$ (817,525)
2029	\$ (541,332)

**2. TRA Pension Costs**

At June 30, 2025, the District reported a liability of \$33,404,665 for its proportionate share of the TRA’s 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 the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 0.5257 percent at the end of the measurement period and 0.5412 percent for the beginning of the period.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

District’s proportionate share of the net pension liability	\$ 33,404,665
State’s proportionate share of the net pension liability associated with the District	<u>2,184,868</u>
Total	<u>\$ 35,589,533</u>

For the year ended June 30, 2025, the District recognized pension expense of \$2,591,570. It also recognized \$120,103 as an increase to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2025, the state of Minnesota contributed \$176.0 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 \$176.0 million in direct state aid because of this contribution was not considered to meet the definition of a special funding situation. The District recognized \$926,108 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,609,745	\$ 451,212
Changes in actuarial assumptions	3,630,281	3,983,597
Net difference between projected and actual investment earnings on pension plan investments	–	4,658,937
Changes in proportion	567,865	2,253,215
District’s contributions to the TRA subsequent to the measurement date	<u>3,160,140</u>	<u>–</u>
Total	<u>\$ 8,968,031</u>	<u>\$ 11,346,961</u>

The \$3,160,140 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (2,140,813)
2027	\$ 2,876,822
2028	\$ (3,018,555)
2029	\$ (2,516,058)
2030	\$ (740,466)

## NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of the PERA and the 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 future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	25.00	0.75 %
Total	<u>100.00 %</u>	

### F. Actuarial Methods and Assumptions

#### 1. GERF

The total pension liability was determined by an actuarial valuation as of June 30, 2025, 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 7.00 percent. The 7.00 percent 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 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

Mortality rates for the GERF Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA's experience.

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

## NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### 2. TRA

The total pension liability in the July 1, 2024 actuarial valuation was determined using the entry-age normal method and actuarial assumptions, applied to all periods included in the measurement. Key assumptions used in the valuation of the total pension liability are as follows:

Actuarial Assumptions Used in Valuation of Total Pension Liability	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-Retirement	PubT-2010(A) Employee Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Healthy Retirees	PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 Scale.

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

#### 1. GERF

##### CHANGES IN PLAN PROVISIONS

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

##### 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.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **2. TRA**

#### **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 15.00 percent to reflect the continued lower than expected observations.

### **G. Discount Rate**

#### **1. GERF**

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

#### **2. TRA**

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### H. Pension Liability Sensitivity

The following table presents the District’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rates disclosed in the preceding paragraphs, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the GERF net pension liability	\$ 15,426,597	\$ 7,062,940	\$ 183,069
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 58,827,570	\$ 33,404,665	\$ 12,481,012

### I. Pension Plan Fiduciary Net Position

Detailed information about the 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](http://www.mnpera.org).

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

## NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

### A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District’s financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

## NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

### C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

### D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	88
Active plan members	<u>706</u>
Total members	<u><u>794</u></u>

### E. Net OPEB Liability of the District

The District’s net OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 7,992,118
Plan fiduciary net position	<u>(381,526)</u>
District’s net OPEB liability	<u><u>\$ 7,610,592</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>4.8%</u></u>

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**F. Actuarial Method and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, and a measurement date as of June 30, 2025, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.90%
Expected long-term investment return	4.00% (net of investment expenses)
20-year municipal bond yield	4.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50%, grading to 5.00% over 6 years and then 4.00% over the next 48 years

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District’s policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan’s target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Other – Single FEIN	<u>100.00 %</u>	3.98 %
Total	<u><u>100.00 %</u></u>	4.00 %

**G. Rate of Return**

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 4.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**H. Discount Rate**

The discount rate used to measure the total OPEB liability was 4.90 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 4.10 percent.

**I. Changes in the Net OPEB Liability**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balance	\$ 7,877,597	\$ 365,115	\$ 7,512,482
Changes for the year			
Service cost	420,111	–	420,111
Interest	333,565	–	333,565
Assumption changes	(246,656)	–	(246,656)
Plan changes	(52,773)	–	(52,773)
Employer contributions	–	327,230	(327,230)
Projected investment return	–	14,605	(14,605)
Differences between expected and actual experience	(12,496)	2,056	(14,552)
Benefit payments – employer financed	(327,230)	(327,230)	–
Administrative expenses	–	(250)	250
Total net changes	<u>114,521</u>	<u>16,411</u>	<u>98,110</u>
Ending balance	<u>\$ 7,992,118</u>	<u>\$ 381,526</u>	<u>\$ 7,610,592</u>

Plan provision changes since the prior measurement date include the following:

- Teachers added a sunset date of July 1, 2019 in order to be eligible for GASB Statement No. 75 post-employment subsidized benefits.
- The substitute teachers’ daily rate of pay increased from \$130 to \$150.

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 3.70 percent to 4.00 percent.
- The discount rate was changed from 4.10 percent to 4.90 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**J. Net OPEB Liability Sensitivity to Discount and Healthcare Trend Rate Changes**

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.90%	4.90%	5.90%
Net OPEB liability	\$ 8,140,314	\$ 7,610,592	\$ 7,112,484

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Medical trend rate	5.50% decreasing to 4.00% then 3.00%	6.50% decreasing to 5.00% then 4.00%	7.50% decreasing to 6.00% then 5.00%
Net OPEB liability	\$ 6,933,326	\$ 7,610,592	\$ 8,395,324

**K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources**

For the current year ended, the District recognized OPEB expense of \$267,069. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 1,552,851
Changes in actuarial assumptions	234,922	865,908
Differences between projected and actual investment earnings	8,171	–
Total	<u>\$ 243,093</u>	<u>\$ 2,418,759</u>

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

Year Ending June 30,	OPEB Expense Amount
2026	\$ (423,378)
2027	\$ (406,268)
2028	\$ (372,998)
2029	\$ (410,377)
2030	\$ (304,908)
Thereafter	\$ (257,737)

**NOTE 8 – FLEXIBLE BENEFIT PLAN**

The District has a cafeteria plan (the Plan) established under § 125 of the IRC. 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 pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by the District for childcare, medical expense reimbursements, and health insurance premiums. The District withholds amounts from employee payroll checks equal to the amount of the health insurance premiums owing and makes the premium payments when due. These payments are recorded in the General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

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

## **NOTE 9 – HEALTHCARE REIMBURSEMENT PLAN**

The District also maintains a healthcare reimbursement plan (the Healthcare Plan) under § 105 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Participants may use the funds contributed by the District to be reimbursed for uninsured health expenses paid, additional costs associated with health insurance coverage, or insurance premiums paid under a spouse or dependent plan.

All assets of the Healthcare Plan are held by the District. The Healthcare Plan is administered by an independent contract administrator and is included in the financial statements in the various district funds.

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

## **NOTE 10 – INTERFUND TRANSACTIONS**

### **Interfund Transfers**

The District transferred \$5,755,571 from the General Fund to the Capital Projects – Building Construction Fund to allocate revenues levied by the General Fund and expended by the Capital Projects – Building Construction Fund.

Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

## **NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY**

As of June 30, 2025, the District's Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$365,846. This deficit is expected to be eliminated through future premiums paid from the District's governmental funds.

## **NOTE 12 – COMMITMENTS AND CONTINGENCIES**

### **A. Construction Contracts**

On June 30, 2025, the District had commitments totaling \$7,847,477 under various construction contracts for which work was not yet completed.

### **B. Federal and State Revenues**

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

## **NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

### **C. Legal Claims**

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

### **D. Guaranteed Energy Savings Commitment**

During fiscal year 2016, the District entered into a guaranteed energy savings agreement under Minnesota Statutes, Section 471.345, Subd. 13, not to exceed 20 years. This agreement is for the purpose of implementing comprehensive utility cost-saving measures to improve the energy efficiency of school district facilities. As of June 30, 2025, the District has recorded \$1,895,000 as an intangible asset related to this energy savings contract. Total accumulated depreciation/amortization on these intangible assets at year-end was \$764,050. The District is also required to purchase the energy generated by the solar panels owned by the provider that are installed on various buildings of the District.

### **E. Purchase Power Commitment**

During fiscal year 2018, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 36.94 percent of the annual delivered energy of three solar systems, 29.77 percent of the annual delivered energy of one solar system, and 34.25 percent of the annual delivered energy of one solar system for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2018, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 23.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2017 to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 40.00 percent of the annual delivered energy for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 36.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of September 30, 2018 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 6.70 percent of the annual delivered energy of one solar system and 2.00 percent of the annual delivered energy of one solar system. These agreements are for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 5.22 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

## **NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 6.70 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 2.57 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 10.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2023, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 12.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2022 to receive bill credits associated with the energy production.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

Public Employees Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2025

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.2348%	\$ 12,168,555	\$ -	\$ 12,168,555	\$ 13,777,131	88.32%	78.20%
06/30/2017	06/30/2016	0.2280%	\$ 18,512,470	\$ 241,803	\$ 18,754,273	\$ 14,132,795	130.99%	68.90%
06/30/2018	06/30/2017	0.2318%	\$ 14,797,960	\$ 186,086	\$ 14,984,046	\$ 14,933,242	99.09%	75.90%
06/30/2019	06/30/2018	0.2176%	\$ 12,071,556	\$ 396,078	\$ 12,467,634	\$ 14,645,936	82.42%	79.50%
06/30/2020	06/30/2019	0.2053%	\$ 11,350,577	\$ 352,818	\$ 11,703,395	\$ 14,467,360	78.46%	80.20%
06/30/2021	06/30/2020	0.2088%	\$ 12,518,514	\$ 386,136	\$ 12,904,650	\$ 14,891,478	84.06%	79.10%
06/30/2022	06/30/2021	0.1970%	\$ 8,412,783	\$ 256,889	\$ 8,669,672	\$ 14,171,781	59.36%	87.00%
06/30/2023	06/30/2022	0.1998%	\$ 15,824,228	\$ 464,015	\$ 16,288,243	\$ 14,976,050	105.66%	76.70%
06/30/2024	06/30/2023	0.1879%	\$ 10,507,158	\$ 289,676	\$ 10,796,834	\$ 14,945,305	70.30%	83.10%
06/30/2025	06/30/2024	0.1910%	\$ 7,062,940	\$ 182,633	\$ 7,245,573	\$ 16,165,134	43.69%	89.08%

Public Employees Retirement Association Pension Benefits Plan  
 Schedule of District Contributions  
 Year Ended June 30, 2025

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 1,060,550	\$ 1,060,550	\$ -	\$ 14,132,795	7.50%
06/30/2017	\$ 1,120,066	\$ 1,120,066	\$ -	\$ 14,933,242	7.50%
06/30/2018	\$ 1,096,981	\$ 1,096,981	\$ -	\$ 14,645,936	7.49%
06/30/2019	\$ 1,084,088	\$ 1,084,088	\$ -	\$ 14,467,360	7.49%
06/30/2020	\$ 1,116,340	\$ 1,116,340	\$ -	\$ 14,891,478	7.50%
06/30/2021	\$ 1,062,123	\$ 1,062,123	\$ -	\$ 14,171,781	7.49%
06/30/2022	\$ 1,122,439	\$ 1,122,439	\$ -	\$ 14,976,050	7.49%
06/30/2023	\$ 1,120,640	\$ 1,120,640	\$ -	\$ 14,945,305	7.50%
06/30/2024	\$ 1,211,664	\$ 1,211,664	\$ -	\$ 16,165,134	7.50%
06/30/2025	\$ 1,183,811	\$ 1,183,811	\$ -	\$ 15,785,926	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 831

Teachers Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2025

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2016	06/30/2015	0.6052%	\$ 37,437,605	\$ 4,591,853	\$ 42,029,458	\$ 30,724,443	121.85%	76.80%
06/30/2017	06/30/2016	0.5824%	\$138,916,297	\$ 13,944,490	\$152,860,787	\$ 30,285,682	458.69%	44.88%
06/30/2018	06/30/2017	0.6119%	\$122,146,340	\$ 11,808,367	\$133,954,707	\$ 32,939,487	370.82%	51.57%
06/30/2019	06/30/2018	0.5462%	\$ 34,306,472	\$ 3,223,106	\$ 37,529,578	\$ 30,174,216	113.69%	78.07%
06/30/2020	06/30/2019	0.5170%	\$ 32,953,689	\$ 2,916,546	\$ 35,870,235	\$ 29,353,536	112.26%	78.21%
06/30/2021	06/30/2020	0.5635%	\$ 41,632,135	\$ 3,488,762	\$ 45,120,897	\$ 32,746,274	127.14%	75.48%
06/30/2022	06/30/2021	0.5665%	\$ 24,791,734	\$ 2,090,980	\$ 26,882,714	\$ 33,899,760	73.13%	86.63%
06/30/2023	06/30/2022	0.5613%	\$ 44,945,935	\$ 3,332,999	\$ 48,278,934	\$ 34,698,474	129.53%	76.17%
06/30/2024	06/30/2023	0.5412%	\$ 44,682,684	\$ 3,129,903	\$ 47,812,587	\$ 34,412,015	129.85%	76.42%
06/30/2025	06/30/2024	0.5257%	\$ 33,404,665	\$ 2,184,868	\$ 35,589,533	\$ 34,825,930	95.92%	82.07%

Teachers Retirement Association Pension Benefits Plan  
 Schedule of District Contributions  
 Year Ended June 30, 2025

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 2,271,426	\$ 2,271,426	\$ -	\$ 30,285,682	7.50%
06/30/2017	\$ 2,470,228	\$ 2,470,228	\$ -	\$ 32,939,487	7.50%
06/30/2018	\$ 2,267,163	\$ 2,267,163	\$ -	\$ 30,174,216	7.51%
06/30/2019	\$ 2,262,283	\$ 2,262,283	\$ -	\$ 29,353,536	7.71%
06/30/2020	\$ 2,593,206	\$ 2,593,206	\$ -	\$ 32,746,274	7.92%
06/30/2021	\$ 2,756,049	\$ 2,756,049	\$ -	\$ 33,899,760	8.13%
06/30/2022	\$ 2,892,845	\$ 2,892,845	\$ -	\$ 34,698,474	8.34%
06/30/2023	\$ 2,941,813	\$ 2,941,813	\$ -	\$ 34,412,015	8.55%
06/30/2024	\$ 3,046,538	\$ 3,046,538	\$ -	\$ 34,825,930	8.75%
06/30/2025	\$ 3,160,140	\$ 3,160,140	\$ -	\$ 36,126,491	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 831

Other Post-Employment Benefits Plan  
 Schedule of Changes in the District's Net  
 OPEB Liability and Related Ratios  
 Year Ended June 30, 2025

	District Fiscal Year-End Date								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	\$ 492,508	\$ 458,783	\$ 499,612	\$ 577,722	\$ 642,830	\$ 508,257	\$ 472,946	\$ 472,063	\$ 420,111
Interest	245,576	257,179	315,686	289,203	249,731	205,388	345,888	310,224	333,565
Assumption changes	-	(290,265)	233,741	367,034	(224,076)	(806,423)	90,967	(90,306)	(246,656)
Plan changes	-	-	25,530	-	76,387	-	34,180	-	(52,773)
Differences between expected and actual experience	-	-	(554,899)	-	(721,541)	-	(1,646,896)	-	(12,496)
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)	(795,707)	(302,974)	(587,931)	(327,230)
Net change in total OPEB liability	397,236	158,561	155,230	1,023,441	(211,379)	(888,485)	(1,005,889)	104,050	114,521
Total OPEB liability – beginning of year	8,144,832	8,542,068	8,700,629	8,855,859	9,879,300	9,667,921	8,779,436	7,773,547	7,877,597
Total OPEB liability – end of year	8,542,068	8,700,629	8,855,859	9,879,300	9,667,921	8,779,436	7,773,547	7,877,597	7,992,118
Plan fiduciary net position									
Employer contributions	-	-	14,440	-	19,710	45,707	2,974	487,931	327,230
Net investment income	19,917	32,754	51,796	53,470	40,470	43,267	35,465	16,001	14,605
Differences between expected and actual experience	-	-	(15,935)	(210)	(19,513)	(75,679)	(12,078)	16,918	2,056
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)	(795,707)	(302,974)	(587,931)	(327,230)
Administrative expenses	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Net change in plan fiduciary net position	(321,181)	(234,632)	(314,389)	(157,508)	(194,293)	(782,662)	(276,863)	(67,331)	16,411
Plan fiduciary net position – beginning of year	2,713,974	2,392,793	2,158,161	1,843,772	1,686,264	1,491,971	709,309	432,446	365,115
Plan fiduciary net position – end of year	2,392,793	2,158,161	1,843,772	1,686,264	1,491,971	709,309	432,446	365,115	381,526
Net OPEB liability	<u>\$ 6,149,275</u>	<u>\$ 6,542,468</u>	<u>\$ 7,012,087</u>	<u>\$ 8,193,036</u>	<u>\$ 8,175,950</u>	<u>\$ 8,070,127</u>	<u>\$ 7,341,101</u>	<u>\$ 7,512,482</u>	<u>\$ 7,610,592</u>
Fiduciary net position as a percentage of the total OPEB liability	28.0%	24.8%	20.8%	17.1%	15.4%	8.1%	5.6%	4.6%	4.8%
Covered-employee payroll	<u>\$ 39,738,394</u>	<u>\$ 40,930,546</u>	<u>\$ 37,903,982</u>	<u>\$ 39,041,102</u>	<u>\$ 42,337,029</u>	<u>\$ 43,607,140</u>	<u>\$ 43,330,628</u>	<u>\$ 44,630,547</u>	<u>\$ 44,470,558</u>
Net OPEB liability as a percentage of covered-employee payroll	15.5%	16.0%	18.5%	21.0%	19.3%	18.5%	16.9%	16.8%	17.1%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 831

Other Post-Employment Benefits Plan  
Schedule of Investment Returns  
Year Ended June 30, 2025

<u>Year</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
2017	0.70%
2018	1.40%
2019	1.70%
2020	2.90%
2021	1.20%
2022	(2.20%)
2023	3.30%
2024	7.60%
2025	4.60%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 831

Notes to Required Supplementary Information  
June 30, 2025

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2024 CHANGES IN PLAN PROVISIONS**

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

**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.

**2023 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, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

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

**2020 CHANGES IN PLAN PROVISIONS**

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

## **PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

### **2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

### **2019 CHANGES IN PLAN PROVISIONS**

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

### **2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

### **2018 CHANGES IN PLAN PROVISIONS**

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

## **PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

### **2018 CHANGES IN PLAN PROVISIONS (CONTINUED)**

- 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.

### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

### **2017 CHANGES IN PLAN PROVISIONS**

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

### **2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- 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 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

### **2015 CHANGES IN PLAN PROVISIONS**

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

### **2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

## **TEACHERS RETIREMENT ASSOCIATION (TRA)**

### **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 of tables.
- 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 15.00 percent to reflect the continued lower than expected observations.

### **2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

### **2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

### **2018 CHANGES IN PLAN PROVISIONS**

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent 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 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

## **TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

### **2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The single discount rate was changed from 8.00 percent to 4.66 percent.

### **2015 CHANGES IN PLAN PROVISIONS**

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

### **2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

## **OTHER POST-EMPLOYMENT BENEFITS PLAN**

### **2025 CHANGES IN PLAN PROVISIONS**

- Teachers added a sunset date of July 1, 2019 in order to be eligible for GASB Statement No. 75 post-employment subsidized benefits.
- The substitute teachers' daily rate of pay increased from \$130 to \$150.

### **2025 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 3.70 percent to 4.00 percent.
- The discount rate was changed from 4.10 percent to 4.90 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.

### **2024 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 5.00 percent to 3.70 percent.
- The discount rate was changed from 3.90 percent to 4.10 percent.

### **2023 CHANGES IN PLAN PROVISIONS**

- The principals' and activities directors' post-employment subsidy calculation changed. Accumulated unused sick days are those exceeding 105, but not more than 125. Previously, unused sick days were those exceeding 105, but not more than 115.
- The assessment and evaluation coordinator and full-time department coordinators' post-employment subsidy calculation changed. Accumulated unused sick days are those exceeding 195, but not more than 125. Previously, unused sick days were those exceeding 205, but not more than 115. Accumulated unused sick days are multiplied by half of the daily rate of pay. Previously, unused sick days were multiplied by the substitute teachers' daily rate of pay.

### **2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 2.90 percent to 5.00 percent.
- The discount rate was changed from 3.80 percent to 3.90 percent.

### **2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 2.40 percent to 2.90 percent.
- The discount rate was changed from 2.10 percent to 3.80 percent.

### **2021 CHANGES IN PLAN PROVISIONS**

- A subsidy was added for the superintendent. Unused sick days over 200, multiplied by half the daily rate of pay will be held by the District to pay medical premiums upon retirement.
- The coordinators' sick leave accrual increased from 18 days per year to 20 days per year.
- The substitute teachers' daily rate of pay increased from \$120 to \$130.

## **OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

### **2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare 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-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 percent per year for all employees to rates that vary by service and contract group.
- The expected long-term investment return was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

### **2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 2.40 percent to 2.90 percent.
- The discount rate was changed from 3.10 percent to 2.40 percent.

### **2019 CHANGES IN PLAN PROVISIONS**

- Unused sick days over 100, but limited to 50 days, multiplied by the daily rate of pay, are being held by the District to pay medical premiums for the superintendent, who retired in 2017. This benefit was not valued in the prior valuation.

### **2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare 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 3.50 percent to 3.10 percent.
- The trend on estimated post-age 65 premiums, which are assumed to be withdrawn from unused sick leave balances held by the District, was changed from being the same as the healthcare trend rates noted above, to 4.00 percent per year.
- For current and future retirees, except directors, we previously assumed the full pre- and post-age 65 premium amounts would be withdrawn from unused sick leave balances each year. The valuation we are assuming at 50.00 percent of these amounts will be withdrawn each year. For directors, we are assuming \$5,000 (increasing 4.00 percent per year) will be withdrawn each year, starting after the 10 years of district-paid premiums end. This is the same assumption used in the prior valuation.

### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.90 percent to 3.50 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2025

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Community Service</u>	
<b>Assets</b>			
Cash and temporary investments	\$ 1,407,183	\$ 2,830,363	\$ 4,237,546
Receivables			
Current taxes	–	680,076	680,076
Delinquent taxes	–	18,659	18,659
Accounts and interest	225	14,112	14,337
Due from other governmental units	124,292	127,276	251,568
Inventory	16,526	–	16,526
Prepaid items	11,667	350	12,017
	<u>1,559,893</u>	<u>3,670,836</u>	<u>5,230,729</u>
<b>Liabilities</b>			
Salaries payable	\$ 90,501	\$ 292,559	\$ 383,060
Accounts and contracts payable	31,154	58,799	89,953
Due to other governmental units	152	21	173
Unearned revenue	93,267	3,735	97,002
Total liabilities	<u>215,074</u>	<u>355,114</u>	<u>570,188</u>
<b>Deferred inflows of resources</b>			
Property taxes levied for subsequent year	–	1,206,750	1,206,750
Unavailable revenue – delinquent taxes	–	18,085	18,085
Total deferred inflows of resources	<u>–</u>	<u>1,224,835</u>	<u>1,224,835</u>
<b>Fund balances</b>			
Nonspendable	28,193	350	28,543
Restricted	1,316,626	2,090,537	3,407,163
Total fund balances	<u>1,344,819</u>	<u>2,090,887</u>	<u>3,435,706</u>
	<u>\$ 1,559,893</u>	<u>\$ 3,670,836</u>	<u>\$ 5,230,729</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>			
	<u>\$ 1,559,893</u>	<u>\$ 3,670,836</u>	<u>\$ 5,230,729</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2025

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 1,483,558	\$ 1,483,558
Investment earnings	46,180	104,340	150,520
Other	519,331	3,299,749	3,819,080
State sources	2,648,425	885,778	3,534,203
Federal sources	1,994,620	43,883	2,038,503
Total revenue	<u>5,208,556</u>	<u>5,817,308</u>	<u>11,025,864</u>
Expenditures			
Current			
Food service	4,750,432	-	4,750,432
Community service	-	5,438,913	5,438,913
Capital outlay	346,442	59,272	405,714
Total expenditures	<u>5,096,874</u>	<u>5,498,185</u>	<u>10,595,059</u>
Excess of revenue over expenditures	111,682	319,123	430,805
Other financing sources			
Sale of assets	1,435	-	1,435
Net change in fund balances	113,117	319,123	432,240
Fund balances			
Beginning of year	<u>1,231,702</u>	<u>1,771,764</u>	<u>3,003,466</u>
End of year	<u>\$ 1,344,819</u>	<u>\$ 2,090,887</u>	<u>\$ 3,435,706</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund  
Comparative Balance Sheet  
as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and temporary investments	\$ 23,574,599	\$ 18,577,527
Receivables		
Current taxes	12,205,494	12,534,602
Delinquent taxes	266,214	219,860
Accounts and interest	445,012	83,117
Due from other governmental units	8,219,517	8,711,931
Due from other funds	–	100,000
Prepaid items	<u>194,639</u>	<u>171,690</u>
Total assets	<u>\$ 44,905,475</u>	<u>\$ 40,398,727</u>
<b>Liabilities</b>		
Salaries payable	\$ 680,171	\$ 434,700
Accounts and contracts payable	10,610,763	10,229,315
Due to other governmental units	821,319	801,149
Unearned revenue	<u>10,894</u>	<u>10,286</u>
Total liabilities	<u>12,123,147</u>	<u>11,475,450</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	20,971,675	21,226,870
Unavailable revenue – delinquent taxes	<u>253,390</u>	<u>112,571</u>
Total deferred inflows of resources	<u>21,225,065</u>	<u>21,339,441</u>
<b>Fund balances</b>		
Nonspendable for prepaid items	194,639	171,690
Restricted for student activities	94,465	101,056
Restricted for literacy incentive aid	–	268,188
Restricted for American Indian education aid	–	5,388
Restricted for operating capital	435,948	–
Restricted for literacy aid	230,174	–
Restricted for teacher compensation for READ Act	167,525	–
Restricted for long-term facilities maintenance	3,023,365	1,781,395
Restricted for student support personnel	71,422	73,431
Assigned for severance	384,792	177,488
Unassigned	<u>6,954,933</u>	<u>5,005,200</u>
Total fund balances	<u>11,557,263</u>	<u>7,583,836</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 44,905,475</u>	 <u>\$ 40,398,727</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 22,176,839	\$ 22,282,954	\$ 106,115	\$ 19,570,204
Investment earnings	513,839	898,315	384,476	547,578
Other	2,663,919	3,120,346	456,427	2,852,679
State sources	68,551,752	70,595,081	2,043,329	68,261,981
Federal sources	2,605,397	2,461,524	(143,873)	2,788,166
Total revenue	96,511,746	99,358,220	2,846,474	94,020,608
<b>Expenditures</b>				
<b>Current</b>				
<b>Administration</b>				
Salaries	2,620,152	2,577,149	(43,003)	2,507,978
Employee benefits	1,203,112	1,237,522	34,410	1,233,846
Purchased services	31,307	50,544	19,237	41,181
Supplies and materials	12,783	17,822	5,039	14,078
Other expenditures	56,600	50,958	(5,642)	52,761
Total administration	3,923,954	3,933,995	10,041	3,849,844
<b>District support services</b>				
Salaries	1,733,267	1,682,399	(50,868)	1,631,678
Employee benefits	973,973	1,013,442	39,469	853,215
Purchased services	952,724	864,881	(87,843)	881,472
Supplies and materials	393,400	223,390	(170,010)	186,160
Other expenditures	14,295	6,592	(7,703)	6,819
Total district support services	4,067,659	3,790,704	(276,955)	3,559,344
<b>Elementary and secondary regular instruction</b>				
Salaries	20,118,076	19,042,841	(1,075,235)	18,888,619
Employee benefits	8,164,653	8,483,926	319,273	8,244,089
Purchased services	1,866,077	2,013,221	147,144	1,884,932
Supplies and materials	1,122,217	1,143,810	21,593	1,089,663
Capital expenditures	1,000	30,870	29,870	185,379
Other expenditures	27,598	151,734	124,136	151,115
Total elementary and secondary regular instruction	31,299,621	30,866,402	(433,219)	30,443,797

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,299,079	1,279,498	(19,581)	999,835
Employee benefits	465,127	486,893	21,766	349,950
Purchased services	33,888	60,092	26,204	37,406
Supplies and materials	67,131	51,398	(15,733)	44,629
Capital expenditures	44,658	41,236	(3,422)	60,199
Other expenditures	650	6,013	5,363	6,313
Total vocational education instruction	1,910,533	1,925,130	14,597	1,498,332
Special education instruction				
Salaries	11,806,603	11,526,235	(280,368)	11,300,209
Employee benefits	4,284,224	4,207,580	(76,644)	4,233,543
Purchased services	2,121,367	2,524,527	403,160	1,872,490
Supplies and materials	50,065	77,004	26,939	111,653
Capital expenditures	4,580	3,930	(650)	37,272
Other expenditures	48,615	60,357	11,742	59,315
Total special education instruction	18,315,454	18,399,633	84,179	17,614,482
Instructional support services				
Salaries	4,939,893	4,590,029	(349,864)	4,746,879
Employee benefits	1,479,488	1,491,383	11,895	1,505,544
Purchased services	452,488	295,466	(157,022)	322,339
Supplies and materials	107,279	62,059	(45,220)	81,496
Capital expenditures	500	—	(500)	280
Other expenditures	17,225	28,767	11,542	23,982
Total instructional support services	6,996,873	6,467,704	(529,169)	6,680,520
Pupil support services				
Salaries	5,381,872	5,451,656	69,784	5,122,041
Employee benefits	2,172,019	2,162,615	(9,404)	2,099,652
Purchased services	3,512,730	3,573,805	61,075	3,824,017
Supplies and materials	837,501	876,871	39,370	904,393
Capital expenditures	500,000	2,764,741	2,264,741	1,362,828
Other expenditures	—	17,546	17,546	17,817
Total pupil support services	12,404,122	14,847,234	2,443,112	13,330,748

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,866,714	2,835,216	(31,498)	2,683,073
Employee benefits	1,247,688	1,292,049	44,361	1,254,585
Purchased services	4,134,207	3,847,618	(286,589)	3,548,154
Supplies and materials	522,809	535,304	12,495	504,713
Capital expenditures	5,728,940	534,088	(5,194,852)	568,140
Other expenditures	1,000	9,573	8,573	10,048
Total sites and buildings	<u>14,501,358</u>	<u>9,053,848</u>	<u>(5,447,510)</u>	<u>8,568,713</u>
Fiscal and other fixed cost programs				
Purchased services	777,373	960,630	183,257	834,214
Debt service				
Principal	1,640,000	1,687,757	47,757	1,623,244
Interest and fiscal charges	183,865	216,530	32,665	256,526
Total debt service	<u>1,823,865</u>	<u>1,904,287</u>	<u>80,422</u>	<u>1,879,770</u>
Total expenditures	<u>96,020,812</u>	<u>92,149,567</u>	<u>(3,871,245)</u>	<u>88,259,764</u>
Excess of revenue over expenditures	490,934	7,208,653	6,717,719	5,760,844
Other financing sources (uses)				
Debt issued	—	2,321,371	2,321,371	1,362,828
Sale of assets	—	94,384	94,384	23,013
Insurance recovery	—	104,590	104,590	74,776
Transfers (out)	—	(5,755,571)	(5,755,571)	—
Total other financing sources (uses)	<u>—</u>	<u>(3,235,226)</u>	<u>(3,235,226)</u>	<u>1,460,617</u>
Net change in fund balances	<u>\$ 490,934</u>	<u>3,973,427</u>	<u>\$ 3,482,493</u>	<u>7,221,461</u>
Fund balances				
Beginning of year		<u>7,583,836</u>		<u>362,375</u>
End of year		<u>\$ 11,557,263</u>		<u>\$ 7,583,836</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and temporary investments	\$ 1,407,183	\$ 1,223,301
Receivables		
Accounts and interest	225	-
Due from other governmental units	124,292	150,701
Inventory	16,526	13,806
Prepaid items	<u>11,667</u>	<u>10,741</u>
Total assets	<u><u>\$ 1,559,893</u></u>	<u><u>\$ 1,398,549</u></u>
<b>Liabilities</b>		
Salaries payable	\$ 90,501	\$ 18,687
Accounts and contracts payable	31,154	41,104
Due to other governmental units	152	-
Unearned revenue	<u>93,267</u>	<u>107,056</u>
Total liabilities	<u>215,074</u>	<u>166,847</u>
<b>Fund balances</b>		
Nonspendable for inventory	16,526	13,806
Nonspendable for prepaid items	11,667	10,741
Restricted for food service	<u>1,316,626</u>	<u>1,207,155</u>
Total fund balances	<u>1,344,819</u>	<u>1,231,702</u>
Total liabilities and fund balances	<u><u>\$ 1,559,893</u></u>	<u><u>\$ 1,398,549</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Food Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2025

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 46,180	\$ 46,180	\$ 35,384
Other – primarily meal sales	611,059	519,331	(91,728)	599,154
State sources	2,622,212	2,648,425	26,213	2,939,097
Federal sources	1,958,598	1,994,620	36,022	2,382,528
Total revenue	<u>5,191,869</u>	<u>5,208,556</u>	<u>16,687</u>	<u>5,956,163</u>
Expenditures				
Current				
Salaries	1,650,519	1,480,018	(170,501)	1,631,286
Employee benefits	469,609	479,756	10,147	526,493
Purchased services	156,150	111,810	(44,340)	167,493
Supplies and materials	2,690,828	2,676,654	(14,174)	2,850,502
Other expenditures	3,000	2,194	(806)	3,239
Capital outlay	417,000	346,442	(70,558)	293,500
Total expenditures	<u>5,387,106</u>	<u>5,096,874</u>	<u>(290,232)</u>	<u>5,472,513</u>
Excess (deficiency) of revenue over expenditures	(195,237)	111,682	306,919	483,650
Other financing sources				
Sale of assets	<u>10,000</u>	<u>1,435</u>	<u>(8,565)</u>	<u>3,949</u>
Net change in fund balances	<u>\$ (185,237)</u>	<u>113,117</u>	<u>\$ 298,354</u>	<u>487,599</u>
Fund balances				
Beginning of year		<u>1,231,702</u>		<u>744,103</u>
End of year		<u>\$ 1,344,819</u>		<u>\$ 1,231,702</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Community Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and temporary investments	\$ 2,830,363	\$ 2,504,240
Receivables		
Current taxes	680,076	852,802
Delinquent taxes	18,659	16,811
Accounts and interest	14,112	19,183
Due from other governmental units	127,276	146,453
Prepaid items	<u>350</u>	<u>656</u>
Total assets	<u>\$ 3,670,836</u>	<u>\$ 3,540,145</u>
<b>Liabilities</b>		
Salaries payable	\$ 292,559	\$ 204,201
Accounts and contracts payable	58,799	58,670
Due to other governmental units	21	20
Unearned revenue	<u>3,735</u>	<u>—</u>
Total liabilities	355,114	262,891
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	1,206,750	1,496,898
Unavailable revenue – delinquent taxes	<u>18,085</u>	<u>8,592</u>
Total deferred inflows of resources	1,224,835	1,505,490
<b>Fund balances</b>		
Nonspendable for prepaid items	350	656
Restricted for community education	1,685,506	1,255,370
Restricted for early childhood family education	326,897	374,941
Restricted for school readiness	78,134	139,162
Restricted for community service	<u>—</u>	<u>1,635</u>
Total fund balances	<u>2,090,887</u>	<u>1,771,764</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,670,836</u>	<u>\$ 3,540,145</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Community Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 1,546,057	\$ 1,483,558	\$ (62,499)	\$ 1,434,279
Investment earnings	–	104,340	104,340	100,284
Other – primarily tuition and fees	3,197,395	3,299,749	102,354	3,291,243
State sources	788,699	885,778	97,079	944,791
Federal sources	41,549	43,883	2,334	31,003
Total revenue	<u>5,573,700</u>	<u>5,817,308</u>	<u>243,608</u>	<u>5,801,600</u>
Expenditures				
Current				
Salaries	3,516,238	3,455,368	(60,870)	3,493,401
Employee benefits	1,246,076	1,155,129	(90,947)	1,079,920
Purchased services	636,429	628,776	(7,653)	646,197
Supplies and materials	156,381	193,512	37,131	330,159
Other expenditures	9,100	6,128	(2,972)	4,579
Capital outlay	11,576	59,272	47,696	99,381
Total expenditures	<u>5,575,800</u>	<u>5,498,185</u>	<u>(77,615)</u>	<u>5,653,637</u>
Net change in fund balances	<u>\$ (2,100)</u>	319,123	<u>\$ 321,223</u>	147,963
Fund balances				
Beginning of year		<u>1,771,764</u>		<u>1,623,801</u>
End of year		<u>\$ 2,090,887</u>		<u>\$ 1,771,764</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Capital Projects – Building Construction Fund  
 Comparative Balance Sheet  
 as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and temporary investments	\$ 26,293,245	\$ 16,393,708
Receivables		
Accounts and interest	<u>552,772</u>	<u>86,232</u>
Total assets	<u>\$ 26,846,017</u>	<u>\$ 16,479,940</u>
Liabilities		
Accounts and contracts payable	\$ 3,301,964	\$ 698,271
Fund balances		
Restricted for long-term facilities maintenance	<u>23,544,053</u>	<u>15,781,669</u>
Total liabilities and fund balances	<u>\$ 26,846,017</u>	<u>\$ 16,479,940</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Capital Projects – Building Construction Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2025

(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025		Over (Under) Budget	2024
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 792,574	\$ 792,574	\$ 812,210
Expenditures				
Capital outlay				
Purchased services	2,500,000	1,928,545	(571,455)	811,190
Capital expenditures	6,400,000	8,161,125	1,761,125	3,282,449
Debt service				
Fiscal charges and other	–	141,843	141,843	246,507
Total expenditures	<u>8,900,000</u>	<u>10,231,513</u>	<u>1,331,513</u>	<u>4,340,146</u>
Excess (deficiency) of revenue over expenditures	(8,900,000)	(9,438,939)	(538,939)	(3,527,936)
Other financing sources				
Debt issued	11,000,000	10,750,000	(250,000)	18,869,628
Premium on debt issued	–	695,752	695,752	705,853
Transfers in	–	5,755,571	5,755,571	–
Total other financing sources	<u>11,000,000</u>	<u>17,201,323</u>	<u>6,201,323</u>	<u>19,575,481</u>
Net change in fund balances	<u>\$ 2,100,000</u>	7,762,384	<u>\$ 5,662,384</u>	16,047,545
Fund balances (deficit)				
Beginning of year		<u>15,781,669</u>		<u>(265,876)</u>
End of year		<u>\$ 23,544,053</u>		<u>\$ 15,781,669</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Debt Service Fund  
 Balance Sheet by Account  
 as of June 30, 2025  
 (With Comparative Totals as of June 30, 2024)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2025	2024
<b>Assets</b>				
Cash and temporary investments	\$ 8,361,863	\$ 379,129	\$ 8,740,992	\$ 8,457,343
Receivables				
Current taxes	6,803,486	283,125	7,086,611	6,292,701
Delinquent taxes	130,178	6,928	137,106	128,540
Due from other governmental units	19,021	77	19,098	21,595
<b>Total assets</b>	<b>\$ 15,314,548</b>	<b>\$ 669,259</b>	<b>\$ 15,983,807</b>	<b>\$ 14,900,179</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 1,751
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	11,931,205	502,386	12,433,591	10,932,087
Unavailable revenue – delinquent taxes	125,497	6,734	132,231	67,263
<b>Total deferred inflows of resources</b>	<b>12,056,702</b>	<b>509,120</b>	<b>12,565,822</b>	<b>10,999,350</b>
<b>Fund balances</b>				
Restricted for debt service	3,257,846	160,139	3,417,985	3,899,078
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,314,548</b>	<b>\$ 669,259</b>	<b>\$ 15,983,807</b>	<b>\$ 14,900,179</b>

INDEPENDENT SCHOOL DISTRICT NO. 831

Debt Service Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Budget and Actual  
 Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	Budget	2025 Actual	
		Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 10,921,310	\$ 10,158,364	\$ 536,853
Investment earnings	–	244,980	4,751
State sources	2,810	190,212	767
Total revenue	<u>10,924,120</u>	<u>10,593,556</u>	<u>542,371</u>
Expenditures			
Debt service			
Principal	5,610,000	5,160,000	450,000
Interest	4,832,782	5,905,764	92,390
Fiscal charges and other	–	8,866	–
Total expenditures	<u>10,442,782</u>	<u>11,074,630</u>	<u>542,390</u>
Excess (deficiency) of revenue over expenditures	481,338	(481,074)	(19)
Other financing sources			
Debt issued	–	–	–
Net change in fund balances	<u>\$ 481,338</u>	<u>(481,074)</u>	<u>(19)</u>
Fund balances			
Beginning of year		<u>3,738,920</u>	<u>160,158</u>
End of year		<u>\$ 3,257,846</u>	<u>\$ 160,139</u>

		2024
Total	Over (Under) Budget	Actual
\$ 10,695,217	\$ (226,093)	\$ 10,784,134
249,731	249,731	231,578
190,979	188,169	215,945
<u>11,135,927</u>	<u>211,807</u>	<u>11,231,657</u>
5,610,000	–	5,330,000
5,998,154	1,165,372	5,152,964
8,866	8,866	20,018
<u>11,617,020</u>	<u>1,174,238</u>	<u>10,502,982</u>
(481,093)	(962,431)	728,675
–	–	<u>1,165,372</u>
(481,093)	<u><u>\$ (962,431)</u></u>	1,894,047
<u>3,899,078</u>		<u>2,005,031</u>
<u><u>\$ 3,417,985</u></u>		<u><u>\$ 3,899,078</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds  
 Combining Statement of Net Position  
 as of June 30, 2025

(With Comparative Totals as of June 30, 2024)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2025	2024
<b>Assets</b>				
Current assets				
Cash and temporary investments	\$ 1,943,352	\$ 495,847	\$ 2,439,199	\$ 447,354
Receivables				
Accounts and interest	390,824	1,042	391,866	174,230
Due from other funds	–	–	–	93,488
Prepaid items	173,900	–	173,900	173,900
Total current assets	<u>2,508,076</u>	<u>496,889</u>	<u>3,004,965</u>	<u>888,972</u>
<b>Liabilities</b>				
Current liabilities				
Accounts and contracts payable	–	26,575	26,575	96,704
Due to other funds	–	–	–	93,488
Unearned revenue	2,226,679	99,772	2,326,451	2,062,166
Claims incurred, but not reported	647,243	13,697	660,940	934,590
Total current liabilities	<u>2,873,922</u>	<u>140,044</u>	<u>3,013,966</u>	<u>3,186,948</u>
<b>Net position</b>				
Unrestricted	<u>\$ (365,846)</u>	<u>\$ 356,845</u>	<u>\$ (9,001)</u>	<u>\$ (2,297,976)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds  
 Combining Statement of Revenue, Expenses, and Changes in Net Position  
 Year Ended June 30, 2025  
 (With Comparative Totals for the Year Ended June 30, 2024)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2025	2024
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 10,442,582	\$ 507,039	\$ 10,949,621	\$ 9,496,772
Operating expenses				
Health benefit claims	8,083,054	-	8,083,054	9,246,266
Dental benefit claims	-	594,305	594,305	511,910
Total operating expenses	<u>8,083,054</u>	<u>594,305</u>	<u>8,677,359</u>	<u>9,758,176</u>
Operating income (loss)	2,359,528	(87,266)	2,272,262	(261,404)
Nonoperating revenue				
Investment earnings	-	16,713	16,713	19,379
Change in net position	2,359,528	(70,553)	2,288,975	(242,025)
Net position				
Beginning of year	<u>(2,725,374)</u>	<u>427,398</u>	<u>(2,297,976)</u>	<u>(2,055,951)</u>
End of year	<u>\$ (365,846)</u>	<u>\$ 356,845</u>	<u>\$ (9,001)</u>	<u>\$ (2,297,976)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended June 30, 2025  
 (With Comparative Totals for the Year Ended June 30, 2024)

	Health Benefits	Dental Benefits	Totals	
	Self-Insurance	Self-Insurance	2025	2024
Cash flows from operating activities				
Contributions from governmental funds	\$ 10,492,595	\$ 503,675	\$ 10,996,270	\$ 9,831,944
Payment for health claims	(8,455,755)	–	(8,455,755)	(9,368,079)
Payment for dental claims	–	(565,383)	(565,383)	(538,578)
Net cash flows from operating activities	<u>2,036,840</u>	<u>(61,708)</u>	<u>1,975,132</u>	<u>(74,713)</u>
Cash flows from noncapital financing activities				
Cash received from other funds	–	93,488	93,488	50,594
Cash paid to other funds	(93,488)	–	(93,488)	(50,594)
Net cash flows from noncapital financing activities	<u>(93,488)</u>	<u>93,488</u>	<u>–</u>	<u>–</u>
Cash flows from investing activities				
Investment income received	–	16,713	16,713	19,379
Net change in cash and cash equivalents	<u>1,943,352</u>	<u>48,493</u>	<u>1,991,845</u>	<u>(55,334)</u>
Cash and cash equivalents				
Beginning of year	–	447,354	447,354	502,688
End of year	<u>\$ 1,943,352</u>	<u>\$ 495,847</u>	<u>\$ 2,439,199</u>	<u>\$ 447,354</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 2,359,528	\$ (87,266)	\$ 2,272,262	\$ (261,404)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	(217,836)	200	(217,636)	80,266
Accounts and contracts payable	(93,829)	23,700	(70,129)	(151,026)
Unearned revenue	267,849	(3,564)	264,285	254,906
Claims incurred, but not reported	(278,872)	5,222	(273,650)	2,545
Net cash flows from operating activities	<u>\$ 2,036,840</u>	<u>\$ (61,708)</u>	<u>\$ 1,975,132</u>	<u>\$ (74,713)</u>

OTHER DISTRICT INFORMATION

(UNAUDITED)

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INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Revenue by Type  
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2016	\$ 6,847,529 8%	\$ 12,672,382 14%	\$ – –	\$ 17,057,514 20%	\$ 49,382,999 57%	\$ 629,701 1%	\$ 86,590,125 100%
2017	6,437,175 7%	13,194,175 15%	– –	19,430,966 21%	50,352,014 55%	1,585,486 2%	90,999,816 100%
2018	6,697,514 7%	13,334,671 14%	– –	23,571,789 25%	48,177,917 52%	1,955,966 2%	93,737,857 100%
2019	6,891,345 8%	13,306,489 14%	– –	22,372,109 24%	46,735,121 51%	2,605,932 3%	91,910,996 100%
2020	5,313,535 5%	13,010,160 14%	– –	27,031,623 28%	48,773,418 51%	1,570,554 2%	95,699,290 100%
2021	3,570,969 4%	14,315,351 14%	– –	28,190,860 29%	51,422,933 52%	1,125,026 1%	98,625,139 100%
2022	5,018,226 5%	18,539,329 17%	– –	29,180,891 27%	52,091,600 49%	2,103,255 2%	106,933,301 100%
2023	6,693,331 6%	17,295,883 16%	1,276,700 1%	29,548,749 28%	51,068,090 47%	2,214,848 2%	108,097,601 100%
2024	5,250,937 4%	25,654,194 22%	– –	31,797,690 27%	52,114,353 44%	3,340,290 3%	118,157,464 100%
2025	5,715,042 5%	26,452,373 21%	– –	34,677,009 28%	53,513,302 43%	3,446,146 3%	123,803,872 100%

INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2016	\$ 3,796,645 4%	\$ 2,322,473 3%	\$ 29,008,857 33%	\$ 954,911 1%	\$ 12,558,342 14%	\$ 4,610,217 5%	\$ 11,046,015 13%
2017	4,923,047 4%	2,052,095 2%	39,074,208 35%	1,727,610 1%	17,305,271 16%	6,333,778 6%	12,344,131 11%
2018	3,618,600 3%	2,774,376 3%	36,792,292 34%	1,604,135 1%	16,690,659 16%	6,380,709 6%	11,308,606 11%
2019	2,404,931 3%	2,914,489 4%	15,406,822 22%	551,470 1%	9,188,795 13%	3,770,996 5%	9,919,553 14%
2020	3,527,550 4%	2,825,243 3%	29,013,805 29%	1,647,733 2%	14,352,862 14%	7,738,382 8%	11,321,031 11%
2021	3,732,567 4%	2,920,183 3%	32,235,382 31%	1,741,085 2%	14,439,227 14%	7,479,775 7%	11,334,205 11%
2022	3,614,109 4%	3,042,190 3%	29,686,990 29%	1,393,696 1%	14,879,136 15%	6,651,162 6%	11,973,638 12%
2023	3,000,486 3%	3,270,369 4%	22,911,656 24%	1,158,013 1%	13,355,477 14%	5,401,683 6%	12,669,291 13%
2024	3,670,141 4%	3,194,988 3%	27,231,839 26%	1,289,867 1%	16,184,175 16%	6,008,005 6%	12,839,041 12%
2025	3,836,418 3%	3,047,538 3%	29,905,086 27%	1,868,289 2%	17,718,949 16%	6,278,552 6%	14,026,319 13%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation/Amortization Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 8,776,019 10%	\$ 526,412 1%	\$ 4,276,582 5%	\$ 4,531,548 5%	\$ 2,545,922 3%	\$ 2,243,227 3%	\$ 87,197,170 100%
8,490,188 8%	574,212 1%	3,957,910 4%	4,990,631 4%	2,835,218 3%	5,475,005 5%	110,083,304 100%
10,704,394 10%	635,768 1%	3,775,043 3%	4,956,962 5%	2,946,179 3%	4,860,767 4%	107,048,490 100%
9,509,308 13%	520,000 1%	3,642,072 5%	4,447,056 6%	4,393,215 6%	5,170,398 7%	71,839,105 100%
7,648,115 8%	650,000 1%	3,526,004 4%	4,855,822 5%	6,209,276 6%	5,489,519 5%	98,805,342 100%
8,130,514 8%	645,420 1%	3,057,501 3%	4,397,440 4%	7,061,377 7%	5,589,973 5%	102,764,649 100%
7,905,801 8%	735,321 1%	4,397,786 4%	4,698,261 5%	7,570,657 7%	5,308,431 5%	101,857,178 100%
8,323,000 9%	652,894 1%	5,097,442 5%	5,041,758 5%	8,050,402 9%	5,316,029 6%	94,248,500 100%
8,218,905 8%	834,214 1%	5,487,028 5%	5,519,083 5%	7,827,137 7%	6,150,170 6%	104,454,593 100%
8,458,644 7%	960,630 1%	4,985,927 4%	5,311,198 5%	8,026,682 7%	6,919,810 6%	111,344,042 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Revenue by Source  
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2016	\$ 10,143,433 14%	\$ 57,995,977 80%	\$ 1,833,859 3%	\$ 2,255,801 3%	\$ 72,229,070 100%
2017	12,003,610 16%	57,412,440 78%	1,902,513 3%	2,374,673 3%	73,693,236 100%
2018	13,421,398 18%	57,201,749 76%	1,953,798 3%	2,589,135 3%	75,166,080 100%
2019	11,976,441 16%	58,120,768 77%	1,943,362 3%	3,110,611 4%	75,151,182 100%
2020	16,942,049 21%	57,199,212 73%	2,119,589 3%	2,560,763 3%	78,821,613 100%
2021	17,321,043 21%	57,516,905 71%	4,146,102 5%	2,198,158 3%	81,182,208 100%
2022	18,186,743 21%	59,202,914 69%	5,213,559 6%	3,268,220 4%	85,871,436 100%
2023	18,177,247 21%	60,817,495 71%	3,724,895 4%	3,186,927 4%	85,906,564 100%
2024	19,570,204 21%	68,261,981 72%	2,788,166 3%	3,400,257 4%	94,020,608 100%
2025	22,282,954 22%	70,595,081 71%	2,461,524 3%	4,018,661 4%	99,358,220 100%

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Expenditures by Function  
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2016	\$ 3,654,157 5%	\$ 2,299,936 3%	\$ 28,929,355 41%	\$ 942,709 1%	\$ 12,427,639 18%
2017	3,706,541 5%	1,981,718 3%	27,796,600 38%	1,331,649 2%	13,191,811 18%
2018	3,305,470 4%	2,794,017 4%	27,505,436 37%	1,228,503 2%	12,505,873 17%
2019	3,237,724 4%	2,967,753 4%	26,064,394 35%	1,059,116 1%	12,741,535 17%
2020	3,372,758 4%	2,906,337 4%	27,191,856 35%	1,555,531 2%	13,637,180 17%
2021	3,615,285 4%	2,903,287 4%	29,556,070 36%	1,638,936 2%	13,484,153 17%
2022	3,554,400 4%	3,127,221 3%	30,088,093 34%	1,421,255 1%	15,135,532 17%
2023	3,593,383 4%	3,389,876 4%	30,308,513 34%	1,510,027 2%	16,062,965 18%
2024	3,849,844 4%	3,559,344 4%	30,443,797 34%	1,498,332 2%	17,614,482 20%
2025	3,933,995 4%	3,790,704 4%	30,866,402 34%	1,925,130 2%	18,399,633 20%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Other Programs	Total
\$ 4,571,268 6%	\$ 11,113,359 15%	\$ 7,306,746 10%	\$ 842,963 1%	\$ 72,088,132 100%
4,875,659 7%	11,214,282 15%	8,252,564 11%	899,378 1%	73,250,202 100%
5,258,752 7%	10,874,254 14%	10,193,913 14%	946,706 1%	74,612,924 100%
5,286,816 7%	11,736,493 16%	10,863,761 15%	828,465 1%	74,786,057 100%
7,467,572 9%	11,471,940 15%	10,325,268 13%	884,360 1%	78,812,802 100%
6,999,335 9%	10,792,226 13%	11,011,143 14%	881,180 1%	80,881,615 100%
6,809,508 8%	12,191,222 14%	13,965,344 16%	2,859,692 3%	89,152,267 100%
6,701,455 7%	14,597,682 16%	10,443,052 12%	2,707,325 3%	89,314,278 100%
6,680,520 8%	13,330,748 15%	8,568,713 10%	2,713,984 3%	88,259,764 100%
6,467,704 7%	14,847,234 16%	9,053,848 10%	2,864,917 3%	92,149,567 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Tax Levies and Tax Rates by Fund  
Last Ten Fiscal Years

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
<b>Levies</b>					
	2016	\$ 11,996,073	\$ 986,419	\$ 6,482,348	\$ 19,464,840
	2017	12,927,090	1,057,994	9,197,425	23,182,509
	2018	11,282,541	1,137,354	9,300,188	21,720,083
	2019	16,981,566	1,212,469	9,005,584	27,199,619
	2020	17,087,846	1,245,373	9,793,569	28,126,788
	2021	17,769,591	860,199	10,336,924	28,966,714
	2022	17,701,769	1,399,569	10,125,011	29,226,349
	2023	19,066,913	1,439,332	10,961,338	31,467,583
	2024	21,958,838	1,496,898	10,932,087	34,387,823
	2025	21,655,258	1,206,750	12,433,591	35,295,599
<b>Tax rates</b>					
Tax capacity rates					
	2016	10.145	1.952	12.806	24.903
	2017	11.781	2.005	17.427	31.213
	2018	8.426	1.940	15.864	26.230
	2019	8.625	1.926	14.306	24.857
	2020	8.641	1.857	14.599	25.097
	2021	9.229	1.218	14.642	25.089
	2022	9.004	1.873	13.549	24.426
	2023	8.724	1.572	11.971	22.267
	2024	10.729	1.503	10.983	23.215
	2025	10.354	1.215	12.516	24.084
Market value rates					
	2016	0.13979	—	—	0.13979
	2017	0.12865	—	—	0.12865
	2018	0.11395	—	—	0.11395
	2019	0.20186	—	—	0.20186
	2020	0.17344	—	—	0.17344
	2021	0.16723	—	—	0.16723
	2022	0.15336	—	—	0.15336
	2023	0.12825	—	—	0.12825
	2024	0.12232	—	—	0.12232
	2025	0.12193	—	—	0.12193

Note: A tax rate based on market value is used primarily for the District's referendum, equity, and transition levies.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 831

Tax Capacities and Market Values  
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities					
	Agricultural	Nonagricultural	Tax Increment	Fiscal Disparities		
				Contribution	Distribution	
2016	\$ 1,958,007	\$ 48,029,784	\$ (197,609)	\$ (3,149,763)	\$ 4,689,654	
2017	2,010,419	50,174,007	(316,163)	(3,216,864)	5,264,712	
2018	2,083,679	53,722,499	(327,428)	(3,169,145)	5,521,366	
2019	2,127,411	58,412,990	(437,588)	(3,258,899)	5,834,684	
2020	2,241,354	63,039,694	(761,940)	(3,495,850)	6,144,151	
2021	2,446,212	66,057,877	(898,774)	(3,495,118)	6,456,084	
2022	2,529,092	69,760,889	(973,551)	(3,904,950)	7,053,473	
2023	3,010,868	86,349,155	(1,042,590)	(3,950,810)	6,492,046	
2024	3,256,668	95,446,841	(1,278,693)	(4,250,778)	6,559,751	
2025	3,265,563	95,580,764	(1,142,839)	(5,394,104)	7,238,777	

Note: Market value is used primarily for extension of the District's referendum levy.

Source: State of Minnesota School Tax Report

<u>Total Taxable</u>	<u>Market Value</u>
\$ 51,330,073	\$ 4,484,223,100
53,916,111	4,672,890,900
57,830,971	4,992,499,000
62,678,598	5,413,348,800
67,167,409	5,831,765,400
70,566,281	6,086,754,570
74,464,953	6,416,807,947
90,858,669	7,892,213,962
99,733,789	8,571,142,760
99,548,161	8,650,977,813

INDEPENDENT SCHOOL DISTRICT NO. 831

Property Tax Levies and Receivables  
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2016	\$ 17,861,854	\$ 1,602,986	\$ -	\$ 19,464,840
2017	21,163,913	2,018,596	-	23,182,509
2018	19,314,437	2,405,646	-	21,720,083
2019	24,932,058	2,164,987	102,574	27,199,619
2020	25,294,660	2,708,298	123,830	28,126,788
2021	26,132,524	2,690,687	143,503	28,966,714
2022	26,188,742	2,891,075	146,532	29,226,349
2023	28,767,231	2,533,407	166,945	31,467,583
2024	31,964,041	2,248,012	175,770	34,387,823
2025	32,604,258	2,495,002	196,339	35,295,599

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2025

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
28,306	0.10	-	-
(301)	-	-	-
10,842	0.04	-	-
32,856	0.11	-	-
79,727	0.25	-	-
270,549	0.79	-	-
-	-	19,972,181	56.59
<u>\$ 421,979</u>		<u>\$ 19,972,181</u>	

INDEPENDENT SCHOOL DISTRICT NO. 831

Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Adjusted Average Daily Membership (ADM)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2016	51.72	411.94	2,814.95	3,173.63	6,452.24	7,086.98
2017	58.31	440.86	2,701.60	3,091.89	6,292.66	6,911.03
2018	52.90	421.50	2,620.92	3,028.80	6,124.12	6,729.89
2019	55.09	396.51	2,609.78	2,997.49	6,058.87	6,658.37
2020	54.35	393.69	2,476.35	2,980.92	5,905.31	6,501.51
2021	47.70	382.56	2,473.38	2,944.46	5,848.10	6,436.97
2022	56.10	417.71	2,507.63	2,884.72	5,866.16	6,443.13
2023	62.63	337.39	2,495.27	2,885.10	5,780.39	6,357.40
2024	76.01	361.52	2,375.35	2,869.25	5,682.13	6,256.00
2025	75.00	350.00	2,385.00	2,820.00	5,630.00	6,194.00

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-6	Secondary 7-12+
Fiscal 2016 through 2025	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

OTHER REQUIRED REPORTS

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of  
Independent School District No. 831  
Forest Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (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 21, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(continued)

## 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 report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP". The signature is written in a cursive, flowing style.

LB CARLSON, LLP  
Minneapolis, Minnesota

November 21, 2025



INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of  
Independent School District No. 831  
Forest Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (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 21, 2025.

**MINNESOTA LEGAL COMPLIANCE**

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

**PURPOSE OF THIS REPORT**

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

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP".

LB CARLSON, LLP  
Minneapolis, Minnesota

November 21, 2025

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INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

**A. FINANCIAL STATEMENT FINDINGS**

None.

**B. MINNESOTA LEGAL COMPLIANCE FINDINGS**

None.

INDEPENDENT SCHOOL DISTRICT NO. 831

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2025

	Audit	UFARS	Audit – UFARS
<b>General Fund</b>			
Total revenue	\$ 99,358,220	\$ 99,358,222	\$ (2)
Total expenditures	\$ 92,149,567	\$ 92,149,567	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 194,639	\$ 194,639	\$ –
Restricted			
401 Student activities	\$ 94,465	\$ 94,465	\$ –
402 Scholarships	\$ –	\$ –	\$ –
403 Staff development	\$ –	\$ –	\$ –
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
412 Literacy incentive aid	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
420 American Indian education aid	\$ –	\$ –	\$ –
424 Operating capital	\$ 435,948	\$ 435,948	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative programs	\$ –	\$ –	\$ –
437 Quality compensation – alternative teacher professional pay system	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
439 English learner	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
443 School library aid	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
456 Literacy aid	\$ 230,174	\$ 230,174	\$ –
457 Teacher compensation for READ Act	\$ 167,525	\$ 167,525	\$ –
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 3,023,365	\$ 3,023,365	\$ –
471 Student support personnel	\$ 71,422	\$ 71,422	\$ –
472 Medical Assistance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
475 Title VII – impact aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 384,792	\$ 384,792	\$ –
Unassigned			
422 Unassigned fund balance	\$ 6,954,933	\$ 6,954,934	\$ (1)
<b>Food Service</b>			
Total revenue	\$ 5,208,556	\$ 5,208,556	\$ –
Total expenditures	\$ 5,096,874	\$ 5,096,874	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 28,193	\$ 28,193	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 1,316,626	\$ 1,316,626	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Community Service</b>			
Total revenue	\$ 5,817,308	\$ 5,817,307	\$ 1
Total expenditures	\$ 5,498,185	\$ 5,498,185	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 350	\$ 350	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ 1,685,506	\$ 1,685,506	\$ –
432 ECFE	\$ 326,897	\$ 326,897	\$ –
437 Quality compensation – alternative teacher professional pay system	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ 78,134	\$ 78,134	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
456 Literacy aid	\$ –	\$ –	\$ –
457 Teacher compensation for READ Act	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
463 Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 831  
Uniform Financial Accounting and Reporting Standards  
Compliance Table (continued)  
June 30, 2025

	Audit	UFARS	Audit – UFARS
<b>Building Construction</b>			
Total revenue	\$ 792,574	\$ 792,574	\$ –
Total expenditures	\$ 10,231,513	\$ 10,231,513	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 23,544,053	\$ 23,544,053	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Debt Service</b>			
Total revenue	\$ 10,593,556	\$ 10,593,556	\$ –
Total expenditures	\$ 11,074,630	\$ 11,074,631	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 3,257,846	\$ 3,257,846	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Trust</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
<b>Custodial Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
<b>Internal Service</b>			
Total revenue	\$ 10,966,334	\$ 10,966,334	\$ –
Total expenditures	\$ 8,677,359	\$ 8,677,359	\$ –
422 Net position	\$ (9,001)	\$ (9,001)	\$ –
<b>OPEB Revocable Trust Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
<b>OPEB Irrevocable Trust Fund</b>			
Total revenue	\$ 16,661	\$ 16,661	\$ –
Total expenditures	\$ 250	\$ 250	\$ –
422 Net position	\$ 381,526	\$ 381,526	\$ –
		\$ –	
<b>OPEB Debt Service Fund</b>			
Total revenue	\$ 542,371	\$ 542,371	\$ –
Total expenditures	\$ 542,390	\$ 542,390	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 160,139	\$ 160,139	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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