

# **ANNUAL FINANCIAL REPORT**

INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

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 Chisago City, Minnesota  
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INTRODUCTORY SECTION  
INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

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Independent School District No. 2144  
Chisago City, Minnesota  
Board of Education and Administration  
For the Year Ended June 30, 2025

**BOARD OF EDUCATION**

<u>Name</u>	<u>Title</u>
Lori Berg	Chairperson
Jeff Lindeman	Vice-Chairperson
Jen Penzenstadler	Clerk
Brenda Carlson	Treasurer
Josh Soderlund	Director
Sarah Aadland	Director

**ADMINISTRATION**

Brian Dietz	Superintendent
Robyn Vosberg-Torgerson	Director of Business Services

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FINANCIAL SECTION  
INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Education  
Independent School District No. 2144  
Chisago City, Minnesota

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 the budgetary comparison for the General fund for the year then ended in conformity 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.

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

#### ***Change in Accounting Principal***

As described in Note 1 to the financial statements, the District adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences for the year ended June 30, 2025. Adoption of the provision of this statement results in a significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions for Defined Benefit Plans, and the Schedules of Changes in the District's Net OPEB Liability and Related Ratios and Schedule of District Other Post-Employment Benefit Contributions starting on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements, schedules and table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements, schedules and 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 in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
December 8, 2025



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## **Management's Discussion and Analysis**

As management of the Independent School District No. 2144 (the District), Chisago City, Minnesota, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

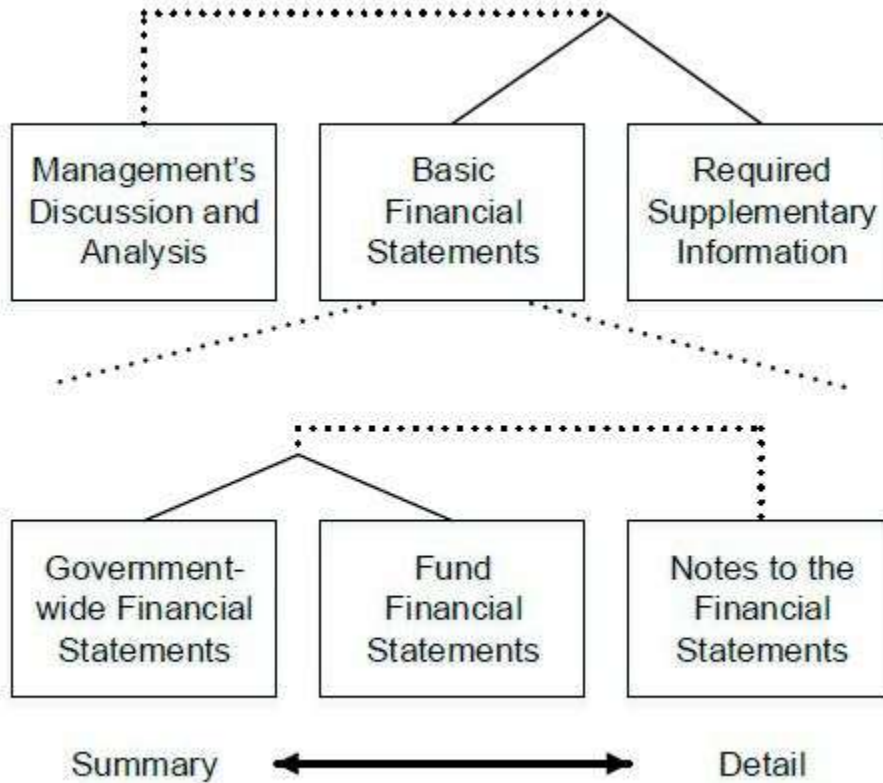
### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.
- The District's total net position increased as shown in the summary of changes in net position on the following pages. This increase can be attributed to an increase in state aid-formula grants and overall revenues in excess of District expenses.
- As of the close of the current fiscal year, the District's governmental fund balances are shown in the Financial Analysis of the District's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase is primarily related to expenditures less than budgeted, especially related to special education and sites and buildings in the general fund.
- At the end of the current fiscal year, total fund balance for the General fund, as shown in the analysis of the District's funds section, increased from prior year.
- The District's total long-term debt decreased during the year due to regularly scheduled bond principal payments.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

### Organization of Independent School District No. 2144 Annual Financial Report



The following chart summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

### Major Features of the District-wide and Fund Financial Statements

	Fund Financial Statements		
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**District-wide Financial Statements.** The *district-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial indicators such as changes in the District’s property tax base and condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**Governmental Activities:** The District's basic services are reported here, including regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

The district-wide financial statements start on page 30 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact by the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and the Debt Service funds, both of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General fund, Food Service fund, Community Service fund and Debt Service fund. A budgetary comparison statement or schedule has been provided for all of the listed funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 34 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The basic fiduciary fund financial statements can be found on page 39 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements start on page 41 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 72 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements, schedules and table start on page 84 of this report.

## District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

### Independent School District No. 2144's Net Position

	Governmental Activities		Increase (Decrease)
	2025	2024	
<b>Assets</b>			
Current and other assets	\$ 31,400,225	\$ 28,441,486	\$ 2,958,739
Capital assets (net of depreciation)	93,475,608	96,132,849	(2,657,241)
<b>Total Assets</b>	<u>124,875,833</u>	<u>124,574,335</u>	<u>301,498</u>
<b>Deferred Outflows of Resources</b>	<u>6,452,114</u>	<u>7,380,793</u>	<u>(928,679)</u>
<b>Liabilities</b>			
Noncurrent liabilities outstanding	84,933,370	91,676,007	(6,742,637)
Other liabilities	5,061,919	6,203,974	(1,142,055)
<b>Total Liabilities</b>	<u>89,995,289</u>	<u>97,879,981</u>	<u>(7,884,692)</u>
<b>Deferred Inflows of Resources</b>	<u>18,630,896</u>	<u>13,044,245</u>	<u>5,586,651</u>
<b>Net Position</b>			
Net investment in capital assets	38,254,653	37,432,495	822,158
Restricted	8,977,783	6,651,665	2,326,118
Unrestricted	(24,530,674)	(23,053,258)	(1,477,416)
<b>Total Net Position</b>	<u>\$ 22,701,762</u>	<u>\$ 21,030,902</u>	<u>\$ 1,670,860</u>
<b>Net Position as a Percent of Total</b>			
Net investment in capital assets	168.6 %	178.0 %	
Restricted	39.5	31.6	
Unrestricted	(108.1)	(109.6)	
<b>Total</b>	<u>100.00 %</u>	<u>100.00 %</u>	

A portion of the District's net position reflects its net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the District reports a positive balance in net investment in capital asset and restricted categories of net position, and a negative balance in the unrestricted category.

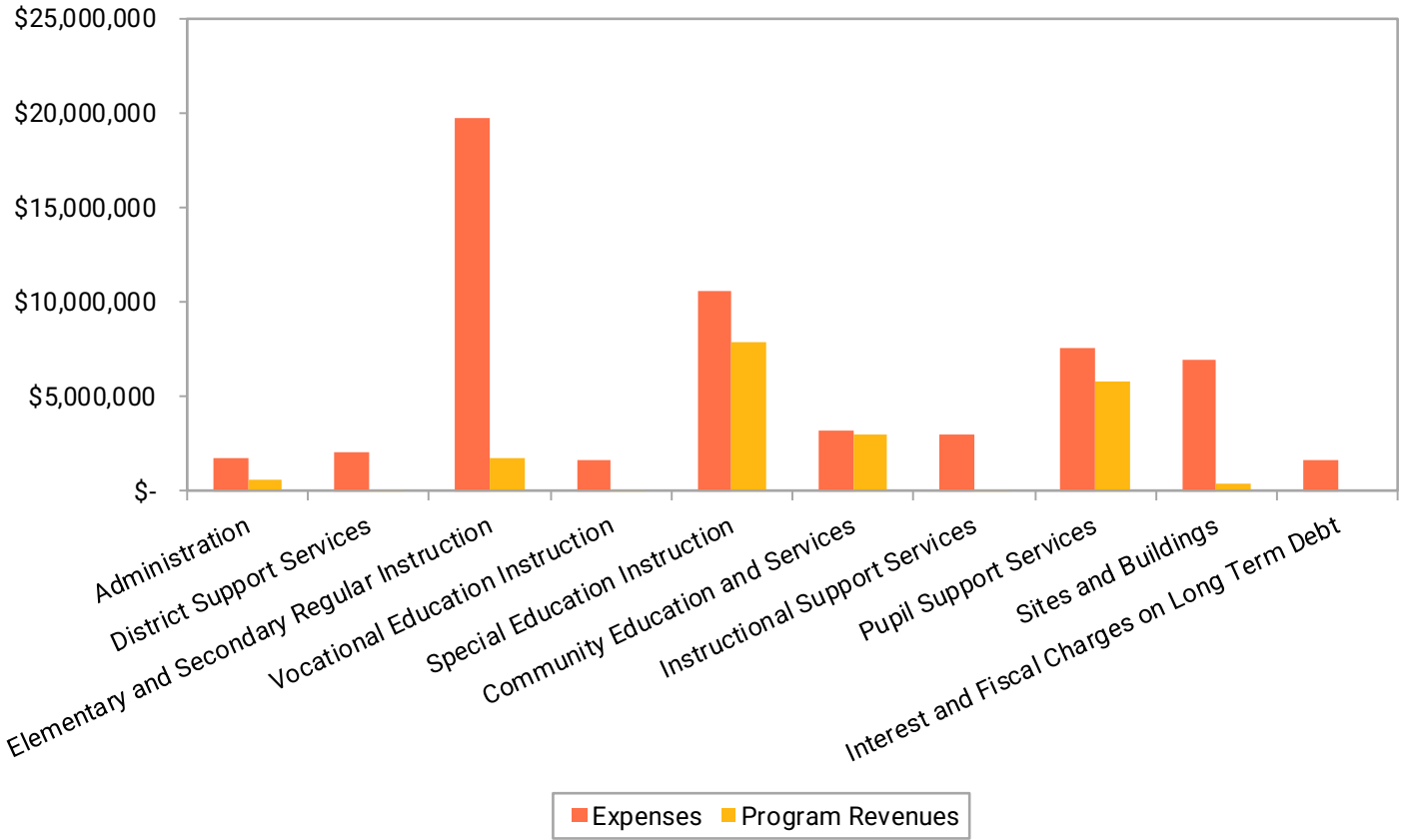
**Governmental Activities.** Governmental activities increased the District’s net position as shown below in the summary of changes in net position. Key elements of this increase are shown in the table below.

### Independent School District No. 2144’s Changes in Net Position

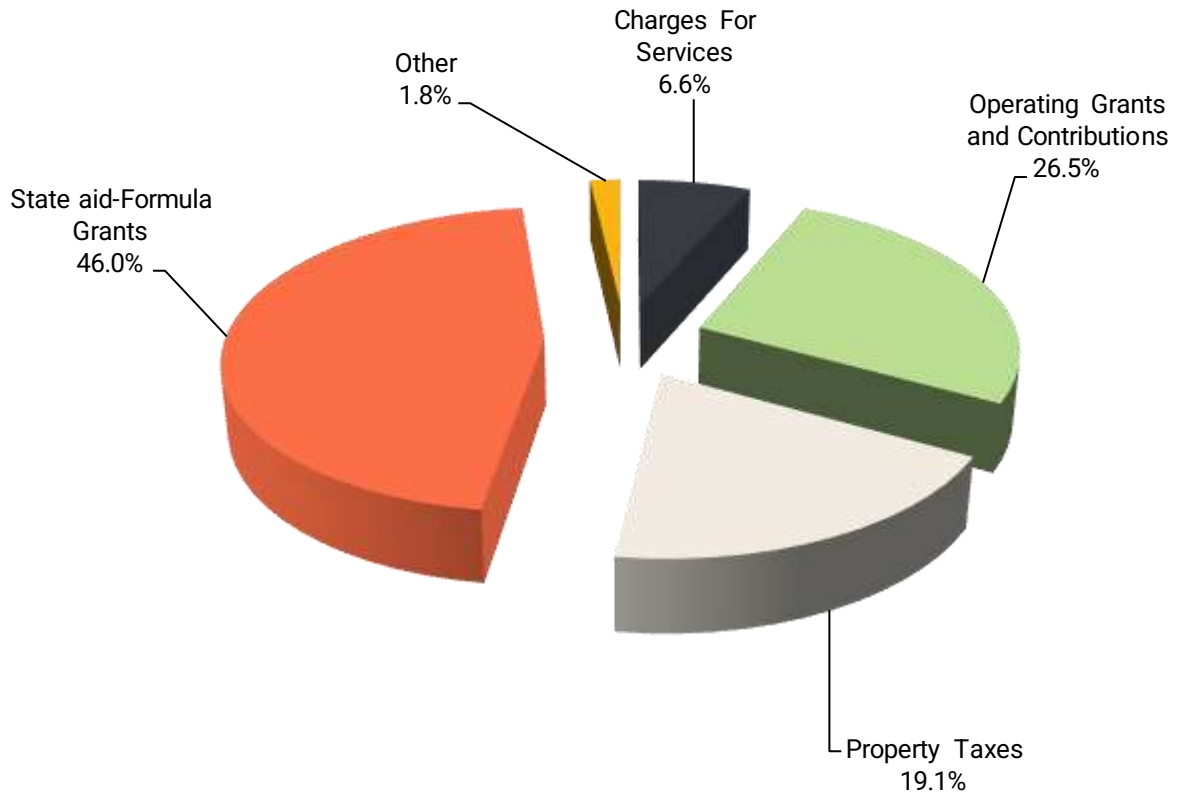
	Governmental activities		
	2025	2024	Increase (Decrease)
Revenue			
Program revenue			
Charges for services	\$ 3,972,226	\$ 3,390,714	\$ 581,512
Operating grants and contributions	15,824,161	15,358,777	465,384
General revenue			
Property taxes	11,402,408	11,385,444	16,964
State aid-formula grants	27,501,403	27,075,397	426,006
Gain on sale of capital assets	9,290	-	9,290
Other general revenues and investment earnings	1,058,442	1,122,357	(63,915)
Total Revenue	<u>59,767,930</u>	<u>58,332,689</u>	<u>1,435,241</u>
Expenses			
Administration	1,720,766	1,609,510	111,256
District support services	2,034,101	1,770,113	263,988
Elementary and secondary regular instruction	19,726,224	17,064,810	2,661,414
Vocational education instruction	1,661,288	1,628,147	33,141
Special education instruction	10,579,376	10,007,498	571,878
Community education and services	3,207,358	3,167,483	39,875
Instructional support services	2,967,364	2,788,284	179,080
Pupil support services	7,548,202	6,961,401	586,801
Sites and buildings	6,975,931	7,192,596	(216,665)
Interest and fiscal charges on long term debt	1,676,460	1,827,521	(151,061)
Total Expenses	<u>58,097,070</u>	<u>54,017,363</u>	<u>4,079,707</u>
Change in Net Position	1,670,860	4,315,326	(2,644,466)
Net Position, July 1	<u>21,030,902</u>	<u>16,715,576</u>	<u>4,315,326</u>
Net Position, June 30	<u>\$ 22,701,762</u>	<u>\$ 21,030,902</u>	<u>\$ 1,670,860</u>

- Total revenues increased \$1,435,241 during the year mainly due to an increase in both state-aid formula grants and operating grants and contributions from the prior year.
- Total expenses increased \$4,079,707 during the year. The main reason for the increase is mainly due to recording of compensated absences in the elementary and secondary regular instruction program following the new GASB 101 standard.

## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities



## Financial Analysis of the District's Funds

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

**Governmental Funds.** 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 spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending June 30, 2025.

	General	Debt Service	Other Governmental Funds	Total	Prior Year Total	Increase/ Decrease
Fund Balances						
Nonspendable	\$ 1,167,303	\$ -	\$ 83,977	\$ 1,251,280	\$ 579,310	\$ 671,970
Restricted	6,006,915	1,509,914	2,062,663	9,579,492	7,327,768	2,251,724
Assigned	2,014,595	-	-	2,014,595	1,307,578	707,017
Unassigned	3,186,292	-	-	3,186,292	3,014,010	172,282
<b>Total Fund Balances</b>	<b>\$12,375,105</b>	<b>\$1,509,914</b>	<b>\$ 2,146,640</b>	<b>\$ 16,031,659</b>	<b>\$ 12,228,666</b>	<b>\$3,802,993</b>

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances shown above. Additional information on the purposes of the District's fund balances can be found in Note 3A starting on page 49 of this report.

The General fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total unassigned fund balances as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Fund Balance		Increase / (Decrease)
	2025	2024	
General Fund Fund Balances			
Nonspendable	\$ 1,167,303	\$ 499,644	\$ 667,659
Restricted	6,006,915	4,191,518	1,815,397
Assigned	2,014,595	1,307,578	707,017
Unassigned	3,186,292	3,014,010	172,282
<b>Total</b>	<b>\$ 12,375,105</b>	<b>\$ 9,012,750</b>	<b>\$ 3,362,355</b>
General Fund Expenditures	\$ 45,162,514	\$ 45,513,327	
Unassigned Fund Balance as a Percent of Expenditures	7.1%	6.6%	
Total Fund Balance as a Percent of Expenditures	27.4%	19.8%	

The fund balance of the District's General fund increased during the current fiscal year as shown in the table above. This increase is primarily the result of increase in revenues from state aid-formula grants and operating grants and contributions and positive expenditure variances in relation to budget.

**General Fund Budgetary Highlights**

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues	\$ 48,161,468	\$ (116,975)	\$ 48,044,493	\$ 48,514,857	\$ 470,364
Expenditures	48,874,610	354,671	49,229,281	45,162,514	4,066,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	(713,142)	(471,646)	(1,184,788)	3,352,343	4,537,131
Other Financing Sources (Uses)	-	-	-	10,012	10,012
Net Change in Fund Balances	(713,142)	(471,646)	(1,184,788)	3,362,355	4,547,143
Fund Balances, July 1	9,012,750	-	9,012,750	9,012,750	-
Fund Balances, June 30	<u>\$ 8,299,608</u>	<u>\$ (471,646)</u>	<u>\$ 7,827,962</u>	<u>\$ 12,375,105</u>	<u>\$ 4,547,143</u>

The District’s General fund budget was amended during the year as shown above. The budget amendment decreased revenues mostly relating to revenue from state sources and increased expenditures relating to pupil support services and others.

**Other Major Funds**

	Fund Balance		Increase (Decrease)
	2025	2024	
Debt Service	\$1,509,914	\$1,334,867	\$ 175,047
<i>The ending fund balance increased during the year mainly due to current year revenues from taxes and other in excess of current year debt service expenses.</i>			

**Capital Asset and Debt Administration**

**Capital Assets.** The District’s investment in capital assets for its governmental activities as of June 30, 2025, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and equipment.

**Independent School District No. 2144’s Capital Assets  
(Net of Accumulated Depreciation)**

	Governmental Activities		Increase (Decrease)
	2025	2024	
Land	\$ 2,577,828	\$ 2,577,828	\$ -
Land Improvements	1,441,909	1,387,544	54,365
Buildings	87,811,354	90,612,565	(2,801,211)
Equipment	1,644,517	1,554,912	89,605
Total	<u>\$ 93,475,608</u>	<u>\$ 96,132,849</u>	<u>\$ (2,657,241)</u>
Percent increase (decrease)			-2.8%

Additional information on the District’s capital assets can be found in Note 3C on page 52 of this report.

**Noncurrent Liabilities.** At the end of the current fiscal year, the District had the following noncurrent liabilities outstanding.

### Independent School District No. 2144's Noncurrent Liabilities

	Governmental Activities		
	2025	2024	Increase (Decrease)
Bonds Payable	\$ 55,221,026	\$ 58,700,425	\$ (3,479,399)
Percent increase (decrease)			-5.9%

Additional information on the District's noncurrent liabilities can be found in Note 3D on page 53 of this report.

#### Factors Bearing on the District's Future

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

- The basic general education aid amount per pupil was increased to \$7,481 (a 2.74% increase) for the 2025-26 fiscal year. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.
- The amount of aid the District receives is dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. Students choosing to enroll in other educational options will mean less revenue for the District.
- In the 2025-26 school year, the District launched Wildcat Academy, an online learning alternative for students in grades 9-12. The program is designed for students to learn at their own pace and convenience, while still providing full-time, rigorous courses paralleled with the Chisago Lakes High School curriculum. The introduction of this program will expand the District's instructional offerings and may assist in stabilizing enrollment numbers.
- The November 2024 forecast from Minnesota Management and Budget showed a small projected surplus of \$616 million for the 2026-27 biennium, down \$1.1 billion from the previous forecast. Lower income and sales tax projections, along with higher costs for long-term care and special education, have created a growing budget imbalance. Federal policy changes also add uncertainty. By February 2025, the projected surplus was reduced again to \$456 million. While inflation is increasing both revenues and expenses, spending is expected to grow faster than revenues through 2029. Additionally, the Legislature approved the basic funding formula increase of 2.74% for FY2026. The District's metered payment schedule is currently at 90%, which is where it should be, putting the District in a strong cash flow position. Numerous factors affect public school finance and are monitored on an on-going basis. Such as:
  - State aid versus local tax payer funding for programs and services
  - Economic factors, such as unemployment and overall revenue collections by the state
  - Mandated programs that are not fully funded, such as special education
  - Compliance and implementation of governmental pronouncements
  - Increased competition for student from other public school as well as charter schools
  - Housing development and growth
  - Health insurance cost increases
  - Pension obligations
  - Management of federal and other special funded state programs

### **Factors Bearing on the District's Future (Continued)**

- The District's enrollment had been trending down in recent years. District enrollment declined slightly in FY23 (-1.26), declined again in FY24 (-34.86) and saw another decrease in FY25 (-8.04). The District's total ADM (Average Daily Membership) for 2022-23 was 3,321.38, total ADM for 2023-24 was 3,286.52 and the total ADM for 2024-25 was 3,238.48. The District's total PUN (Pupil Units) for 2023-24 was 3,591.11, and the total PUN for 2024-25 was 3,538.05, a decrease of 53.06. At the present time, the District's current year (2025-26) enrollment is decreasing. November 2025 enrollment is 12 students lower than the June 2025 enrollment, but 1 student above the budgeted enrollment for the year.

These factors were considered in preparing the District's budget for the 2026 fiscal year and are already being considered when preparing the budget for the 2027 fiscal year.

### **Requests for Information**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Independent School District No. 2144, 29678 Karmel Ave., Chisago City, Minnesota 55013.

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DISTRICT-WIDE FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

Independent School District No. 2144

Chisago City, Minnesota  
Statement of Net Position  
June 30, 2025

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and temporary investments	\$ 18,513,807
Receivables	
Taxes	7,704,733
Accounts	29,653
Interest	21,234
Due from other school districts	326,519
Due from the Minnesota Department of Education	3,465,962
Due from the Federal government	87,037
Inventories	85,412
Prepaid items	1,165,868
Capital assets	
Land and construction in process	2,577,828
Depreciable assets, net of accumulated depreciation	90,897,780
Total Assets	<u>124,875,833</u>
<b>Deferred Outflows of Resources</b>	
Deferred pension resources	5,433,447
Deferred other post employment benefit resources	1,018,667
Total Deferred Outflows of Resources	<u>6,452,114</u>
<b>Liabilities</b>	
Accrued salaries payable	3,448,793
Accounts and other payables	314,336
Due to other governments	30,142
Accrued interest payable	732,547
Unearned revenue	536,101
Noncurrent liabilities	
Due within one year	
Long-term liabilities	8,199,593
Due in more than one year	
Long-term liabilities	53,133,873
Other postemployment benefits payable	1,828,624
Net pension liability	21,771,280
Total Liabilities	<u>89,995,289</u>
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year	10,935,340
Deferred pension resources	7,252,807
Deferred other post employment benefit resources	442,749
Total Deferred Inflows of Resources	<u>18,630,896</u>
<b>Net Position</b>	
Net investment in capital assets	38,254,653
Restricted for	
Educational purposes	6,915,334
Debt service	824,299
Food service	1,238,150
Unrestricted	<u>(24,530,674)</u>
Total Net Position	<u>\$ 22,701,762</u>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144

Chisago City, Minnesota

Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Administration	\$ 1,720,766	\$ 12,667	\$ 622,055	\$ -	\$ (1,086,044)
District support services	2,034,101	-	8,203	-	(2,025,898)
Elementary and secondary regular instruction	19,726,224	913,813	862,219	-	(17,950,192)
Vocational education instruction	1,661,288	-	79,481	-	(1,581,807)
Special education instruction	10,579,376	-	7,905,057	-	(2,674,319)
Community education and services	3,207,358	2,550,945	460,899	-	(195,514)
Instructional support services	2,967,364	2,545	53,397	-	(2,911,422)
Pupil support services	7,548,202	492,190	5,371,751	-	(1,684,261)
Sites and buildings	6,975,931	66	461,099	-	(6,514,766)
Interest and fiscal charges on long term debt	1,676,460	-	-	-	(1,676,460)
<b>Total Governmental Activities</b>	<b>\$ 58,097,070</b>	<b>\$ 3,972,226</b>	<b>\$ 15,824,161</b>	<b>\$ -</b>	<b>(38,300,683)</b>
General Revenues					
Taxes					
					6,181,922
					333,301
					4,887,185
					27,501,403
					279,645
					778,797
					9,290
					<u>39,971,543</u>
Change in Net Position					1,670,860
Net Position, July 1					<u>21,030,902</u>
Net Position, June 30					<u>\$ 22,701,762</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS  
INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

Independent School District No. 2144

Chisago City, Minnesota

Balance Sheet

Governmental Funds

June 30, 2025

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 12,800,591	\$ 3,260,503	\$ 2,452,713	\$ 18,513,807
Receivables				
Taxes	4,002,861	3,501,290	200,582	7,704,733
Accounts	17,396	-	12,257	29,653
Interest	13,456	4,656	3,122	21,234
Due from other school districts	326,119	-	400	326,519
Due from the Minnesota Department of Education	3,371,366	32,485	62,111	3,465,962
Due from the Federal government	73,068	-	13,969	87,037
Inventories	8,820	-	76,592	85,412
Prepaid items	1,158,483	-	7,385	1,165,868
	<u>\$ 21,772,160</u>	<u>\$ 6,798,934</u>	<u>\$ 2,829,131</u>	<u>\$ 31,400,225</u>
<b>Liabilities</b>				
Accrued salaries payable	\$ 3,390,861	\$ -	\$ 57,932	\$ 3,448,793
Accounts and other payables	272,050	-	42,286	314,336
Due to other governments	30,142	-	-	30,142
Unearned revenue	256,287	-	279,814	536,101
Total Liabilities	<u>3,949,340</u>	<u>-</u>	<u>380,032</u>	<u>4,329,372</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - delinquent property taxes	53,688	46,932	3,234	103,854
Property taxes levied for subsequent year	5,394,027	5,242,088	299,225	10,935,340
Total Deferred Inflows of Resources	<u>5,447,715</u>	<u>5,289,020</u>	<u>302,459</u>	<u>11,039,194</u>
<b>Fund Balances</b>				
Nonspendable	1,167,303	-	83,977	1,251,280
Restricted	6,006,915	1,509,914	2,062,663	9,579,492
Assigned	2,014,595	-	-	2,014,595
Unassigned	3,186,292	-	-	3,186,292
Total Fund Balances	<u>12,375,105</u>	<u>1,509,914</u>	<u>2,146,640</u>	<u>16,031,659</u>
	<u>\$ 21,772,160</u>	<u>\$ 6,798,934</u>	<u>\$ 2,829,131</u>	<u>\$ 31,400,225</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
 Chisago City, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 June 30, 2025

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

Total Fund Balances - Governmental Funds	\$ 16,031,659
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	163,467,894
Less: accumulated depreciation	(69,992,286)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(6,112,440)
Other post employment benefits payable	(1,828,624)
Bond payable, net of premium	(55,221,026)
Net pension liability	(21,771,280)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
	103,854
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	5,433,447
Deferred inflows of pension resources	(7,252,807)
Governmental funds do not report long-term amounts related to other post employment benefits.	
Deferred outflows of other post employment benefits	1,018,667
Deferred inflows of other post employment benefits	(442,749)
Governmental funds do not report a liability for accrued interest until due and payable.	
	<u>(732,547)</u>
Total Net Position - Governmental Activities	<u><u>\$ 22,701,762</u></u>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2025

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local property tax levies	\$ 6,171,653	\$ 4,887,185	\$ 333,301	\$ 11,392,139
Interest earned on investments	468,567	188,598	121,632	778,797
Revenue from local sources	2,888,439	-	2,739,661	5,628,100
Revenue from state sources	38,728,938	320,353	1,927,430	40,976,721
Revenue from federal sources	251,904	-	867,703	1,119,607
Sales and other conversion of assets	5,356	-	222,622	227,978
Total Revenues	<u>48,514,857</u>	<u>5,396,136</u>	<u>6,212,349</u>	<u>60,123,342</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	1,771,609	-	-	1,771,609
District support services	1,725,587	-	-	1,725,587
Elementary and secondary regular instruction	17,629,332	-	88,000	17,717,332
Vocational education instruction	1,475,817	-	-	1,475,817
Special education instruction	10,252,935	-	-	10,252,935
Community education and services	-	-	3,211,529	3,211,529
Instructional support services	2,895,678	-	-	2,895,678
Pupil support services	4,813,297	-	2,481,829	7,295,126
Sites and buildings	3,589,944	-	-	3,589,944
<b>Capital outlay</b>				
District support services	266,445	-	-	266,445
Elementary and secondary regular instruction	65,039	-	-	65,039
Vocational education instruction	14,629	-	-	14,629
Community education and services	-	-	6,972	6,972
Instructional support services	166,702	-	-	166,702
Pupil support services	3,953	-	165,793	169,746
Sites and buildings	491,547	-	-	491,547
<b>Debt service</b>				
Principal	-	3,305,000	-	3,305,000
Interest and other charges	-	1,916,089	-	1,916,089
Total Expenditures	<u>45,162,514</u>	<u>5,221,089</u>	<u>5,954,123</u>	<u>56,337,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,352,343</u>	<u>175,047</u>	<u>258,226</u>	<u>3,785,616</u>
<b>Other Financing Sources (Uses)</b>				
Insurance recovery	8,087	-	-	8,087
Sale of capital assets	1,925	-	7,365	9,290
Total Other Financing Sources (Uses)	<u>10,012</u>	<u>-</u>	<u>7,365</u>	<u>17,377</u>
<b>Net Change in Fund Balances</b>	3,362,355	175,047	265,591	3,802,993
Fund Balances, July 1	<u>9,012,750</u>	<u>1,334,867</u>	<u>1,881,049</u>	<u>12,228,666</u>
Fund Balances, June 30	<u>\$ 12,375,105</u>	<u>\$ 1,509,914</u>	<u>\$ 2,146,640</u>	<u>\$ 16,031,659</u>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
Governmental Funds  
For the Year Ended June 30, 2025

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

Total Net Change in Fund Balances - Governmental Funds	\$ 3,802,993
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	541,706
Depreciation expense	(3,198,947)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Bond principal repayments	3,305,000
Amortization of premiums on bonds	174,399
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	65,230
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	1,996,325
Pension revenue	(383,058)
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.</p>	
	10,269
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(4,716,254)
Other postemployment benefits	73,197
	1,670,860
Change in Net Position - Governmental Activities	\$ 1,670,860

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local property tax levies	\$ 6,228,566	\$ 6,228,566	\$ 6,171,653	\$ (56,913)
Interest earned on investments	425,000	425,000	468,567	43,567
Revenue from local sources	2,879,235	2,879,235	2,888,439	9,204
Revenue from state sources	38,245,525	38,128,550	38,728,938	600,388
Revenue from federal sources	383,142	383,142	251,904	(131,238)
Sales and other conversion of assets	-	-	5,356	5,356
Total Revenues	<u>48,161,468</u>	<u>48,044,493</u>	<u>48,514,857</u>	<u>470,364</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	1,844,558	1,799,925	1,771,609	28,316
District support services	1,879,573	1,990,880	1,725,587	265,293
Elementary and secondary regular instruction	18,722,421	18,428,276	17,629,332	798,944
Vocational education instruction	1,719,108	1,545,784	1,475,817	69,967
Special education instruction	11,244,751	11,060,272	10,252,935	807,337
Instructional support services	2,907,317	3,033,586	2,895,678	137,908
Pupil support services	4,843,698	5,217,769	4,813,297	404,472
Sites and buildings	3,990,802	4,241,657	3,589,944	651,713
Fiscal and other fixed costs programs	-	35,000	-	35,000
<b>Capital outlay</b>				
District support services	308,000	355,000	266,445	88,555
Elementary and secondary regular instruction	120,562	125,562	65,039	60,523
Vocational education instruction	11,400	15,000	14,629	371
Special education instruction	3,750	34,000	-	34,000
Instructional support services	262,050	297,950	166,702	131,248
Pupil support services	-	5,000	3,953	1,047
Sites and buildings	1,016,620	1,043,620	491,547	552,073
Total Expenditures	<u>48,874,610</u>	<u>49,229,281</u>	<u>45,162,514</u>	<u>4,066,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(713,142)</u>	<u>(1,184,788)</u>	<u>3,352,343</u>	<u>4,537,131</u>
<b>Other Financing Sources (Uses)</b>				
Insurance recovery	-	-	8,087	8,087
Sale of capital assets	-	-	1,925	1,925
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,012</u>	<u>10,012</u>
Net Change in Fund Balances	(713,142)	(1,184,788)	3,362,355	4,547,143
Fund Balances, July 1	<u>9,012,750</u>	<u>9,012,750</u>	<u>9,012,750</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 8,299,608</u>	<u>\$ 7,827,962</u>	<u>\$ 12,375,105</u>	<u>\$ 4,547,143</u>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2025

	<u>Custodial</u>
Assets	
Cash and temporary investments	<u>\$ 23,753</u>
Net Postion	
Restricted for individuals and organizations	<u>\$ 23,753</u>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
 Chisago City, Minnesota  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Year Ended June 30, 2025

	Custodial
Additions	
Contributions	
Gifts and bequests	\$ 32,550
Deductions	
Scholarships	47,200
Net Increase (Decrease) in Fiduciary Net Position	(14,650)
Fund Balances, July 1	38,403
Net Position, June 30	\$ 23,753

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
Notes to the Financial Statements  
June 30, 2025

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

Independent School District No. 2144 (the District), Chisago City, Minnesota was incorporated under the laws of the State of Minnesota. The District operates under a Board of Education form of government for the purpose of providing educational services to individuals within the area. The District is governed by an elected Board of Education of six members. The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

### B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

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. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, taxes, state aid formula grants, and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor funds are reported in single columns in the respective fund financial statements.

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Independent School District No. 2144  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Description of Funds***

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

***Major Governmental Funds***

The *General fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

***Non-major Governmental Funds***

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. Revenues include contributions from state and federal sources as well as charges for services.

The *Community Service special revenue fund* accounts for services provided to and fees collected from residents in the areas of recreation, civic activities, non-public pupils, adult or early childhood programs or other similar services.

The *Building Construction capital projects fund* is used to account for all operations of building construction programs that are funded by the sale of bonds.

***Fiduciary Funds***

The *Custodial Fund* is accounts for the scholarships that are held in trust for the use of awarding scholarships to students.

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

Independent School District No. 2144  
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June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances**

***Deposits and Investments***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments for the District are reported at cost. The Minnesota School District Liquid Asset Fund (MSDLAF) investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The MSDLAF is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under the SEC under rule 2a7. Financial statements of the MSDLAF fund can be obtained by contacting PFM Asset Management, LLC at P.O. Box 11760, Harrisburg, PA 17108-11760.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements are listed in detail on page 50 and are valued using matrix pricing models (Level 2 inputs).

***Property Taxes***

The Board of Education annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in May and October of each year. The taxes are collected by the County Treasurer and tax settlements are made to the District three or four times throughout the year.

Statutory funding formulas determine the majority of the District revenue in the general and special revenue funds. This revenue is divided between property taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." The remaining portion of taxes collectible in 2025 is recorded as deferred inflow of resources, property taxes levied for subsequent year.

Current property taxes receivable is the uncollected portion of the taxes levied in 2024 and collectible in 2025. This levy is offset with a deferred inflow of resources, property taxes levied for subsequent year. Delinquent property taxes receivable is the uncollected portion of the taxes levied prior to 2024 and not yet collected. Delinquent property taxes receivable is offset with a deferred inflow of resources, unavailable revenue delinquent property taxes.

***Receivables***

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. No allowance for uncollectible accounts has been recorded. The only receivable not expected to be collected within one year is current property taxes receivable.

***Due from the Department of Education and Federal Government***

Due from the Department of Education and Federal Government includes amounts billed for services provided before year end as well as amounts for expenditures that have been incurred before year end that will be reimbursed with state and federal funding. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

***Inventories***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

Independent School District No. 2144  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, group or individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at the acquisition value at the date of donation.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	20 - 50
Improvements other than Buildings	15 - 20
Equipment and Machinery	5 - 20

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

**Compensated Absences Payable**

Vacation Pay - Vacations taken or estimated to be taken within 60 days after year end are expensed and included in salaries payable as of June 30. Teachers are not eligible for vacation pay.

Personal Pay – Certain positions are eligible for personal leave which can be used during the school year for any reason. Personal leave can be accumulated, and a certain amount can be carried over depending on the position. Any remaining unused personal leave will be bought back by the District on June 30.

Sick Pay - Substantially all District employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment. However, unused sick leave does enter into the calculation of an employee's severance pay upon termination.

Severance Pay - The District maintains severance pay plans for eligible employees. The benefit plan formulas are based on years of service (10 years) and minimum age requirements (age 55). The potential benefits payable are computed as follows:

*Option A* - Eligible teachers, upon retirement, shall receive as severance pay an amount representing five days of pay for each full year of full-time service, but not to exceed a total of 100 days of pay.

*Option B* - Eligible teachers, upon retirement, shall receive a severance pay based on the teacher's accrued unused disability leave up to a maximum of 100 days at the teacher's daily rate of pay.

Independent School District No. 2144  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

***Postemployment Benefits other than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at June 30, 2024. The General fund is typically used to liquidate the governmental other postemployment benefit obligations.

***Pensions***

Teachers Retirement Association (TRA)

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. 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 General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP) and Teacher Retirement Association (TRA) is as follows:

	GERP	TRA	Total All Plans
District's proportionate share	\$ 316,760	\$ 455,543	\$ 772,303
Proportionate share of State's contribution	2,424	77,793	80,217
Total pension expense	\$ 319,184	\$ 533,336	\$ 852,520

Independent School District No. 2144  
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June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Long-term Obligations***

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: delinquent property taxes and property taxes levied for subsequent year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the District has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Independent School District No. 2144  
Chisago City, Minnesota  
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June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items or inventories.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by Minnesota statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of Education, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Education modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the Board of Education delegates the authority. The Board of Education has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Director of Business Services and/or Superintendent.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has formally adopted a fund balance policy for the General fund. The District's policy is to maintain a minimum fund balance of 12 to 15 percent operating expenditures.

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Budgets are prepared for District funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the funds for the General, Special Revenue and the Debt Service funds. The budget was amended during the year in all funds mentioned above.

The chart below outlines the budget amendments by fund.

Fund	Revenues Increased/(Decreased)	Expenditures Increased/(Decreased)	Overall Change
Major			
General	\$ (116,975)	\$ 354,671	\$ (471,646)
Nonmajor			
Food Service	104,550	277,931	(173,381)
Community Service	562,533	367,377	195,156

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 Chisago City, Minnesota  
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 June 30, 2025

**Note 2: Stewardship, Compliance and Accountability (Continued)**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is prepared by the Director of Business Services to be adopted by the Board of Education.
2. Budgets for all General, special revenue, and Debt Service funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
3. Budgeted amounts are as originally adopted, or as amended.
4. Budget appropriations lapse at year end.
5. The legal level of control is the fund level.
6. The District does not use encumbrance accounting.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2025, expenditures exceeded appropriations in the following funds:

Fund	Budget Amounts	Actual Amounts	Excess of Expenditures Over Appropriations
Nonmajor			
Community Service	\$ 3,275,004	\$ 3,306,501	\$ 31,497

The excess of expenditures over appropriation were funded by actual revenues in excess of budget.

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Education, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

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**Note 3: Detailed Notes on All Funds (Continued)**

- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the Board of Education.

At year end, the District’s carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	\$ <u>68,045</u>
Bank balance	\$ 66,128
Covered by FDIC	(66,128)
Collateralized with securities pledged in the District's name	<u>\$ -</u>

**Investments**

The District’s investment balances were as follows for June 30, 2025:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Balance June 30, 2025
Pooled Investments at Amortized Costs			
Minnesota School District Liquid Assets Funds	N/A	Less than 6 months	\$ 17,454,287
Term Investments Held by MSDLAF	N/A	Less than 6 months	968,000
Edward Jones Money Market Mutual Fund	N/A	Less than 6 months	<u>46,377</u>
Total Investments			<u>\$ 18,468,664</u>

- (1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.  
(2) Interest rate risk is disclosed using the segmented time distribution method.  
N/A Indicated not applicable or available.

Independent School District No. 2144  
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**Note 3: Detailed Notes on All Funds (Continued)**

The investments of the District are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the District's investments to the list on page 43 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Minnesota School District Liquid Asset Fund (MSDLAF) is a trust organized and existing under the laws of the State of Minnesota and the Minnesota Joint Powers Act, as amended. The trust was established for the purpose of allowing Minnesota school districts to pool their investment funds to obtain a competitive investment yield, while maintaining liquidity and preserving capital. The credit rating for the MSDLAF is AAA. The weighted average days to maturity are less than six months. The District's investment in the MSDLAF is equal to the value of pool shares.

The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The District does not currently have an investment policy that addresses the risks described above.

A reconciliation of cash and temporary investments as shown on the financial statements for the District follows:

	Amount
As Reported in the Basic Financial Statements	
Statement of net position	\$ 18,513,807
Statement of fiduciary net position	23,753
Total	\$ 18,537,560
Cash and Temporary Investments	
Deposits	\$ 68,045
Petty cash	851
Investments	18,468,664
Total	\$ 18,537,560

**B. Property Taxes Receivable**

Current property taxes receivable are recorded for uncollected taxes levied in 2024 and payable in 2025. The total levy is deferred for subsequent years' operations.

Delinquent property taxes receivable represents uncollected taxes from the previous six years' property tax levies. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

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June 30, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

Taxes receivable by fund type is comprised of the following components:

	Major Funds		Other Governmental Funds	Total
	General	Debt Service		
Current Taxes	\$ 3,901,243	\$ 3,412,461	\$ 194,461	\$ 7,508,165
Delinquent Taxes	101,618	88,829	6,121	196,568
<b>Total Reported Taxes Receivable</b>	<b><u>\$ 4,002,861</u></b>	<b><u>\$ 3,501,290</u></b>	<b><u>\$ 200,582</u></b>	<b><u>\$ 7,704,733</u></b>

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 2,577,828	\$ -	\$ -	\$ 2,577,828
Capital Assets Being Depreciated				
Improvements other than buildings	4,769,394	176,424	(125,721)	4,820,097
Buildings	138,183,178	-	(598,080)	137,585,098
Equipment	23,887,190	365,282	(5,767,601)	18,484,871
Total Capital Assets Being Depreciated	<u>166,839,762</u>	<u>541,706</u>	<u>(6,491,402)</u>	<u>160,890,066</u>
Less Accumulated Depreciation for				
Improvements other than buildings	(3,381,850)	(122,059)	125,721	(3,378,188)
Buildings	(47,570,613)	(2,801,211)	598,080	(49,773,744)
Equipment	(22,332,278)	(275,677)	5,767,601	(16,840,354)
Total Accumulated Depreciation	<u>(73,284,741)</u>	<u>(3,198,947)</u>	<u>6,491,402</u>	<u>(69,992,286)</u>
Total Capital Assets Being Depreciated, Net	<u>93,555,021</u>	<u>(2,657,241)</u>	<u>-</u>	<u>90,897,780</u>
Governmental Activities Capital Assets, Net	<u>\$ 96,132,849</u>	<u>\$ (2,657,241)</u>	<u>\$ -</u>	<u>\$ 93,475,608</u>

Independent School District No. 2144  
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**Note 3: Detailed Notes on All Funds (Continued)**

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

Administration	\$ 1,041
District Support Services	878
Elementary and Secondary Regular Instruction	25,091
Vocational Education Instruction	667
Community Education and Services	3,767
Instructional Support Services	51,339
Pupil Support Services	24,260
Sites and Buildings	<u>3,091,904</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 3,198,947</u></u>

**D. Long-term Debt**

General Obligation Bonds

The District issues General Obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, refunding general obligation bonds have been issued. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General Obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	Due Within One Year
G.O. School Building Bonds, 2017A	\$ 61,680,000	3.00 - 5.00 %	08/03/17	02/01/38	\$ 50,075,000	\$ 3,080,000
G.O. School Building Bonds, 2018A	3,730,000	3.00 - 3.10	03/29/18	02/01/33	2,315,000	260,000
G.O. School Building Bonds, 2020A	1,200,000	2.00	05/07/20	02/01/30	<u>625,000</u>	<u>120,000</u>
 Total General Obligation Bonds					 <u><u>\$ 53,015,000</u></u>	 <u><u>\$ 3,460,000</u></u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	<b>General Obligation Bonds</b>		
	Principal	Interest	Total
2026	\$ 3,460,000	\$ 1,758,114	\$ 5,218,114
2027	3,630,000	1,593,914	5,223,914
2028	3,790,000	1,421,564	5,211,564
2029	3,905,000	1,309,114	5,214,114
2030	4,020,000	1,193,214	5,213,214
2031 - 2035	20,795,000	3,949,429	24,744,429
2036 - 2038	<u>13,415,000</u>	<u>841,450</u>	<u>14,256,450</u>
 Total	 <u><u>\$ 53,015,000</u></u>	 <u><u>\$ 12,066,799</u></u>	 <u><u>\$ 65,081,799</u></u>

Independent School District No. 2144  
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 Notes to the Financial Statements  
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**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
G.O. bonds	\$ 56,320,000	\$ -	\$ (3,305,000)	\$ 53,015,000	\$ 3,460,000
Unamortized premium	<u>2,380,425</u>	<u>-</u>	<u>(174,399)</u>	<u>2,206,026</u>	<u>-</u>
Net Bonds Payable	58,700,425	-	(3,479,399)	55,221,026	3,460,000
Compensated Absences Payable*	<u>1,396,186</u>	<u>4,716,254</u>	<u>-</u>	<u>6,112,440</u>	<u>4,739,593</u>
Governmental Activities Long-term Liabilities	<u>\$ 60,096,611</u>	<u>\$ 4,716,254</u>	<u>\$ (3,479,399)</u>	<u>\$ 61,333,466</u>	<u>\$ 8,199,593</u>

\*The change in compensated absences payable is shown as a net change.

Independent School District No. 2144  
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**Note 3: Detailed Notes on All Funds (Continued)**

**E. Components of Fund Balance**

At June 30, 2025, portions of the District's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable for</b>				
Inventories	\$ 8,820	\$ -	\$ 76,592	\$ 85,412
Prepaid items	1,158,483	-	7,385	1,165,868
<b>Total Nonspendable</b>	<b>1,167,303</b>	<b>-</b>	<b>83,977</b>	<b>1,251,280</b>
<b>Restricted for</b>				
Student activities	369,336	-	-	369,336
Staff development	59,450	-	-	59,450
Literacy incentive aid	110,989	-	-	110,989
Operating capital	1,501,695	-	-	1,501,695
Learning and development	584,658	-	-	584,658
Q Comp	147,510	-	-	147,510
Gifted and talented	105,718	-	-	105,718
Basic skills	1,324,285	-	-	1,324,285
Literacy aid - Read Act	74,883	-	-	74,883
Teacher training compensation - Read Act	88,812	-	-	88,812
Long-term facilities maintenance	1,512,354	-	-	1,512,354
Medical assistance	127,225	-	-	127,225
Debt service	-	1,509,914	-	1,509,914
Building construction	-	-	71	71
Community education	-	-	(191,843)	(191,843)
Early childhood and family education	-	-	639,445	639,445
School readiness	-	-	460,164	460,164
Food service	-	-	1,154,826	1,154,826
<b>Total Restricted</b>	<b>6,006,915</b>	<b>1,509,914</b>	<b>2,062,663</b>	<b>9,579,492</b>
<b>Assigned to</b>				
Separation/retirement benefits/medical/workers comp	1,944,595	-	-	1,944,595
Teaching and learning	70,000	-	-	70,000
<b>Total assigned</b>	<b>2,014,595</b>	<b>-</b>	<b>-</b>	<b>2,014,595</b>
<b>Unassigned</b>	<b>3,186,292</b>	<b>-</b>	<b>-</b>	<b>3,186,292</b>
<b>Total Fund Balance</b>	<b>\$12,375,105</b>	<b>\$ 1,509,914</b>	<b>\$ 2,146,640</b>	<b>\$16,031,659</b>

Restricted for student activities - This amount represents resources available for the extracurricular activity funds raised by students.

Restricted for staff development - This amount represents unspent staff development revenues set aside from General Education revenues that were restricted for staff development.

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**Note 3: Detailed Notes on All Funds (Continued)**

Restricted for literacy incentive - This amount represents available resources in the General fund to be used to support implementation of evidence-based reading instruction.

Restricted for operating capital - This amount represents resources in the General Fund to be used to purchase equipment and facilities.

Restricted for learning and development - This amount represents resources dedicated reduce and maintain the District's instructor-to-learner ratio.

Restricted for q-comp - This amount represents resources in the General Fund to be used for quality compensation and alternative teacher pay systems.

Restricted for gifted and talented - This amount represents resources dedicated to providing challenging educational programs to gifted and talented students.

Restricted for basic skills - This amount represents resources to providing educational programs for basic skills.

Restricted for literacy incentive - Read Act - This balance represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

Restricted for teacher training compensation - Read Act- This balance represents resources available for teacher compensation for Read Act training.

Restricted for long-term facilities maintenance - This amount represents unspent long term facilities maintenance revenues from tax levies and State aids that were restricted for long term facilities maintenance.

Restricted for medical assistance – This amount represents resources in the General Fund from medical assistance billings to be used IEP services.

Restricted for debt service - This amount represents available resources restricted exclusively for debt service payments. Revenues are derived from tax levies and expenditures are for principal, interest, and paying agent fees.

Restricted for building construction - This amount represents restricted bond proceeds to be used for building construction.

Restricted for community education - This amount represents available resources for community education classes. Revenues are derived from tax levies and state aids and expenditures are for salaries, benefits and supplies. Any deficits can be eliminated by future tax levies and state aids.

Restricted for early childhood and family education (ECFE) - This amount represents available resources for ECFE classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.

Restricted for school readiness - This amount represents the resources available to provide for services for school readiness programs, which includes aids, fees, grants and all other revenues received by the District for the program.

Restricted for food service - This amount represents restricted resources for community service stipulated by constitution, external resource providers, or through enabling legislation.

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**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Teacher Retirement Association (TRA)**

**1. Plan Description**

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

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

**2. Benefits Provided**

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

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

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

With these provisions:

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

or

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

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

**Tier II:**

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

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

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.

**3. Contributions**

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025, 2024, and 2023 were \$1,604,158, \$1,667,042, and \$1,613,965. The District's contributions were equal to the required contributions for each year as set by state statute.

**4. Actuarial Assumptions**

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

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Key Methods and Assumptions Used in Valuation of Total Pension Liability

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

Independent School District No. 2144  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Changes in the actuarial assumptions since the 2022 valuation:

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

**5. Discount Rate**

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

**6. Net Pension Liability**

On June 30, 2025, The District reported a liability of \$18,275,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.2876% at the end of the measurement period and 0.2969% for the beginning of the year.

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

District's Proportionate Share of Net Pension Liability	\$ 18,275,027
State's Proportionate Share of Net Pension Liability Associated with the District	<u>1,119,733</u>
 Total	 <u><u>\$ 19,394,760</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$455,543. It also recognized \$77,793 as an decrease to pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$506,656 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.

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

On 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	\$ 880,253	\$ 251,052
Changes in Actuarial Assumptions	1,875,781	3,119,580
Net Difference Between Projected and Actual Investment Earnings	-	900,407
Changes in Proportion	-	639,857
Contributions Paid to PERA Subsequent to the Measurement Date	1,604,158	-
Total	\$ 4,360,192	\$ 4,910,896

The \$1,604,158 reported as deferred outflows of resources related to pensions resulting from District Contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2026	\$ (1,426,638)
2027	1,418,853
2028	514,678
2029	(1,181,118)
2030	(976,947)
Thereafter	(503,690)

**7. Pension Liability Sensitivity**

The following presents the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate (preparer instructions: multiply the allocation % by TRA's sensitivity footnote info).

	District's Proportionate Share of NPL		
	1 Percent Decrease (6%)	Current (7%)	1 Percent Increase (8%)
Teachers Retirement Association	\$ 32,183,392	\$ 18,275,027	\$ 12,574,546

**8. Pension Plan Fiduciary Net Position**

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

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**B. Public Employees Retirement Association (PERA)**

**1. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

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

**2. Benefits Provided**

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**3. Contributions**

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending June 30, 2025, 2024 and 2023, were \$620,552, \$600,309 and \$547,268, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

**4. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$3,496,253 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$90,406.

District's Proportionate Share of Net Pension Liability	\$ 3,496,253
State's Proportionate Share of Net Pension Liability Associated with the District	90,406
	\$ 3,586,659
Total	\$ 3,586,659

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0946 percent at the end of the measurement period and 0.0919 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$316,760 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$2,424 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2025, 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 \$160,860 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.

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 324,783	\$ -
Changes in Actuarial Assumptions	15,866	2,010,896
Net Difference Between Projected and Actual Investment Earnings	-	331,015
Changes in Proportion	112,054	-
Contributions Paid to PERA Subsequent to the Measurement Date	620,552	-
Total	\$ 1,073,255	\$ 2,341,911

The \$620,552 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$ (1,108,081)
2027	(244,538)
2028	(447,352)
2029	(89,237)

**5. Long-Term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**6. Actuarial Assumptions**

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2023. The assumption changes were adopted by the board and became effective with the July 1, 2024 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**7. Discount Rate**

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 2144  
 Chisago Lakes, Minnesota  
 Notes to the Financial Statements  
 June 30, 2025

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**8. Pension Liability Sensitivity**

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

	District's Proportionate Share of NPL		
	1 Percent Decrease (6%)	Current (7%)	1 Percent Increase (8%)
General Employees Fund	\$ 7,636,380	\$ 3,496,253	\$ 90,622

**9. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Independent School District No. 2144  
Chisago City, Minnesota  
Notes to the Financial Statements  
June 30, 2025

**Note 5: Defined Contribution Plan**

The Health Care Savings Plan (HCSP) is a public employer-sponsored program administered by the Minnesota State Retirement System (MSRS) that allows employees to save pre-tax money to pay postemployment medical expenses and/or health insurance premiums. The program has been in effect since July of 2001. The legislature signed into law Chapter 352.98 authorizing MSRS to provide a health care savings reimbursement plan.

Participation by state and other public employees is determined during negotiations between the bargaining units, or group of employees if there are no bargaining units, and the employer with final language approved by MSRS. Beginning with the 2008-09 fiscal year, all twelve (12)-month employees who have at least ten years of service based on the seniority list in Independent School District No. 2144 will have a contribution made by the District to their individual account with the MSRS Post-Retirement HCSP. All full-time teachers who have completed at least ten years of actual teaching service in Independent School District No. 2144 will have a contribution made by the District to their individual account with the MSRS Post-Retirement HCSP. This contribution will be made on or before June 30 each year according to the following schedule:

Years of Service	Contribution for 12-month Employees	Contribution for Teachers
Ten to fifteen	\$500	\$275
Sixteen to twenty	\$750	\$550
Twenty-one to twenty-four	\$1,000	\$900
Twenty-five or more	\$1,000	\$1,200

The District's contributions to the MSRS HCSP for 12-month employees and teachers for the year ended June 30, 2025, 2024 and 2023 were \$84,325, \$76,500 and \$74,000, respectively.

Amounts will not be made available for distribution to participants or beneficiaries earlier than (i) retirement, (ii) when the participant has a severance from employment with the employer, (iii) when the participant is collecting a disability benefit from one of the public pension plans, (iv) when the participant is on medical leave (six months or longer), or (v) when the participant is on a leave of absence (one year or longer).

The District has Board members that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. Minnesota statutes, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ -	\$ -	5.00%	5.00%	5.00%

The District and board member's contributions to the PEDCP plan for the years ending June 30, 2025, 2024 and 2023 were \$-0-, \$-0- and \$32, respectively.

Independent School District No. 2144  
 Chisago City, Minnesota  
 Notes to the Financial Statements  
 June 30, 2025

**Note 6: Postemployment Benefits Other Than Pensions**

**A. Plan Description**

The District administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides healthcare insurance for eligible retirees and their spouses through the District’s group health insurance plan until Medicare age, which covers both active and retired members. There are 54 active participants and 1 retired participants. Benefit provisions are established through negotiations between the District and the unions representing District employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	69
Active Plan Members, Waiving Coverage	89
Active Plan Members, Electing Coverage	268
 Total Plan Members	 426

**B. Funding Policy**

The District has historically funded these liabilities on a pay-as-you-go basis. Contribution requirements are negotiated between the District and union representatives on a per contract basis. The District’s employment agreement for certain administrative officials provides for the District to contribute the following amounts into an MSRS account for premium costs for health and dental coverage.

For the year ended June 30, 2025, the District's average contribution rate was 0.69 percent of covered-employee payroll. For the fiscal year 2025, the District contributed \$164,765 to the plan. The General fund is typically used to liquidate the governmental portion of the net OPEB obligation.

Employee Groups	Contribution	Term
Community Education Director	\$ 9,000/year	Until Medicare eligible
Principals	9,000/year	Until Medicare eligible
Activities Director	9,000/year	Until Medicare eligible
Employee Groups	Eligibility	
District Superintendent		No Criteria
Director of Business Services		No Criteria
Community Education Director		No Criteria
Principals		Employed more than 5 years and age 55
Activities Director		Employed more than 5 years and age 55
Director Curriculum		No Criteria

Independent School District No. 2144  
 Chisago City, Minnesota  
 Notes to the Financial Statements  
 June 30, 2025

**Note 6: Postemployment Benefits Other Than Pensions (Continued)**

**C. Actuarial Methods and Assumptions**

The District's total OPEB liability of \$1,828,624 was measured as of June 30, 2024, and the OPEB liability was determined by an actuarial valuation as of June 30, 2024. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

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

Discount Rate	3.97%
20-Year Municipal Bond Yield	3.97%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	8.6% for 2025, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for 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.

From the 2023 Teachers Retirement Association of Minnesota (TRA) Experience Study, mortality rates were based on the Pub- 2010 Teacher mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments. From the 2023 PERA of Minnesota General Employees Retirement Plan Experience Study, mortality rates were based on the Pub- 2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in the June 30, 2024 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumptions was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	Net OPEB Liability
Balances at June 30, 2024	\$ 1,927,722
Changes for the Year	
Service Costs	106,052
Interest Costs	75,153
Assumption Changes	200,260
Differences between expected and actual experience	(306,945)
Benefit Payment	(173,618)
Net Changes	(99,098)
Balances at June 30, 2025	\$ 1,828,624

Independent School District No. 2144  
Chisago City, Minnesota  
Notes to the Financial Statements  
June 30, 2025

**Note 6: Postemployment Benefits Other Than Pensions (Continued)**

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.86% to 3.97% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, and mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.
- Salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2025 Valuation</u>	<u>Fiscal 2024 Valuation</u>
\$500 HRA Aware	15%	30%
\$1850 VEBA Aware	15%	20%
\$3500 HSA Aware	60%	50%
\$5000 HSA Aware	5%	N/A
\$5000 HAS HVN	5%	N/A

Since the prior measurement date, the following benefit terms changed:

- None

Since the prior measurement date, the following plan provisions changed:

- Retiree premiums were updated to current levels.

**E. Sensitivity of the Net OPEB Liability**

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 one percentage point lower or one percentage point higher than the current discount rate:

<u>1 Percent Decrease (2.97%)</u>	<u>Current (3.97%)</u>	<u>1 Percent Increase (4.97%)</u>
\$ 1,921,477	\$ 1,828,624	\$ 1,737,810

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

<u>1 Percent Decrease (7.60%)</u>	<u>Current (8.60%)</u>	<u>1 Percent Increase (9.60%)</u>
\$ 1,689,636	\$ 1,828,624	\$ 1,987,584

Independent School District No. 2144  
 Chisago City, Minnesota  
 Notes to the Financial Statements  
 June 30, 2025

**Note 6: Postemployment Benefits Other Than Pensions (Continued)**

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

For the year ended June 30, 2025, the District Recognized negative OPEB expense of \$73,197. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 629,838	\$ 271,501
Changes in Actuarial Assumptions	224,064	171,248
Contributions Paid to OPEB Subsequent to the Measurement Date	164,765	-
Total	\$ 1,018,667	\$ 442,749

Deferred outflows of resources totaling \$164,765 related to pensions resulting from the District's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability as of June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

2026	\$	89,159
2027		88,352
2028		81,853
2029		79,733
2030		59,039
Thereafter		13,017

Independent School District No. 2144  
Chisago City, Minnesota  
Notes to the Financial Statements  
June 30, 2025

**Note 7: Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The District's management is not aware of any incurred but not reported claims.

**B. Federal and State Programs**

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

**C. Economic Dependency**

The District has a significant amount of revenues (68.2%) coming from the State of Minnesota.

REQUIRED SUPPLEMENTARY INFORMATION  
INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

Independent School District No. 2144

Chisago Lakes, Minnesota  
 Required Supplementary Information  
 For the Year Ended June 30, 2025

**Schedule of Employer's Share of TRA Net Pension Liability**

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.2876 %	\$ 18,275,027	\$ 1,119,733	\$ 19,394,760	\$ 19,051,912	95.9 %	82.1 %
6/30/2023	0.2969	24,512,729	1,717,033	26,229,762	18,876,780	129.9	76.4
6/30/2022	0.2896	23,189,636	1,720,011	24,909,647	17,904,083	129.5	76.2
6/30/2021	0.2927	12,809,427	1,080,379	13,889,806	17,520,126	73.1	86.6
6/30/2020	0.2985	22,053,580	1,848,067	23,901,647	16,882,051	130.6	75.5
6/30/2019	0.3057	19,485,382	1,724,638	21,210,020	17,111,946	113.9	78.2
6/30/2018	0.3036	19,069,710	1,791,448	20,861,158	16,774,307	113.7	78.1
6/30/2017	0.2998	59,845,518	5,785,414	65,630,932	16,195,527	369.5	51.6
6/30/2016	0.2952	70,412,243	7,066,891	77,479,134	15,354,257	458.6	44.9
6/30/2015	0.2922	18,075,460	2,216,850	20,292,310	12,780,960	141.4	76.8

**Schedule of Employer's TRA Contributions**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2025	\$ 1,604,158	\$ 1,604,158	\$ -	\$ 18,333,233	8.75 %
6/30/2024	1,667,042	1,667,042	-	19,051,912	8.75
6/30/2023	1,613,965	1,613,965	-	18,876,780	8.55
6/30/2022	1,493,201	1,493,201	-	17,904,083	8.34
6/30/2021	1,424,386	1,424,386	-	17,520,126	8.13
6/30/2020	1,337,058	1,337,058	-	16,882,051	7.92
6/30/2019	1,319,331	1,319,331	-	17,111,946	7.71
6/30/2018	1,258,073	1,258,073	-	16,774,307	7.50
6/30/2017	1,214,665	1,214,665	-	16,195,527	7.50
6/30/2016	1,151,569	1,151,569	-	15,354,257	7.50

Independent School District No. 2144  
Chisago Lakes, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information - TRA**

Changes in Actuarial Assumptions

2024  
Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family. Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience. Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience. Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience. Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

2023  
The 2023 Tax Finance and Policy Bill, effective July 1, 2025 and The 2024 Omnibus Pensions and Retirement Bill contained a number of changes. The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025. The employee contribution rate will increase from 7.75% to 8% on July 1, 2025. The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024. TRA's amortization date will remain the same at 2048. The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

2022  
No changes noted.

2021  
The investment return assumption was changed from 7.50 percent to 7.00 percent.

2020  
Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019  
No changes noted.

2018  
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  
The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016  
The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 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  
The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

Independent School District No. 2144  
Chisago Lakes, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information – TRA (Continued)**

Changes in Plan Provisions

2024  
No changes noted.

2023  
No changes noted.

2022  
No changes noted.

2021  
No changes noted.

2020  
No changes noted.

2019  
No changes noted.

2018  
The 2018 Omnibus Pension Bill contained a number of changes: The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028. Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt. The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated. Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt. Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018. The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017  
No changes noted.

2016  
No changes noted.

2015  
On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

Independent School District No. 2144  
 Chisago Lakes, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended June 30, 2025

**Schedule of Employer's Share of PERA Net Pension Liability**

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the 0.3036 (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.0946 %	\$ 3,496,253	\$ 90,406	\$ 3,586,659	\$ 8,004,114	43.7 %	86.7 %
6/30/2023	0.0919	5,138,945	141,613	5,280,558	7,296,905	70.4	83.1
6/30/2022	0.0879	6,961,709	204,148	7,165,857	6,584,932	105.7	76.7
6/30/2021	0.0891	3,804,969	116,169	3,921,138	6,406,520	59.4	87.0
6/30/2020	0.0922	5,527,811	170,381	5,698,192	6,547,834	84.4	79.0
6/30/2019	0.0934	5,163,877	160,493	5,324,370	6,612,227	78.1	80.2
6/30/2018	0.0985	5,464,376	179,187	5,643,563	6,620,227	82.5	79.5
6/30/2017	0.0970	6,192,416	77,886	6,270,302	6,251,467	99.1	75.9
6/30/2016	0.0978	7,940,875	-	7,940,875	6,066,644	130.9	68.9
6/30/2015	0.0958	4,964,853	-	4,964,853	4,940,133	100.5	78.2

**Schedule of Employer's PERA Contributions**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2025	\$ 620,552	\$ 620,552	\$ -	\$ 8,274,027	7.50 %
6/30/2024	600,309	600,309	-	8,004,114	7.50
6/30/2023	547,268	547,268	-	7,296,905	7.50
6/30/2022	493,870	493,870	-	6,584,932	7.50
6/30/2021	480,489	480,489	-	6,406,520	7.50
6/30/2020	491,088	491,088	-	6,547,834	7.50
6/30/2019	495,917	495,917	-	6,612,227	7.50
6/30/2018	496,517	496,517	-	6,620,227	7.50
6/30/2017	468,860	468,860	-	6,251,467	7.50
6/30/2016	454,998	454,998	-	6,066,644	7.50

Independent School District No. 2144  
Chisago Lakes, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information - PERA**

Changes in Actuarial Assumptions

2024

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): 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

The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022

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

2021

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

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

2019

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

2018

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

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

2016

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 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

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Independent School District No. 2144  
Chisago Lakes, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information – PERA (Continued)**

Changes in Plan Provisions

- 2024  
The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.
- 2023  
An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- 2022  
There were no changes in plan provisions since the previous valuation.
- 2021  
There were no changes in plan provisions since the previous valuation.
- 2020  
Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.
- 2019  
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.
- 2018  
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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.
- 2017  
The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.
- 2016  
There were no changes in plan provisions since the previous valuation.
- 2015  
On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Independent School District No. 2144  
Chisago City, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 106,052	\$ 105,186	\$ 116,005	\$ 105,323	\$ 99,504	\$ 90,125	\$ 112,390	\$ 115,684
Interest	75,153	71,901	30,990	34,307	40,464	47,611	47,135	43,969
Differences between expected and actual experience	(306,945)	-	502,315	266,089	194,526	-	247,193	-
Changes of assumptions	200,260	(16,053)	(177,999)	35,549	43,460	21,624	(184,212)	(44,224)
Change of benefit terms	-	-	-	-	-	-	25,090	-
Benefit payments	(173,618)	(153,347)	(98,631)	(377,758)	(174,763)	(207,577)	(260,702)	(327,082)
Net change in total OPEB liability	(99,098)	7,687	372,680	63,510	203,191	(48,217)	(13,106)	(211,653)
Total OPEB liability - beginning	1,927,722	1,920,035	1,547,355	1,483,845	1,280,654	1,328,871	1,341,977	1,553,630
Total OPEB Liability - ending (a)	\$ 1,828,624	\$ 1,927,722	\$ 1,920,035	\$ 1,547,355	\$ 1,483,845	\$ 1,280,654	\$ 1,328,871	\$ 1,341,977
Plan Fiduciary Net Position								
Employer contributions	\$ 173,618	\$ 153,347	\$ 98,631	\$ 377,758	\$ 174,763	\$ 207,577	\$ 260,702	\$ 327,082
Net investment income								
Benefit payments	(173,618)	(153,347)	(98,631)	(377,758)	(174,763)	(207,577)	(260,702)	(327,082)
District's net OPEB liability - ending (a) - (b)	\$ 1,828,624	\$ 1,927,722	\$ 1,920,035	\$ 1,547,355	\$ 1,483,845	\$ 1,280,654	\$ 1,328,871	\$ 1,341,977
Covered - Employee Payroll	\$ 20,594,145	\$ 22,346,741	\$ 21,180,353	\$ 18,405,117	\$ 20,813,257	\$ 18,662,197	\$ 18,466,428	\$ 25,195,762
District's net OPEB liability (asset) as a percentage of covered employee payroll	8.9%	8.6%	9.1%	8.4%	7.1%	6.9%	7.2%	5.3%

Note: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

**Schedule of District's Contributions**

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Employer Contribution	\$ 173,618	\$ 153,347	\$ 98,631	\$ 377,758	\$ 174,763	\$ 207,577	\$ 260,702	\$ 327,082
Contributions in Relation to the Contractually Required Employer Contribution	173,618	153,347	98,631	377,758	174,763	207,577	260,702	327,082
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - Employee Payroll	\$ 20,594,145	\$ 22,346,741	\$ 21,180,353	\$ 18,405,117	\$ 20,813,257	\$ 18,662,197	\$ 18,466,428	\$ 25,195,762
Contributions as a Percentage of Covered Employee Payroll	0.84 %	0.69 %	0.47 %	2.05 %	0.84 %	1.11 %	1.41 %	1.30 %

Note: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Independent School District No. 2144  
Chisago City, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information - OPEB**

Changes in Assumptions

2025 – The discount rate was changed from 3.86% to 3.99% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claims costs were updated to reflect recent experience and new plan offerings. Withdrawal, retirement, and mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies. Salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation to the rates used in the 2023 experience study. The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2025 Valuation</u>	<u>Fiscal 2024 Valuation</u>
\$500 HRA Aware	15%	30%
\$1850 VEBA Aware	15%	20%
\$3500 HSA Aware	60%	50%
\$5000 HSA Aware	5%	N/A
\$5000 HAS HVN	5%	N/A

2024 - No changes noted

2023 - No changes noted

2022 - The discount rate was changed from 1.92% to 3.69% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claims costs were updated to reflect recent experience. Mortality rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 Teachers Retirement Association valuations to the rates used in the 7/1/2022 valuations. The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectation. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2023 Valuation</u>	<u>Fiscal 2022 Valuation</u>
\$500 CMM	30%	35%
\$500 CMM Lower Value	NA	0%
\$1850 CDHP	20%	25%
\$1850 CDHP Lower Value	N/A	0%
\$3500 CDHP	50%	40%
\$3500 CDHP Lower Value	N/A	0%

2021 - The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries. Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations. The inflation assumption was changed from 2.5% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

Independent School District No. 2144  
 Chisago City, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended June 30, 2025

**Notes to the Required Supplementary Information – OPEB (Continued)**

<u>Medical Plan</u>	<u>Fiscal 2021 Valuation</u>	<u>Fiscal 2020 Valuation</u>
\$500 CMM	35%	20%
\$500 CMM Lower Value	0%	N/A
\$1850 CDHP	25%	10%
\$1850 CDHP Lower Value	0%	N/A
\$3500 CDHP	40%	40%
\$3500 CDHP Lower Value	0%	N/A
\$200 CMM	N/A	30%

2020 - The discount rate was changed from 3.62% to 3.13% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings. Mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations. The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changes from 40% to 30% to reflect recent plan experience. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The inflation assumption was changed from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2019 - The discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings. Mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations. The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changes from 40% to 30% to reflect recent plan experience. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The inflation assumption was changed from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2018 - No changes noted.

Changes in Benefits

2025 – No changes noted.

2024 – No changes noted.

2023 – No changes noted.

2022 – No changes noted.

2021 – No changes noted.

2020 – No changes noted.

2019 – No changes noted.

2018 – No changes noted.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS, SCHEDULES AND TABLE

INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

Independent School District No. 2144

Chisago City, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2025

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Food Service	Community Service	Building Construction	
<b>Assets</b>				
Cash and temporary investments	\$ 1,163,132	\$ 1,289,510	\$ 71	\$ 2,452,713
Receivables				
Taxes	-	200,582	-	200,582
Accounts	11,087	1,170	-	12,257
Interest	1,459	1,663	-	3,122
Due from other school districts	205	195	-	400
Due from the Minnesota Department of Education	32,904	29,207	-	62,111
Due from the Federal government	13,969	-	-	13,969
Inventories	76,592	-	-	76,592
Prepaid items	6,732	653	-	7,385
<b>Total Assets</b>	<b>\$ 1,306,080</b>	<b>\$ 1,522,980</b>	<b>\$ 71</b>	<b>\$ 2,829,131</b>
<b>Liabilities</b>				
Accrued salaries payable	\$ 222	\$ 57,710	\$ -	\$ 57,932
Accounts and other payables	2,801	39,485	-	42,286
Unearned revenue	64,907	214,907	-	279,814
<b>Total Liabilities</b>	<b>67,930</b>	<b>312,102</b>	<b>-</b>	<b>380,032</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - delinquent property taxes	-	3,234	-	3,234
Property taxes levied for subsequent year	-	299,225	-	299,225
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>302,459</b>	<b>-</b>	<b>302,459</b>
<b>Fund Balances</b>				
Nonspendable	83,324	653	-	83,977
Restricted	1,154,826	907,766	71	2,062,663
<b>Total Fund Balances</b>	<b>1,238,150</b>	<b>908,419</b>	<b>71</b>	<b>2,146,640</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,306,080</b>	<b>\$ 1,522,980</b>	<b>\$ 71</b>	<b>\$ 2,829,131</b>

The notes to the financial statements are an integral part of this statement.

Independent School District No. 2144  
Chisago City, Minnesota  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2025

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Food Service	Community Service	Building Construction	
<b>Revenues</b>				
Local property tax levies	\$ -	\$ 333,301	\$ -	\$ 333,301
Interest earned on investments	57,499	64,133	-	121,632
Revenue from local sources	41,907	2,697,754	-	2,739,661
Revenue from state sources	1,476,309	451,121	-	1,927,430
Revenue from federal sources	867,703	-	-	867,703
Sales and other conversion of assets	213,739	8,883	-	222,622
Total Revenues	<u>2,657,157</u>	<u>3,555,192</u>	<u>-</u>	<u>6,212,349</u>
<b>Expenditures</b>				
<b>Current</b>				
Elementary and secondary regular instruction	-	88,000	-	88,000
Community education and services	-	3,211,529	-	3,211,529
Pupil support services	2,481,829	-	-	2,481,829
<b>Capital outlay</b>				
Community education and services	-	6,972	-	6,972
Pupil support services	165,793	-	-	165,793
Total Expenditures	<u>2,647,622</u>	<u>3,306,501</u>	<u>-</u>	<u>5,954,123</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	9,535	248,691	-	258,226
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	114	7,251	-	7,365
<b>Net Change in Fund Balances</b>	9,649	255,942	-	265,591
<b>Fund Balances, July 1</b>	<u>1,228,501</u>	<u>652,477</u>	<u>71</u>	<u>1,881,049</u>
<b>Fund Balances, June 30</b>	<u>\$ 1,238,150</u>	<u>\$ 908,419</u>	<u>\$ 71</u>	<u>\$ 2,146,640</u>

Independent School District No. 2144  
Chisago City, Minnesota  
Food Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2025  
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025				2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>Revenues</b>					
Interest earned on investments	\$ 45,000	\$ 57,500	\$ 57,499	\$ (1)	\$ 58,284
Revenue from local sources	50,000	42,000	41,907	(93)	38,686
Revenue from state sources	1,254,500	1,439,000	1,476,309	37,309	1,398,080
Revenue from federal sources	876,250	841,800	867,703	25,903	964,982
Sales and other conversion of assets	302,000	252,000	213,739	(38,261)	271,774
<b>Total Revenues</b>	<b>2,527,750</b>	<b>2,632,300</b>	<b>2,657,157</b>	<b>24,857</b>	<b>2,731,806</b>
<b>Expenditures</b>					
<b>Current</b>					
Pupil support services					
Salaries	796,028	823,093	823,773	(680)	743,076
Employee benefits	246,637	229,004	216,791	12,213	210,966
Purchased services	95,600	103,100	101,884	1,216	107,105
Supplies and materials	1,172,000	1,382,999	1,336,513	46,486	1,281,881
Other	7,000	7,000	2,868	4,132	5,474
Capital outlay					
Pupil support services	250,000	300,000	165,793	134,207	174,376
<b>Total Expenditures</b>	<b>2,567,265</b>	<b>2,845,196</b>	<b>2,647,622</b>	<b>197,574</b>	<b>2,522,878</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,515)	(212,896)	9,535	222,431	208,928
Other Financing Sources (Uses)					
Sale of capital assets	-	-	114	114	-
<b>Net Change in Fund Balances</b>	<b>(39,515)</b>	<b>(212,896)</b>	<b>9,649</b>	<b>222,545</b>	<b>208,928</b>
Fund Balances, July 1	1,228,501	1,228,501	1,228,501	-	1,019,573
<b>Fund Balances, June 30</b>	<b>\$ 1,188,986</b>	<b>\$ 1,015,605</b>	<b>\$ 1,238,150</b>	<b>\$ 222,545</b>	<b>\$ 1,228,501</b>

Independent School District No. 2144  
Chisago City, Minnesota  
Community Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2025  
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025				2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>Revenues</b>					
Local property tax levies	\$ 334,458	\$ 334,458	\$ 333,301	\$ (1,157)	\$ 339,990
Interest earned on investments	40,000	48,000	64,133	16,133	63,644
Revenue from local sources	2,030,724	2,566,273	2,697,754	131,481	2,280,338
Revenue from state sources	301,974	320,958	451,121	130,163	355,428
Revenue from federal sources	-	-	-	-	8,333
Sale and other conversion of assets	-	-	8,883	8,883	3,607
<b>Total Revenues</b>	<b>2,707,156</b>	<b>3,269,689</b>	<b>3,555,192</b>	<b>285,503</b>	<b>3,051,340</b>
<b>Expenditures</b>					
<b>Current</b>					
Elementary and secondary regular instruction					
Salaries	-	-	283	(283)	28,216
Employee benefits	-	-	4,249	(4,249)	10,186
Purchased services	64,000	72,000	79,252	(7,252)	75,520
Supplies and materials	2,000	2,000	4,216	(2,216)	9,333
Community education and services					
Salaries	1,853,201	1,994,960	2,098,266	(103,306)	2,053,609
Employee benefits	455,353	541,001	558,296	(17,295)	509,659
Purchased services	426,344	544,244	467,681	76,563	430,538
Supplies and materials	94,579	106,299	84,191	22,108	125,380
Other	3,500	11,500	3,095	8,405	12,019
<b>Capital outlay</b>					
Community education and services	8,650	3,000	6,972	(3,972)	1,971
<b>Total Expenditures</b>	<b>2,907,627</b>	<b>3,275,004</b>	<b>3,306,501</b>	<b>(31,497)</b>	<b>3,256,431</b>
<b>Net Change in Fund Balances</b>	<b>(200,471)</b>	<b>(5,315)</b>	<b>248,691</b>	<b>254,006</b>	<b>(205,091)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	-	7,251	7,251	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(200,471)</b>	<b>1,936</b>	<b>255,942</b>	<b>254,006</b>	<b>(205,091)</b>
<b>Fund Balances, July 1</b>	<b>652,477</b>	<b>652,477</b>	<b>652,477</b>	<b>-</b>	<b>857,568</b>
<b>Fund Balances, June 30</b>	<b>\$ 452,006</b>	<b>\$ 654,413</b>	<b>\$ 908,419</b>	<b>\$ 254,006</b>	<b>\$ 652,477</b>

**Independent School District No. 2144**  
 Chisago City, Minnesota  
 Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended June 30, 2025  
 (With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025				2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>Revenues</b>					
Local property tax levies	\$ 5,058,450	\$ 5,076,000	\$ 4,887,185	\$ (188,815)	\$ 4,991,914
Interest earned on investments	100,000	150,000	188,598	38,598	131,820
Revenue from state sources	284,400	311,744	320,353	8,609	322,628
Total Revenues	<u>5,442,850</u>	<u>5,537,744</u>	<u>5,396,136</u>	<u>(141,608)</u>	<u>5,446,362</u>
<b>Expenditures</b>					
Debt service					
Principal	3,305,000	3,305,000	3,305,000	-	3,105,000
Interest and other charges	1,917,664	1,916,089	1,916,089	-	2,062,989
Total Expenditures	<u>5,222,664</u>	<u>5,221,089</u>	<u>5,221,089</u>	<u>-</u>	<u>5,167,989</u>
Net Change in Fund Balances	220,186	316,655	175,047	(141,608)	278,373
Fund Balances, July 1	<u>1,334,867</u>	<u>1,334,867</u>	<u>1,334,867</u>	<u>-</u>	<u>1,056,494</u>
Fund Balances, June 30	<u>\$ 1,555,053</u>	<u>\$ 1,651,522</u>	<u>\$ 1,509,914</u>	<u>\$ (141,608)</u>	<u>\$ 1,334,867</u>

Independent School District No. 2144  
Chisago City, Minnesota  
General Fund  
Comparative Balance Sheets  
June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Cash and temporary investments	\$ 12,800,591	\$ 10,515,789
Receivables		
Taxes	4,002,861	3,950,243
Accounts	17,396	28,786
Interest	13,456	18,204
Due from other school districts	326,119	672,505
Due from Minnesota Department of Education	3,371,366	3,256,025
Due from the Federal government	73,068	284,295
Inventories	8,820	7,784
Prepaid items	1,158,483	491,860
	\$ 21,772,160	\$ 19,225,491
<b>Liabilities</b>		
Accrued salaries payable	\$ 3,390,861	\$ 3,730,540
Accounts and other payables	272,050	413,780
Due to other governments	30,142	497,499
Unearned revenue	256,287	202,392
Total Liabilities	3,949,340	4,844,211
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - delinquent property taxes	53,688	48,401
Property taxes levied for subsequent year	5,394,027	5,320,129
Total Deferred Inflows of Resources	5,447,715	5,368,530
<b>Fund Balances</b>		
<b>Nonspendable</b>		
Inventories	8,820	7,784
Prepaid items	1,158,483	491,860
<b>Restricted for</b>		
Student activities	369,336	373,025
Staff development	59,450	47,853
Medical assistance	127,225	34,451
Operating capital	1,501,695	1,634,954
Long-term facilities maintenance	1,512,354	1,133,812
Learning and development	584,658	287,917
Gifted and talented	105,718	98,638
Literacy Incentive Aid	110,989	-
Q Comp	147,510	-
Literacy Aid - Read Act	74,883	-
Tchr Training Compensation - Read Act	88,812	-
Basic skills	1,324,285	580,868
<b>Assigned for</b>		
Separation/retirement benefits	1,294,595	1,307,578
Medical self insurance	150,000	-
Workers compensation	500,000	-
Teaching and learning	70,000	-
Unassigned	3,186,292	3,014,010
Total Fund Balances	12,375,105	9,012,750
	\$ 21,772,160	\$ 19,225,491

Independent School District No. 2144

Chisago City, Minnesota

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued on the Following Pages)

For the Year Ended June 30, 2025

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

	2025			Variance with Final Budget	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues</b>					
Local property tax levies	\$ 6,228,566	\$ 6,228,566	\$ 6,171,653	\$ (56,913)	\$ 6,027,145
Interest earned on investments	425,000	425,000	468,567	43,567	532,617
Revenue from local sources	2,879,235	2,879,235	2,888,439	9,204	2,683,265
Revenue from state sources	38,245,525	38,128,550	38,728,938	600,388	37,033,855
Revenue from federal sources	383,142	383,142	251,904	(131,238)	545,392
Sales and other conversion of assets	-	-	5,356	5,356	13,754
<b>Total Revenues</b>	<b>48,161,468</b>	<b>48,044,493</b>	<b>48,514,857</b>	<b>470,364</b>	<b>46,836,028</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Administration</b>					
Salaries	1,299,496	1,178,825	1,174,177	4,648	1,198,912
Fringe benefits	469,437	537,275	533,339	3,936	425,424
Purchased services	24,900	32,100	22,857	9,243	24,780
Supplies and materials	15,350	15,350	8,204	7,146	12,389
Other	35,375	36,375	33,032	3,343	30,466
<b>Total administration</b>	<b>1,844,558</b>	<b>1,799,925</b>	<b>1,771,609</b>	<b>28,316</b>	<b>1,691,971</b>
<b>District support services</b>					
Salaries	736,059	673,000	660,655	12,345	651,463
Fringe benefits	606,849	633,360	540,194	93,166	514,536
Purchased services	457,450	595,220	502,694	92,526	280,650
Supplies and materials	77,400	85,800	18,900	66,900	31,314
Other	1,815	3,500	3,144	356	797
<b>Total district support services</b>	<b>1,879,573</b>	<b>1,990,880</b>	<b>1,725,587</b>	<b>265,293</b>	<b>1,478,760</b>
<b>Elementary and secondary regular instruction</b>					
Salaries	12,375,576	11,674,446	11,279,791	394,655	12,064,834
Fringe benefits	3,714,264	3,813,660	3,996,029	(182,369)	3,739,160
Purchased services	1,602,067	1,884,503	1,562,207	322,296	1,359,109
Supplies and materials	995,264	1,020,667	755,701	264,966	886,876
Other	35,250	35,000	35,604	(604)	13,713
<b>Total elementary and secondary regular instruction</b>	<b>18,722,421</b>	<b>18,428,276</b>	<b>17,629,332</b>	<b>798,944</b>	<b>18,063,692</b>
<b>Vocational education instruction</b>					
Salaries	1,150,888	1,037,389	1,002,641	34,748	1,155,052
Fringe benefits	417,852	362,362	330,752	31,610	383,779
Purchased services	36,063	41,983	40,875	1,108	41,895
Supplies and materials	114,305	104,050	101,073	2,977	144,578
Other	-	-	476	(476)	-
<b>Total vocational education instruction</b>	<b>1,719,108</b>	<b>1,545,784</b>	<b>1,475,817</b>	<b>69,967</b>	<b>1,725,304</b>
<b>Special education instruction</b>					
Salaries	6,677,000	6,218,390	6,212,738	5,652	6,348,935
Fringe benefits	2,185,167	2,354,459	2,252,793	101,666	2,142,232
Purchased services	2,348,109	2,420,803	1,711,615	709,188	1,737,611
Supplies and materials	33,349	65,720	74,549	(8,829)	53,959
Other	1,126	900	1,240	(340)	1,187
<b>Total special education instruction</b>	<b>11,244,751</b>	<b>11,060,272</b>	<b>10,252,935</b>	<b>807,337</b>	<b>10,283,924</b>
<b>Instructional support services</b>					
Salaries	1,803,305	1,761,237	1,893,495	(132,258)	1,771,524
Fringe benefits	538,641	592,133	581,336	10,797	523,763
Purchased services	222,565	272,803	149,701	123,102	290,224
Supplies and materials	341,406	406,013	270,984	135,029	271,770
Other	1,400	1,400	162	1,238	1,021
<b>Total instructional support services</b>	<b>2,907,317</b>	<b>3,033,586</b>	<b>2,895,678</b>	<b>137,908</b>	<b>2,858,302</b>

Independent School District No. 2144  
Chisago City, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended June 30, 2025  
(With Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025				2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Pupil support services					
Salaries	\$ 848,700	\$ 1,060,320	\$ 872,794	\$ 187,526	\$ 878,182
Fringe benefits	281,524	333,050	305,706	27,344	282,876
Purchased services	3,502,974	3,603,499	3,447,516	155,983	3,189,870
Supplies and materials	210,500	220,900	187,087	33,813	216,457
Other	-	-	194	(194)	150
Total pupil support services	<u>4,843,698</u>	<u>5,217,769</u>	<u>4,813,297</u>	<u>404,472</u>	<u>4,567,535</u>
Sites and buildings					
Salaries	1,178,489	1,424,000	1,400,493	23,507	1,313,091
Fringe benefits	489,903	476,547	436,085	40,462	433,386
Purchased services	2,009,300	2,008,300	1,488,171	520,129	1,604,310
Supplies and materials	299,080	318,780	252,857	65,923	264,079
Other	14,030	14,030	12,338	1,692	13,108
Total sites and buildings	<u>3,990,802</u>	<u>4,241,657</u>	<u>3,589,944</u>	<u>651,713</u>	<u>3,627,974</u>
Fiscal and other fixed costs programs					
Fringe benefits	-	35,000	-	35,000	-
Total current	<u>47,152,228</u>	<u>47,353,149</u>	<u>44,154,199</u>	<u>3,198,950</u>	<u>44,297,462</u>
Capital outlay					
District support services	308,000	355,000	266,445	88,555	270,250
Elementary and secondary regular instruction	120,562	125,562	65,039	60,523	154,663
Vocational education instruction	11,400	15,000	14,629	371	13,201
Special education instruction	3,750	34,000	-	34,000	-
Instructional support services	262,050	297,950	166,702	131,248	152,091
Pupil support services	-	5,000	3,953	1,047	-
Sites and buildings	1,016,620	1,043,620	491,547	552,073	625,520
Total capital outlay	<u>1,722,382</u>	<u>1,876,132</u>	<u>1,008,315</u>	<u>867,817</u>	<u>1,215,725</u>
Debt service					
Interest and other charges	-	-	-	-	140
Total Expenditures	<u>48,874,610</u>	<u>49,229,281</u>	<u>45,162,514</u>	<u>4,066,767</u>	<u>45,513,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(713,142)</u>	<u>(1,184,788)</u>	<u>3,352,343</u>	<u>4,537,131</u>	<u>1,322,701</u>
Other Financing Sources (Uses)					
Insurance recovery	-	-	8,087	8,087	-
Sale of assets	-	-	1,925	1,925	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,012</u>	<u>10,012</u>	<u>-</u>
Net Change in Fund Balances	(713,142)	(1,184,788)	3,362,355	4,547,143	1,322,701
Fund Balances, July 1	<u>9,012,750</u>	<u>9,012,750</u>	<u>9,012,750</u>	<u>-</u>	<u>7,690,049</u>
Fund Balances, June 30	<u>\$ 8,299,608</u>	<u>\$ 7,827,962</u>	<u>\$ 12,375,105</u>	<u>\$ 4,547,143</u>	<u>\$ 9,012,750</u>

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Independent School District No. 2144  
Chisago City, Minnesota  
Schedule of the Components of the General Fund  
Balance Sheet  
June 30, 2025

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
<b>Assets</b>				
Cash and temporary investments	\$ 9,826,759	\$ (19,873)	\$ 2,993,705	\$ 12,800,591
Receivables				
Taxes	4,002,861	-	-	4,002,861
Accounts	12,069	4,987	340	17,396
Interest	13,456	-	-	13,456
Due from other school districts	326,119	-	-	326,119
Due from the Minnesota Department of Education	3,342,827	1,054	27,485	3,371,366
Due from the Federal government	73,068	-	-	73,068
Inventories	8,820	-	-	8,820
Prepaid items	486,638	4,670	667,175	1,158,483
<b>Total Assets</b>	<b>\$ 18,092,617</b>	<b>\$ (9,162)</b>	<b>\$ 3,688,705</b>	<b>\$ 21,772,160</b>
<b>Liabilities</b>				
Accrued salaries payable	\$ 3,390,864	\$ -	\$ (3)	\$ 3,390,861
Accounts and other payables	247,446	17,120	7,484	272,050
Due to other governments	30,142	-	-	30,142
Unearned revenue	256,287	-	-	256,287
<b>Total Liabilities</b>	<b>3,924,739</b>	<b>17,120</b>	<b>7,481</b>	<b>3,949,340</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - delinquent property taxes	53,688	-	-	53,688
Property taxes levied for subsequent year	5,394,027	-	-	5,394,027
<b>Total Deferred Inflows of Resources</b>	<b>5,447,715</b>	<b>-</b>	<b>-</b>	<b>5,447,715</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventories	8,820	-	-	8,820
Prepaid items	486,638	4,670	667,175	1,158,483
<b>Restricted for</b>				
Student activities	369,336	-	-	369,336
Staff development	59,450	-	-	59,450
Literacy Incentive Aid	110,989	-	-	110,989
Operating capital	-	-	1,501,695	1,501,695
Learning and development	584,658	-	-	584,658
Q Comp	147,510	-	-	147,510
Gifted and talented	105,718	-	-	105,718
Basic skills	1,324,285	-	-	1,324,285
Literacy Aid - Read Act	74,883	-	-	74,883
Tchr Training Compensation - Read Act	88,812	-	-	88,812
Long term facilities maintenance	-	-	1,512,354	1,512,354
Medical assistance	127,225	-	-	127,225
<b>Assigned for</b>				
Separation/retirement benefits	1,294,595	-	-	1,294,595
Medical self insurance	150,000	-	-	150,000
Workers compensation	500,000	-	-	500,000
Teaching and learning	70,000	-	-	70,000
<b>Unassigned</b>	<b>3,217,244</b>	<b>(30,952)</b>	<b>-</b>	<b>3,186,292</b>
<b>Total Fund Balances</b>	<b>8,720,163</b>	<b>(26,282)</b>	<b>3,681,224</b>	<b>12,375,105</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,092,617</b>	<b>\$ (9,162)</b>	<b>\$ 3,688,705</b>	<b>\$ 21,772,160</b>

Independent School District No. 2144  
Chisago City, Minnesota  
Schedule of the Components of the General Fund  
Revenues, Expenditures and Changes in Fund Balances (Continued on the Following Page)  
For the Year Ended June 30, 2025

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
<b>Revenues</b>				
Local property tax levies	\$ 5,028,239	\$ -	\$ 1,143,414	\$ 6,171,653
Interest earned on investments	446,496	-	22,071	468,567
Revenue from local sources	2,795,768	43,280	49,391	2,888,439
Revenue from state sources	34,838,152	3,213,882	676,904	38,728,938
Revenue from federal sources	251,904	-	-	251,904
Sales and other conversion of assets	5,356	-	-	5,356
Total Revenues	<u>43,365,915</u>	<u>3,257,162</u>	<u>1,891,780</u>	<u>48,514,857</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Administration</b>				
Salaries and wages	1,174,177	-	-	1,174,177
Employee benefits	533,339	-	-	533,339
Purchased services	22,857	-	-	22,857
Supplies and materials	8,204	-	-	8,204
Other	33,032	-	-	33,032
Total administration	<u>1,771,609</u>	<u>-</u>	<u>-</u>	<u>1,771,609</u>
<b>District support services</b>				
Salaries and wages	660,655	-	-	660,655
Employee benefits	540,194	-	-	540,194
Purchased services	502,694	-	-	502,694
Supplies and materials	18,900	-	-	18,900
Other	3,144	-	-	3,144
Total district support services	<u>1,725,587</u>	<u>-</u>	<u>-</u>	<u>1,725,587</u>
<b>Elementary and secondary regular instruction</b>				
Salaries and wages	11,279,791	-	-	11,279,791
Employee benefits	3,996,029	-	-	3,996,029
Purchased services	1,562,207	-	-	1,562,207
Supplies and materials	697,475	-	58,226	755,701
Other	13,327	-	22,277	35,604
Total elementary and secondary regular instruction	<u>17,548,829</u>	<u>-</u>	<u>80,503</u>	<u>17,629,332</u>
<b>Vocational education instruction</b>				
Salaries and wages	1,002,641	-	-	1,002,641
Employee benefits	330,752	-	-	330,752
Purchased services	40,875	-	-	40,875
Supplies and materials	101,073	-	-	101,073
Other	476	-	-	476
Total vocational education instruction	<u>1,475,817</u>	<u>-</u>	<u>-</u>	<u>1,475,817</u>
<b>Special education instruction</b>				
Salaries and wages	6,212,738	-	-	6,212,738
Employee benefits	2,252,793	-	-	2,252,793
Purchased services	1,711,615	-	-	1,711,615
Supplies and materials	74,549	-	-	74,549
Other	1,240	-	-	1,240
Total special education instruction	<u>10,252,935</u>	<u>-</u>	<u>-</u>	<u>10,252,935</u>
<b>Instructional support services</b>				
Salaries and wages	1,893,495	-	-	1,893,495
Employee benefits	581,336	-	-	581,336
Purchased services	149,701	-	-	149,701
Supplies and materials	150,388	-	120,596	270,984
Other	162	-	-	162
Total instructional support services	<u>2,775,082</u>	<u>-</u>	<u>120,596</u>	<u>2,895,678</u>

Independent School District No. 2144  
Chisago City, Minnesota  
Schedule of the Components of the General Fund  
Revenues, Expenditures and Changes in Fund Balances (Continued)  
For the Year Ended June 30, 2025

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
Expenditures (Continued)				
Current (continued)				
Pupil support services				
Salaries and wages	\$ 872,794	\$ -	\$ -	\$ 872,794
Employee benefits	305,706	-	-	305,706
Purchased services	270,165	3,177,351	-	3,447,516
Supplies and materials	21,202	165,885	-	187,087
Other	194	-	-	194
Total pupil support services	<u>1,470,061</u>	<u>3,343,236</u>	<u>-</u>	<u>4,813,297</u>
Sites and buildings				
Salaries and wages	1,391,092	-	9,401	1,400,493
Employee benefits	431,672	-	4,413	436,085
Purchased services	1,343,829	-	144,342	1,488,171
Supplies and materials	217,147	-	35,710	252,857
Other	12,338	-	-	12,338
Total sites and buildings	<u>3,396,078</u>	<u>-</u>	<u>193,866</u>	<u>3,589,944</u>
Total current	<u>40,415,998</u>	<u>3,343,236</u>	<u>394,965</u>	<u>44,154,199</u>
Capital outlay				
District support services	266,445	-	-	266,445
Elementary and secondary regular instruction	4,011	-	61,028	65,039
Vocational education instruction	14,629	-	-	14,629
Instructional support services	79,207	-	87,495	166,702
Pupil support services	3,953	-	-	3,953
Sites and buildings	10,120	-	481,427	491,547
Total capital outlay	<u>378,365</u>	<u>-</u>	<u>629,950</u>	<u>1,008,315</u>
Total Expenditures	<u>40,794,363</u>	<u>3,343,236</u>	<u>1,024,915</u>	<u>45,162,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,571,552</u>	<u>(86,074)</u>	<u>866,865</u>	<u>3,352,343</u>
Other Financing Sources (Uses)				
Insurance recovery	3,100	4,987	-	8,087
Sale of assets	1,925	-	-	1,925
Total Other Financing Sources (Uses)	<u>5,025</u>	<u>4,987</u>	<u>-</u>	<u>10,012</u>
Net Change in Fund Balances	2,576,577	(81,087)	866,865	3,362,355
Fund Balances, July 1	<u>6,143,586</u>	<u>54,805</u>	<u>2,814,359</u>	<u>9,012,750</u>
Fund Balances, June 30	<u>\$ 8,720,163</u>	<u>\$ (26,282)</u>	<u>\$ 3,681,224</u>	<u>\$ 12,375,105</u>

**Fiscal Compliance Report - 6/30/2025**  
**District: CHISAGO LAKES (2144-1)**

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$48,514,857	<u>\$48,514,857</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$45,162,514	<u>\$45,162,519</u>	(\$5)	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$1,167,303	<u>\$1,167,304</u>	(\$1)	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$369,336	<u>\$369,336</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0	4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$59,450	<u>\$59,449</u>	\$1	4.67 LTFM	\$0	<u>\$3</u>	(\$3)
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$71	<u>\$69</u>	\$2
4.12 Literacy Incentive Aid	\$110,989	<u>\$110,988</u>	\$1	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	<b>07 DEBT SERVICE</b>			
4.20 American Indian Education Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$5,396,136	<u>\$5,396,136</u>	\$0
4.24 Operating Capital	\$1,501,695	<u>\$1,501,694</u>	\$1	Total Expenditures	\$5,221,089	<u>\$5,221,089</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$584,658	<u>\$584,658</u>	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.37 Q Comp	\$147,510	<u>\$147,510</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$105,718	<u>\$105,722</u>	(\$4)	<i>Restricted:</i>			
4.39 English Learner	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$1,509,914	<u>\$1,509,915</u>	(\$1)
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.41 Basic Skills Programs	\$1,324,285	<u>\$1,324,285</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.43 School Library Aid	\$0	<u>\$0</u>	\$0				
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	<b>08 TRUST</b>			
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.56 READ Act - Literacy Aid	\$74,883	<u>\$74,883</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.57 READ Act - Tchr Training Compensation	\$88,812	<u>\$88,811</u>	\$1	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0				
4.67 LTFM	\$1,512,354	<u>\$1,512,355</u>	(\$1)	<b>18 CUSTODIAL</b>			
4.71 Student Support Personnel Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$32,550	<u>\$32,550</u>	\$0
4.72 Medical Assistance	\$127,225	<u>\$127,225</u>	\$0	Total Expenditures	\$47,200	<u>\$47,200</u>	\$0
<i>Restricted:</i>				<i>Restricted / Reserved:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$23,753	<u>\$23,753</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0				
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	<b>20 INTERNAL SERVICE</b>			
<i>Assigned:</i>				Total Revenue	\$0	<u>\$0</u>	\$0
4.62 Unassigned Fund Balance	\$2,014,595	<u>\$2,014,595</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance	\$3,186,292	<u>\$3,186,287</u>	\$5				
				<b>25 OPEB REVOCABLE TRUST</b>			
				Total Revenue	\$0	<u>\$0</u>	\$0
				96 Total Expenditures	\$0	<u>\$0</u>	\$0

**02 FOOD SERVICES**

Total Revenue	\$2,657,157	<u>\$2,657,157</u>	<u>\$0</u>
Total Expenditures	\$2,647,622	<u>\$2,647,624</u>	<u>(\$2)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$83,324	<u>\$83,324</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$1,154,826	<u>\$1,154,827</u>	<u>(\$1)</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

**04 COMMUNITY SERVICE**

Total Revenue	\$3,555,192	<u>\$3,555,189</u>	<u>\$3</u>
Total Expenditures	\$3,306,501	<u>\$3,306,496</u>	<u>\$5</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$653	<u>\$653</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	(\$39,405)	<u>(\$39,405)</u>	<u>\$0</u>
4.32 E.C.F.E	\$560,080	<u>\$560,084</u>	<u>(\$4)</u>
4.37 Q Comp	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$387,091	<u>\$387,091</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.56 READ Act - Literacy Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.57 READ Act - Tchr Training Compensation	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
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**45 OPEB IRREVOCABLE TRUST**

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

**47 OPEB DEBT SERVICE**

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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OTHER REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 2144  
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED  
JUNE 30, 2025

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**INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Members of the Board of Education  
Independent School District No. 2144  
Chisago City, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



**Abdo**  
Minneapolis, Minnesota  
December 8, 2025

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

Members of the Board of Education  
Independent School District No. 2144  
Chisago City, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2025.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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



**Abdo**  
Minneapolis, Minnesota  
December 8, 2025

